

Nigeria Sovereign Investment Authority



Interim Financial Statements for 6 months period ended 30 June 2014

Nigeria Sovereign Investment Authority
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For the six months period ended 30 June 2014

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Directors, officers and professional advisors

Chairman	Alhaji Mahey Rasheed (OFR)
Directors	Mr. Uche Orji (Managing Director) Mr. Hanspeter Ackermann (Executive Director) Mrs. Stella Ojekwe-Onyejeli (Executive Director) Mrs. Ibukun Awosika (Non- Executive Director) Mr. Arnold Ekpe (Non- Executive Director) Mrs. Olabisi Soyebo (SAN) (Non- Executive Mr. Hassan Usman (Non- Executive Director) Mr. Jide Zeitlin (Non- Executive Director)
Acting Company secretary	Mrs. Ezinwa Okoroafor
Registered office	The Clan Place, 4th floor Plot 1386A, Tigris Crescent Maitama Abuja
Auditors	PricewaterhouseCoopers 252E Muri Okunola Street Victoria Island Lagos
Bankers	Access Bank Plc United Bank of Africa Plc
Fund custodians	JP Morgan (Global Custodian) Stanbic IBTC Bank Limited (Local Custodian)

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Statement of directors' responsibilities
In relation to the financial statements for the 6 months period ended 30 June 2014

The Directors accept responsibility for the preparation of the quarterly financial statements set out on pages 6 to 37 that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) applicable in Nigeria and in the manner required by the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Authority's ability to continue as a going concern and have no reason to believe the Authority will not remain a going concern in the period ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Alhaji Mahey Rasheed (OFR)
FRC/2013/IODN/00000002090
Chairman, Board of Directors



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



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF NIGERIA SOVEREIGN INVESTMENT AUTHORITY

Introduction

We have reviewed the accompanying statement of financial position of Nigeria Sovereign Investment Authority ("the Authority") as of 30 June, 2014 and the related statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the International Accounting Standard 34 "Interim financial reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

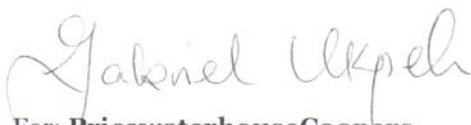
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Authority as at 30 June, 2014, and of its financial performance and its cash flows for the six-month period then ended in accordance with the International Accounting Standard 34 "Interim financial reporting".

Other Matter

The comparative information for the statement of financial position is based on the audited financial statements as at 31 December 2013. The comparative information for the statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2013 has not been audited or reviewed.



For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement partner: Gabriel Ukpeh
FRC/2013/ICAN/0000001882



17 October 2014

PricewaterhouseCoopers Chartered Accountants
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Interim statement of comprehensive income

	Note	30 June 2014 N '000	30 June 2013 N '000
Investment income	8	2,218,862	221,084
Interest income	9	11,736	18,270
Total operating income		2,230,598	239,354
Investment management fees		101,503	-
Local custodian fees		11,301	-
Global custodian fees		12,792	-
Total investment management & custodian fees		125,596	-
Total operating profit		2,105,002	239,354
Other non operating income	10	19,126	135,217
Total non- operating income		19,126	135,217
Operating and administrative expenses	11	785,753	529,258
Total operating and administrative expenses		785,753	529,258
Profit for the period		1,338,375	(154,687)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Fair value gains on available for sale investments:			
Net change in fair value		1,302,205	-
Other comprehensive income for the period		1,302,205	-
Total comprehensive income for the period		2,640,580	(154,687)

The accompanying notes on page 10 to 37 form an integral part of this financial statement

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Interim statement of financial position as at 30 June 2014

	Note	30 June 2014 N '000	31 December 2013 N '000
Assets			
Cash and cash equivalents	15	33,696,375	111,895,419
Advances		6,170	28,768
Investment securities	16	124,423,722	45,114,706
Other assets	17	172,624	290,512
Property and equipment	18	215,612	246,189
Intangible assets	19	16,003	19,777
Total assets		158,530,506	157,595,371
Liabilities			
Liabilities	20	134,232	439,677
Borrowings	21	-	1,400,000
Total liabilities		134,232	1,839,677
Equity and reserves			
Contribution by Government	22	155,250,000	155,250,000
Retained earnings	22	1,863,533	525,158
Fair value reserves	22	1,282,741	(19,464)
Total equity and amount attributable to equity contributors (Government)		158,396,274	155,755,694
Total equity and liabilities		158,530,506	157,595,371

These interim financial statements as set out on pages 6 to 37 were approved and authorised for issue by the board of directors on 16 October 2014 and signed on its behalf by:



Alhaji Mahey Rasheed (OFR)
FRC/2013/IODN/00000002090
Chairman, Board of Directors



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



Mrs. Olubisi Makoju
FRC/2014/ICAN/00000005765
Financial Controller

The accompanying notes on page 10 to 37 form an integral part of this financial statement

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Statement of changes in equity for the 6 months period ended 30 June 2014

	Contribution by government N'000	Retained earnings N'000	Fair value reserves N'000	Total N'000
Balance at 1 January 2014	155,250,000	525,158	(19,464)	155,755,694
Total comprehensive income	-	1,338,375	-	1,338,375
Profit for the 6 months period	-	1,338,375	-	1,338,375
Other comprehensive income for the period	-	-	1,302,205	1,302,205
Net changes in fair value reserve of financial assets (available for sale)	-	-	1,302,205	1,302,205
Total other comprehensive income for the period	-	1,338,375	1,302,205	2,640,580
Total comprehensive income for the period	-	-	-	-
Contributions made by Government	-	-	-	-
Total contribution and distributions to owners	155,250,000	1,863,533	1,282,741	158,396,274
Balance at 30 June 2014				
	Contribution by government N'000	Retained earnings N'000	Fair value reserves N'000	Total N'000
Balance at 1 January 2013	155,250,000	(104,325)	-	155,145,675
Total comprehensive income	-	(154,687)	-	(154,687)
Profit for the 6 months period	-	(154,687)	-	(154,687)
Other comprehensive income	-	-	-	-
Net changes in fair value reserve of financial assets (available for sale)	-	-	-	-
Total other comprehensive income for the period	-	(154,687)	-	(154,687)
Total comprehensive income for the period	-	-	-	-
Contributions made by Government	-	-	-	-
Total contribution and distributions to owners	155,250,000	(259,012)	-	154,990,988
Balance at 30 June 2013				

The accompanying notes on page 10 to 37 form an integral part of this financial statement

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Interim statement of cash flows for the year 6 months period ended 30 June 2014

	30 June 2014 N '000	30 June 2013 N '000
Cash flows from operating activities		
Profit for the period	1,338,375	(154,687)
<i>Adjustments for:</i>		
Depreciation	37,890	6,908
Amortisation of intangible assets	3,774	-
Fair value changes in available for sale investments	1,302,205	-
(Increases)/decreases in operating assets/liabilities:		
Other assets and advances	140,486	(183,376)
Trade and other payables	(305,445)	618,250
Net cashflows generated from operating activities	2,517,285	287,095
Cash flows from investing activities		
Purchase of property and equipment	(7,313)	(255,927)
Purchase of investment securities	(79,309,016)	-
Net cashflows used in investing activities	(79,316,329)	(255,927)
Cash flows from financing activities		
Contribution by Government	-	155,250,000
Loan granted by Government	-	2,900,000
Repayment of loan	(1,400,000)	-
Net cashflows from financing activities	(1,400,000)	158,150,000
Net cash movement for the period	(78,199,044)	158,181,168
Cash and cash equivalents at beginning of period	111,895,419	-
Cash and cash equivalents at period end	33,696,375	158,181,168
Cash and cash equivalents comprise:		
Cash in hand	283	41
Balances with banks	4,471,898	148,039,651
Placements with financial institutions	29,224,194	10,141,476
Total cash and cash equivalents	33,696,375	158,181,168

The accompanying notes on page 10 to 37 form an integral part of this financial statement

Nigeria Sovereign Investment Authority
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Notes to the interim financial statements

1. General information

Nigeria Sovereign Investment Authority ('NSIA' or 'the Authority') is domiciled in Nigeria. The Authority's office address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

NSIA 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 set up by the Nigeria Sovereign Investment Authority Act, which was signed in May 2011 and was allocated an initial \$1 billion US Dollars in seed capital. The Authority commenced operations in October 2012.

In order to actualize its mandate, the Authority has established three separate "ring-fenced" funds. They include Stabilisation Fund (SF), Future Generation Fund (FGF) and Nigeria Infrastructure Fund (NIF).

The investment activities of the funds are managed as follows:

Fund	Investment managers	Investment Managers
Stabilisation Fund (SF)	Brandywine , JP Morgan , Goldman Sachs and UBS	
Nigeria Infrastructure Fund (NIF)	In-house Management Team	
Future Generation Fund (FGF)	Cevian Capital, Laurion Capital, Blue Mountain Capital , JHL Capital Group, Credit Suisse, Edgbaston, Capital International, Arbitr, Somerset, Marathon, Chieftain, Prince Street, JP Morgan, Goldman Sachs, Brandywine	

JP Morgan has been appointed as the Funds' Global Custodian and Stanbic IBTC as the Local Custodian.

2. Basis of preparation

2.1 Statement of compliance

The interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which collective term includes all International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB").

The interim financial statements were authorised for issue by the Board of Directors on 16 October 2014

2.2 Basis of measurement

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

- Financial instruments at fair value through profit or loss are measured at fair value
- Available-for-sale financial assets are measured at fair value
- Trade and receivables, held to maturity financial assets and financial liabilities are measured at amortized cost.

2.3 Functional and presentation currency

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

The currency of the primary economic environment of the Authority (that is, functional currency) is US Dollars.

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Notes to the interim financial statements

2.4 Structure and content

The financial statement comprises:

- 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 of 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.

2.5 Use of estimates and judgements

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.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in Notes 4.4 and 4.5.

2.6 Changes in accounting policy

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

(a) Standards, amendments and interpretations effective on or after 1 January 2014

A number of new standards and amendments to standards came into effect for annual periods beginning on 1 January 2014. These include IFRS 10 Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of interests in other entities, IFRS 13 - Fair Value Measurement and amendments to IAS 19 Employee Benefits (Revised 2011) and IAS 1 Presentation of financial statements.

(b) Standards, amendments and interpretations issued but not yet effective.

Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting' (effective for periods beginning on or after 1 January 2014):

This amendment clarifies some of the requirements for offsetting financial assets and liabilities on the reporting date. The Group is yet to assess the full effect of the IAS 32 amendment and intends to adopt amended IAS 32 no later than the accounting period beginning on or after 1 January 2014.

(c) Early adoption of standards

The Authority did not early adopt any standards.

3 Significant accounting policies

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

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3.1 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the financial position date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, as well as unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognized in the income statement.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For a non-monetary financial asset held for trading and for non-monetary financial assets designated at fair value through profit or loss, unrealized exchange differences are recognized in the income statement. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded directly in equity until the asset is sold or becomes impaired.

3.2 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.

3.3 Dividend income and dividend expenses

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividend income from equity securities designated at fair value through profit or loss is recognised in the "dividend income" line in the statement of comprehensive income.

3.4 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, custodians and advisers. Transaction costs when incurred are immediately recognised in statement of comprehensive income as an expense.

3.5 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.

3.6 Fees and Commissions

Fees, commission and other expenses are recognised in profit or loss on an accrual basis as the related services are performed.

3.6.1 Fiduciary Activities

The Authority provides investment management and custody services to the Debt Management Office 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 accepting targets for benchmark levels of returns for the assets under the Authority's care. The fees and commissions which relates mainly to these investment management transactions and other fiduciary activity fees are recognised in profit or loss as the related services being provided are performed.

3.7 Income tax expense

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.

Dividend and interest income received by the Authority may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense.

Notes to the interim financial statements

3.8 Financial assets and financial liabilities

3.8.1 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.

3.8.2 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:

The Authority classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

3.8.3 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.

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.

Notes to the interim financial statements

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. All gains and losses arising from changes therein are recognised in profit or loss in 'trading income' for trading assets. Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

3.8.4 Derecognition

The Authority 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.

3.8.5 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.

3.8.6 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.

3.8.7 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.

Notes to the interim financial statements

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.

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.

3.8.8 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.

3.9 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.

3.10 Property and equipment

3.10.1 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.

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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.

3.10.2 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.

3.10.3 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	2.5%
Computer hardware	33.3%
Furniture and fittings	20%
Office equipment	25%
Motor vehicles	25%

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

3.10.4 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.

3.11 Intangible assets - Software

Software acquired by the Authority is stated at cost less accumulated amortisation and accumulated impairment losses. Software is recognized 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.

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3.12 Trade receivables

Trade receivable are amounts due from the sale of securities in the ordinary course of business. 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.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.13 Leased assets – lessee

Leases in terms of which the Authority 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.

Other leases are operating leases and are not recognised on the Authority's statement of financial position.

3.14 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.

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.

3.15 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.

3.15.1 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 for.

Notes to the interim financial statements

3.16 Trade payables

Trade payables are obligations to pay for securities that have been acquired in the ordinary course of business from the secondary market. 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 non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.17 Contingencies

3.17.1 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.

3.17.2 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.

3.18 Employee benefits

3.18.1 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 which is in line with the provisions of the Pension Reform Act.

Obligations for contributions to defined contribution plans shall be 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 shall be discounted to their present value at the reporting date.

3.18.2 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.

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3.19 Segment reporting

Segment results that are reported to the Managing Director / CEO (being the chief operating decision maker) 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), head office expenses.

3.20 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 agency 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. An agency 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 agency has contracted for expenditure but work has not commenced and no payments have been made.

3.21 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 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.

4.1 Investments 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 is determined for disclosure purposes only.

4.2 Receivables

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

Notes to the interim financial statements

4.3 Impairment of assets

4.3.1 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 statement.

4.3.2 Impairment of other non-financial assets

The carrying amounts of the Authority's non-financial assets other than 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 that largely are 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 to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis. 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 or cash generating unit.

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.

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4.4 Critical accounting estimates and judgements

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 5).

4.5 Critical accounting judgements in applying the Authority's accounting policies

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

4.5.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 3.8.7. The Authority measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

The Authority's accounting policy on fair value measurements is discussed under Note 3.8.7. 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, i.e., unobservable inputs. 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.

4.5.2 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 3.8.

4.5.3 Depreciation and carrying value of property and equipment

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

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

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Authority applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements 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 judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

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5 Financial risk management

The Authority is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk

5.1 Our approach to risk management

With a global outlook, the Authority'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.

NSIA 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. NSIA'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.

5.2 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 Authority, resulting in a financial loss to the Authority. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents.

The carrying amounts of financial assets represent the maximum credit exposure.

5.2.1 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 the credit standards.

5.2.2 Loan loss assessment

In accordance with IAS 39, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

With respect to impairment analysis, all loans and advances are classified as follows:

Neither past due nor impaired

These are loans and advances where contractual interest or principal payments are not past due.

Past due but not impaired

These are loans and advances where contractual interest or principal payments are past due but individually assessed as not being impaired. The Authority believes that impairment is not appropriate on the basis of the level of receivables or collateral available as well as the stage of collection of amounts owed by Counterparty. The Authority currently has no loan in this category.

Specific impairment

Specific impairment assessment is carried out on significant assets for which objective evidence of impairment has been identified. 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 not been incurred), discounted at the asset's original effective interest rate.

Collective impairment

Collectively impaired loans and advances are those that are grouped into classes of loans with similar characteristics and are therefore collectively assessed for impairment. Where no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of assets with similar characteristics and collectively assessed for impairment.

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5.2.3 Credit risk measurement

The Authority uses incurred loss model to determine impairment losses in a group of financial assets. The operational measurement can be contrasted with impairment allowances required under IAS 39 by introducing Emergence period (EP) to arrive at losses that have been incurred at the reporting date (the 'incurred loss model') rather than expected losses (IFRS 9 expected losses model is to take effect in 2015 with early adoption permitted).

Impairment on collectively impaired loan is therefore measured using the following components:

Probability of default (PD)

This is the probability of the status of an account regressing to the point where it can be classified as a defaulted account. The Authority has estimated PD using the proportion of non-performing loans to the total loan portfolio.

Loss given default (LGD)

LGD is defined as the portion of the loan determined to be irrecoverable should default occur.

Exposure at default (EAD)

This is the amount owed at the time of default or reporting date.

The measurement of exposure at default and loss given default is based on standard risk parameters.

Loan identification period (LIP)

Loan Identification Period is defined as the period of time between when an impairment trigger occurs and the date the Authority first becomes aware of its occurrence. Expert judgement has been in used in estimating LIP. This exercise is performed for each homogenous portfolio.

5.2.4 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

30 June 2014

<i>In thousands of Naira</i>	SF	FGF	NIF	Unallocated	Total
Advances	-	-	-	-	-
Staff advances	-	-	-	-	-
Investment securities	31,012,604	60,018,378	33,392,740	-	124,423,722
US treasury bills	7,783,763	-	-	-	7,783,763
Available for sale bonds	23,228,841	30,738,243	15,551,843	-	69,518,927
Private equity	-	318,185	-	-	318,185
Nigeria marketable securities	-	-	13,760,640	-	13,760,640
Hedgefunds and equity managers	-	28,961,950	-	-	28,961,950
Nigerian equities	-	-	4,080,256	-	4,080,256
Receivables	-	-	-	-	-
Trade receivables	-	-	-	-	-
Cash and cash equivalents	127,061	3,793,881	29,412,561	362,872	33,696,374
Cash	-	-	-	283	283
Balances with banks	127,061	3,484,327	497,921	362,589	4,471,897
Money market placements	-	309,554	28,914,640	-	29,224,194
	31,139,665	63,812,259	62,805,301	362,872	158,120,097
Advances exposure to total exposure	0%	0%	0%	0%	
Debt securities exposure to total exposure	100%	94%	53%	0%	
Other exposures to total exposure	0%	6%	47%	100%	
	100%	100%	100%	100%	

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31 December 2013

<i>In thousands of Naira</i>	SF	FGF	NIF	Unallocated	Total
Advances	-	-	-	28,768	28,768
Staff advances	-	-	-	28,768	28,768
Investment securities	30,414,776	-	14,699,930	-	45,114,706
US treasury bills	7,354,746	-	-	-	7,354,746
US treasury bonds	399,019	-	-	-	399,019
Corporate bonds	22,661,011	-	-	-	22,661,011
Nigeria marketable securities	-	-	14,699,930	-	14,699,930
Receivables	238,655	-	-	-	238,655
Trade receivable	238,655	-	-	-	238,655
Cash and cash equivalents	690,206	62,119,054	47,995,104	1,091,055	111,895,419
Cash	-	-	-	163	163
Balances with banks	690,206	34,155,054	10,946,722	1,090,892	46,882,874
Money market placements	-	27,964,000	37,048,382	-	65,012,382
Total exposure to credit risk	31,343,637	62,119,054	62,695,034	1,119,823	157,277,548
Advances exposure to total exposure	-	-	-	3%	
Debt securities exposure to total exposure	97%	-	23%	-	
Other exposures to total exposure	3%	100%	77%	97%	
	100%	100%	100%	100%	

30 June 2014

Impairment analysis

In thousands of Naira

	Advances	Investment securities	Receivables	Cash and cash equivalents
Carrying amount	6,172	124,423,722	189	4,471,898
Neither past due nor impaired	6,172	13,760,640	189	4,471,898
Carrying amount – amortised cost	6,172	13,760,640	189	4,471,897.79
Debt assets at fair value through profit or loss	-	-	-	-
Carrying amount - Fair value	-	110,663,082	-	-
Total carrying amount	6,172	124,423,722	189	4,471,898

31 December 2013

Impairment analysis

In thousands of Naira

	Advances	Investment securities	Receivables	Cash and cash equivalents
Carrying amount	28,768	45,114,706	239,222	111,895,419
Neither past due nor impaired	28,768	37,360,941	239,222	111,895,419
Carrying amount – amortised cost	28,768	37,360,941	239,222	111,895,419
Debt assets at fair value through profit or loss	-	7,753,765	-	-
Carrying amount - Fair value	-	7,753,765	-	-
Total carrying amount	28,768	45,114,706	239,222	111,895,419

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The credit quality of money market placement is assessed by reference to external credit ratings information about counterparty default rates.

Money market placements

In thousands of Nigerian Naira

	Credit Quality As at 30 June 2014
<i>Counterparties with external credit ratings (S&P), Fitch & Moody</i>	
A+	
B+	5,029,394
B	
BB-	20,295,742
B-	3,899,058
	<u>29,224,194</u>
<i>Counterparties without external credit ratings (S&P)</i>	
Local banks	<u>-</u>
Total money market placements	<u>29,224,194</u>

Investment securities

In thousands of Nigerian Naira

	Credit Quality As at 30 June 2014
<i>Counterparties with external credit ratings (S&P)</i>	
AAA	7,783,763
BB-	13,760,640
A	51,616,863.81
AA-	17,902,063.68
	<u>91,063,331</u>
<i>Counterparties without external credit ratings (S&P)</i>	
Equity Investments	4,398,441
Other Investments	28,961,950
	<u>33,360,391</u>
Total investment securities	<u>124,423,722</u>

Money market placements

In thousands of Nigerian Naira

	Credit Quality As at 31 December 2013
<i>Counterparties with external credit ratings (S&P)</i>	
AA-	6,212,484
B	20,729,651
BB-	15,539,939
	<u>42,482,074</u>
<i>Counterparties without external credit ratings (S&P)</i>	
Local banks	22,530,308
	<u>22,530,308</u>
Total money market placements	<u>65,012,382</u>

Investment securities

In thousands of Nigerian Naira

	Credit Quality As at 31 December 2013
<i>Counterparties with external credit ratings (S&P)</i>	
A	30,414,776
	<u>30,414,776</u>
<i>Counterparties without external credit ratings (S&P)</i>	
Local banks	14,699,930
	<u>14,699,930</u>
Total investment securities	<u>45,114,706</u>

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5.3 Liquidity risk

Liquidity risk is the risk that the Authority 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 Authority.

5.3.1 Management of liquidity risk

The Authority'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 Authority's reputation.

5.3.2 Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

Maturity analysis of financial liabilities by earliest possible contractual maturity

The table below shows gross undiscounted cash flow on the basis of the earliest possible contractual maturity of financial liabilities:

30 June 2014

<i>In thousands of Naira</i>	Carrying amount	Gross nominal outflow	Up to 6 months	4 – 6 months	> 5 years
<i>Non-derivative financial liabilities</i>					
Liabilities	-	-	-	134,232	-
Borrowing	-	-	-	-	-
Total liabilities	-	-	-	134,232.05	-

31 December 2013

<i>In thousands of Naira</i>	Carrying amount	Gross nominal outflow	Up to 6 months	4 – 6 months	> 5 years
<i>Non-derivative financial liabilities</i>					
Liabilities	439,677	439,677	439,677	-	-
Borrowing	1,400,000	1,400,000	-	1,400,000	-
Total liabilities	1,839,677	1,839,677	439,677	1,400,000	-

5.4 Market risk

Market risk is the risk of loss from unfavourable 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 NSIA.

NSIA 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 Authority'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 include non-listed assets, 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 Authority'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. NSIA 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 Authority 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

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

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5.4.1 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.

5.4.2 Non-trading / 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.

5.4.3 Foreign exchange risk

Foreign exchange risk arises from transactions and recognized assets and liabilities which are denominated in a currency other than the Group's functional currency, USD.

The Authority does not currently carry significant foreign exchange risk exposure.

5.4.4 Interest risk management

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. The Authority carries some interest rate sensitive assets and liabilities which are priced with fixed rates that reprice at varying frequencies.

Net interest income sensitivity

Scenario analysis - Change in NII as a result of change in interest rate

The Authority is exposed to a considerable level of interest rate risk i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Authority measures its exposure to changes in net interest income resulting from changes in prevailing interest rates using the anticipated impact of at least three (3) different hypothetical interest rate scenarios for periods up to 15 months. A forward-looking net interest income forecast is used in quantifying the Authority's anticipated interest rate exposure, using static balance sheet assumption as well as plausible interest rate changes under both normal and stressed market conditions. These scenarios reflect best estimate of the most likely and worst-case conditions.

The table below shows the sensitivity of the Authority's net interest income to instantaneous parallel rate changes.

	As at 30 June 2014	As at 31 December 2013
	N'000	N'000
<i>Risk sensitive assets:</i>		
Placement with financial institutions	29,224,194	111,895,419
Investment securities - HTM	13,760,640	37,360,941
	<u>42,984,834</u>	<u>149,256,360</u>

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Cash flow sensitivity analysis for variable rate instruments

A change of 25 to 200 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

<i>In thousands of Naira</i>	Profit or loss			
	25BP	25BP	50BP	50BP
6 months to 30 June 2014	Increase	Decrease	Increase	Decrease
Financial assets	(34,584)	34,584	(69,169)	69,169
Cash flow sensitivity (net)	(34,584)	34,584	(69,169)	69,169

<i>In thousands of Naira</i>	Profit or Loss			
	100BP	100BP	200BP	200BP
6 months to 30 June 2014	Increase	Decrease	Increase	Decrease
Financial assets	(138,337)	138,337	(276,674)	276,674
Cash flow sensitivity (net)	(138,337)	138,337	(276,674)	276,674

<i>In thousands of Naira</i>	Profit or loss			
	25BP	25BP	50BP	50BP
15months to 31 December 2013	Increase	Decrease	Increase	Decrease
Financial assets	(94,102)	94,102	(188,203)	188,203
Cash flow sensitivity (net)	(94,102)	94,102	(188,203)	188,203

<i>In thousands of Naira</i>	Profit or Loss			
	100BP	100BP	200BP	200BP
15months to 31 December 2013	Increase	Decrease	Increase	Decrease
Financial assets	(376,407)	376,407	(752,814)	752,814
Cash flow sensitivity (net)	(376,407)	376,407	(752,814)	752,814

6 Operating segments

The Authority has three reportable segments being the Stabilisation Fund (SF), Future Generation 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 board of directors review the internal management report on a quarterly basis. The objective and principal investment products of the respective reportable segments are as follows:

Segment	Investment objectives and principal investment products
Stabilisation Fund (SF)	To provide stabilisation support to the Federation revenue in times of economic stress. It is intended to help increase the credibility of the Federal Republic of Nigeria's macro-economic framework and to act as a buffer against short term macro-economic instability. As such, the Fund's assets should be invested conservatively, with investments in a diversified portfolio of liquid, low risk products such as Treasury bills and liquid short term investment grade bonds defined as debts whose ratings are considered by investors to have a high probability to pay the scheduled interest and principal amount at maturity.
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. Investment options include listed stocks, hedge funds, private equity and real estate.
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. Potential areas for investment include transportation, energy and power, water resources, agriculture, among others, in order to stimulate growth and diversification of the Nigerian economy, attract foreign investment, and create jobs for Nigerians.

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 that are reviewed by the board of directors. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the profitability of each segment.

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7 Financial assets and financial liabilities
30 June 2014

<i>In thousands of Naira</i>	Note	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	15	-	-	33,696,375	-	-	33,696,375	33,696,375
Advances		-	-	6,170	-	-	6,170	6,170
Investment securities:								
Measured at fair value	16	-	-	-	110,663,082	-	110,663,082	110,663,082
Measured at amortised cost	16	-	13,760,640	-	-	-	13,760,640	13,776,575
Other assets	17	-	-	-	-	-	-	-
		-	13,760,640	33,702,545	110,663,082	-	158,126,267	158,142,202
Liabilities	20	-	-	-	-	134,232	134,232	134,232
Borrowings	21	-	-	-	-	-	-	-
		-	-	-	-	134,232	134,232	134,232
31 December 2013								
<i>In thousands of Naira</i>	Note	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Total carrying amount	Fair value
Cash and cash equivalents	15	-	-	111,895,419	-	-	111,895,419	111,895,419
Advances		-	-	28,768	-	-	28,768	28,768
Investment securities:								
Measured at fair value	16	-	-	-	7,753,765	-	7,753,765	7,753,765
Measured at amortised cost	16	-	37,360,941	-	-	-	37,360,941	37,561,274
Other assets	17	-	-	290,512	-	-	290,512	290,512
		-	37,360,941	112,214,699	7,753,765	-	157,329,405	157,529,738
Liabilities	20	-	-	-	-	439,677	439,677	439,677
Borrowings	21	-	-	-	-	1,400,000	1,400,000	1,400,000
		-	-	-	-	1,839,677	1,839,677	1,839,677

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Information about reportable segments

6 months to 30 June 2014

	Stabilisation Fund	Future Generation Fund	Nigeria Infrastructure Fund	Total
	N'000	N'000	N'000	N'000
Investment and interest income	182,389	552,574	1,486,918	2,221,881
Total operating segment income	182,389	552,574	1,486,918	2,221,881
Investment management expenses	12,491	89,013		101,503
Local custodian fees	-		11,301	11,301
Global custodian fees	3,576	5,675	3,540	12,792
Total segment investment management & custodian fees	16,067	94,688	14,841	125,596
Total operating segment profit	166,322	457,886	1,472,077	2,096,285
Other Non- Operating Income	87	10,929	7,190	18,205
Professional expenses	-	59,247	23,215	82,462
Other operating expenses	4	12,397	7,499	19,900
Total segment operating & administrative expenses	4	71,644	30,714	102,362
Segmented profit/ (loss) for the period	166,405	397,171	1,448,553	2,012,128
Other Comprehensive Income	(37080)	1,310,445	28,843	1,302,208
Total Comprehensive Income	129,325	1,707,616	1,477,396	3,314,336
Reportable segment assets	31,182,104	63,687,279	62,805,301	157,674,683
Reportable segment liabilities	12		6,761	6,773

15 months to 31 December 2013

	Stabilisation Fund	Future Generation Fund	Nigeria Infrastructure Fund	Total
	N'000	N'000	N'000	N'000
Investment and interest income	63,074	32,771	1,119,600	1,215,445
Total operating segment income	63,074	32,771	1,119,600	1,215,445
Investment management expenses	9,575	-	-	9,575
Local custodian fees	-	-	8,131	8,131
Global custodian fees	839	1,680	1,680	4,199
Total segment investment management & custodian fees	10,414	1,680	9,811	21,905
Total operating segment profit	52,660	31,091	1,109,789	1,193,540
Professional expenses	18,912	33,077	81,209	133,198
Other operating expenses	825	26,210	20,545	47,580
Total segment operating & administrative expenses	19,737	59,287	101,754	180,778
Segmented profit/ (loss) for the period	32,923	(28,196)	1,008,035	1,012,762
Reportable segment assets	31,343,637	62,119,054	62,695,034	156,157,725
Reportable segment liabilities	239,868	-	-	239,868

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Reconciliation of reportable segment revenues, profit or loss and assets and liabilities

In thousands of Naira

	6 months to 30 June 2014	15 months to 31 December 2013
Revenues		
Total revenue for reportable segments	2,221,881	1,215,445
Unallocated amounts	8,717	250,740
Total revenue for the period	2,230,598	1,466,185
Profit or loss		
Total profit or loss for reportable segments	2,012,128	1,012,762
Unallocated amounts	92,874	(487,604)
Total profit for the period	2,105,002	525,158
Assets		
Total assets for reportable segments	157,674,683	156,157,725
Other unallocated amounts	855,823	1,437,646
Total assets for the period	158,530,506	157,595,371
Liabilities		
Total liabilities for reportable segments	6,773	239,868
Other unallocated amounts	127,459	1,599,809
Total liabilities for the period	134,232	1,839,677

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8 Investment income	30 June 2014	30 June 2013
	N '000	N '000
Investment in Treasury Bills	867,750	17,150
Investment in Fixed Deposits	704,236	203,934
Dividend Income	174,172	
Deposit from MMDA and DDA*	960	-
Investment in Other Financial Instruments	471,744	-
	2,218,862	221,084

*MMDA – Money market deposit account

DDA – Demand deposit account

Investment income represents income earned on investment of the Authority's \$1 billion USD seed capital and operational funds during the period.

9 Interest income	30 June 2014	30 June 2013
	N '000	N '000
Bank balances	11,736	18,270
	11,736	18,270

Interest income represents income earned on balances with banks.

10 Other non-operating income	30 June 2014	30 June 2013
	N '000	N '000
Other non-operating income	-	275
Net exchange gain	19,126	134,942
Total other non-operating income	19,126	135,217

11 Operating and administrative expenses		30 June 2014	30 June 2013
		N '000	N '000
Personnel expenses	12	432,401	225,935
Depreciation and amortisation		41,664	6,908
Professional fees	13	174,038	150,404
Directors fees and allowances		25,000	37,500
Other operating expenses	14	112,650	108,511
		785,753	529,258

12 Personnel expenses	30 June 2014	30 June 2013
	N '000	N '000
Salaries	268,689	190,571
Contributions to defined contribution plans	18,527	13,165
Other allowances	145,184	22,200
	432,400	225,936

The average number of persons employed by the Authority during the period including executive directors was as follows:

	30 June 2014	30 June 2013
	Number	Number
Executive management staff & senior staff	10	3
Non- management staff	15	6
	25	9

13 Professional fees	30 June 2014	30 June 2013
	N '000	N '000
Professional fees	174,038	150,404
	174,038	150,404

This represents professional fees and expenses for general consulting services and other specific activities such as investment advisory services, legal advisory and consulting, recruitment and risk advisory services.

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	30 June 2014	30 June 2013
	N '000	N '000
14 Other operating expenses		
General and administrative expenses	57,084	33,821
Office rent and other expenses	25,880	35,314
Travel expenses	29,686	39,375
	112,650	108,510
15 Cash and cash equivalents		
Cash	283	163
Bank balances	4,471,898	46,882,874
Money market placements	29,224,194	65,012,382
Total cash and cash equivalents	33,696,375	111,895,419
16 Investment securities		
Held to maturity investments	16.1 13,760,640	37,360,941
Available for sale investments	16.2 110,663,082	7,753,765
	124,423,722	45,114,706
16.1 Analysis of HTM investment securities		
Investment grade bonds	-	22,661,011
Nigerian marketable securities	13,760,640	14,699,930
	13,760,640	37,360,941
16.2 Analysis of available for sale investment securities		
US Treasury Bills	7,783,764	7,354,746
US Treasury Bonds	-	399,019
Available for sale equities	318,185	-
Available for sale (Nigerian equities)	4,080,256	-
Available for sale Bonds	69,518,927	-
Hedge funds and equity managers	28,961,950	-
	110,663,082	7,753,765
Reconciliation of available for sale financial assets		
Opening balance	7,753,765	-
Additions/(Disposals)		
US Treasury Bills	429,018	7,354,746
US Treasury Bonds	(399,019)	399,019
Available for sale equities	4,398,441	-
Available for sale Bonds	69,518,927	-
Hedge funds and equity managers	28,961,950	-
Closing balance	110,663,082	7,753,765
17 Other assets		
Trade receivables	79,153	238,655
Prepayment	93,471	51,857
	172,624	290,512

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18 Property and equipment

	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Total
	N '000	N '000	N '000	N '000	N '000
Cost					
Balance at 1 January 2014	127,208	87,704	957	73,107	288,976
Additions	6,825	128	-	360	7,313
Balance at 30 June 2014	134,033	87,832	957	73,467	296,289
Accumulated depreciation					
Balance at 1 January 2014	19,070	14,051	174	9,492	42,787
Charge for the 6 months	15,997	14,500	118	7,275	37,890
Balance at 30 June 2014	35,067	28,551	292	16,767	80,677
Net book values					
At 30 June 2014	98,966	59,281	665	56,700	215,612
At 1 January 2014	108,138	73,653	783	63,615	246,189

19 Intangible assets

	Software	Total
Cost		
Balance at 1 January 2014	22,828	22,828
Additions	-	-
Balance at 30 June 2014	22,828	22,828
Amortisation		
Balance at 1 January 2014	3,051	3,051
Charge for the 6 months period	3,774	3,774
Balance at 30 June 2014	6,825	6,825
Net book value		
At 30 June 2014	16,003	16,003
At 1 January 2014	19,777	19,777

20 Liabilities

	30 June 2014	31 December 2013
	N '000	N '000
Trade Payables	12	239,868
Other Payables	94,632	178,565
Accruals	39,588	21,244
	134,232	439,677

21 Borrowings

	30 June 2014	31 December 2013
	N '000	N '000
Opening balance	1,400,000	-
Loan granted by Federal Government of Nigeria	-	2,900,000
Repaid during the period	(1,400,000)	(1,500,000)
	-	1,400,000

22 Equity and reserves

	30 June 2014	31 December 2013
	N '000	N '000
Contribution by Government	155,250,000	155,250,000
Retained earnings	22.1 1,863,533	525,158
Fair value reserves	22.2 1,282,741	(19,464)
	158,396,274	155,755,694

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22.1 Retained earnings

	30 June 2014	31 December 2013
	N '000	N '000
Opening balance	525,158	-
Profit for the year	1,338,375	525,158
Closing balance	1,863,533	525,158

22.2 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.

	30 June 2014	31 December 2013
	N '000	N '000
Items that may subsequently be reclassified to profit or loss		
Opening balance	(19,464)	(19,464)
Change in value of available- for- sale financial	1,302,205	-
	1,282,741	(19,464)

23 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.

The Board of Directors seek 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 borrowings from the Federal Government and other obligations, less cash and cash equivalent. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

The Authority's adjusted net debt to equity ratio at 30 June 2014 was as follows:

	30 June 2014	31 December 2013
	N '000	N '000
<i>In thousands of Naira</i>		
Total liabilities	134,232	1,839,677
Less cash and cash equivalent	33,696,375	111,895,419
Net debt	(33,562,143)	(110,055,742)
Total Equity	158,396,274	155,755,694
Adjusted equity	158,396,274	155,755,694
Net debt to adjusted equity ratio	-21%	-71%

24 Related parties and other contracts

24.1 Investment managers

The Authority appointed four investment managers for the management of the Stabilisation Fund.

Investment manager	30 June 2014	31 December 2013
	Amount	Amount
UBS	\$50million	\$50million
JP Morgan	\$50million	-
Goldman Sachs	\$50million	\$75million
Credit Suisse	-	\$75million
Brandywine	\$50.1 million	-

UBS Global Asset Management (UK) LTD

Appointment and Service

The Authority appointed 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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JP Morgan Asset Management

Appointment and Service

The Authority subscribed to X Class Shares of the sub-fund "JPM Income Opportunity X, of JPMorgan Investment Funds

Reports on Investments

JPM 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.

Goldman Sachs Asset Management

Appointment and Service

The Authority subscribed to Class IO Shares of Goldman Sachs Global Strategic Income Bond Portfolio of Goldman Sachs SICAV (the "Fund"), (the "Shares")

Reports on Investments

Goldman Sachs provides the Authority with reports containing the holdings, valuations and performance of the account on a monthly basis.

Brandywine Global Investment Management

Appointment and Service

The Authority subscribed to LM Class shares of Brandywine as stated in the Investment Manager Agreement.

Reports on Investments

Credit Suisse AG provides quarterly performance statements and monthly valuation reports to the global custodian.

24.2 Hedge Fund Managers

A portion of the Future Generation Fund was invested in hedge fund managers in the proportion shown below:

Hedge Fund manager	30 June 2014	31 December 2013
	Amount	Amount
Laurion Capital Management	USD \$25 million	USD \$25 million
JHL Capital Group Fund	USD \$25 million	USD \$25 million
Blue Mountain Capital Management	USD \$25 million	USD \$25 million
Arbiter	USD \$25 million	-

24.3 Long only equity managers

A portion of the Future Generation Fund was also invested with long only equity managers as follows:

Long only equity managers	30 June 2014	31 December 2013
	Amount	Amount
Cevian Capital II Limited	USD \$13.4 million	USD \$10 million
Credit Suisse (Passive Equity)	-	USD \$33 million
Edgbaston	USD \$15 million	-
Somerset	USD \$15 million	-
Marathon	USD \$13.3 million	-
Capital International	USD \$15 million	-
Prince Street	USD \$15 million	-
Chieftain Capital Management	USD \$13.3 million	-

24.4 Private Equity Partners

Investment manager	30 June 2014	31 December 2013
	Amount	Amount
Z Capital Partners	USD \$3.15 million	-

24.5 A portion of the Future Generation Fund was invested in Income Opportunity funds with the following Managers:

Fund manager	30 June 2014	31 December 2013
	Amount	Amount
Goldman Sachs Asset Manager International	USD \$65.6 million	-
JP Morgan Asset Management	USD \$65.7 million	-
BrandyWine Global Investment Management	USD \$66.8 million	-

24.6 A portion of the Infrastructure Fund was invested in Income Opportunity funds with the following Managers:

Fund manager	30 June 2014	31 December 2013
	Amount	Amount
Goldman Sachs Asset Manager International	USD \$50 million	-
JP Morgan Asset Management	USD \$50 million	-

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24.7 A portion of the Infrastructure Fund was invested in Nigerian Equities as follows:

Institution	30 June 2014	
	Amount	
MTN Nigerian Communications Limited	USD \$15.9 million	
Nigeria Mortgage Refinance Company Plc	NGN 1.6 Billion	

24.8 Custodians

Custodians	JP Morgan Chase
	Stanbic IBTC

Appointment and Service

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

Reports on Investments

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

24.5 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 and non-executive directors of the Authority. The Directors did not hold any shares in the Authority during or as at the end of the period.

Directors' remuneration and expenses	30 June 2014 N '000	30 June 2013 N '000
Short term directors benefits	206,767	154,555
Total short term directors benefits	206,767	154,555
Fees as directors	25,000	25,000
Other allowances	1,350	5,700
Defined contribution plan	12,093	8,352
	38,443	39,052

25 Other fiduciary activities

An amount of \$200 million ("the Fund") was received from the Debts Management Office ("DMO") under an Investment Management Agreement ("the Agreement") during the period. NSIA acts as a manager of the Fund while the DMO acts a customer. In addition to being a manager, NSIA also acts as a custodian and the Funds are managed in a fiduciary relationship. The agreement provides for the Authority to invest the Fund in gas, power and other related projects. Consideration will be paid to the Authority after certain milestones have been met and the customer's share of return has been paid. The assets and liabilities of the Fund have been excluded from these financial statements as they are not assets and liabilities of the Authority. The fees and commissions which relates mainly to these investment management agreement have been recognised in the profit or loss account. The total fair value of the Fund as at 30 June 2014 was N31.09 billion (2013: Nil) while no income has been earned by the Authority from the fiduciary agreement as of 30 June 2014.