

Nigeria Sovereign Investment Authority



**Interim Consolidated Financial Statements for 9 months period
ended 30 September 2014**

Nigeria Sovereign Investment Authority
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For the nine months period ended 30 September 2014

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Nigeria Sovereign Investment Authority
Interim consolidated financial statements
For the nine months period ended 30 September 2014

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 Soyibo (SAN) (Non- Executive Director) 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)

Nigeria Sovereign Investment Authority
Interim consolidated financial statements
For the nine months period ended 30 September 2014

Directors' report

1. Financial statements

The Directors present their interim report on the affairs of Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA') and its subsidiary (hereafter referred to as "the Group"), together with the consolidated financial statements and independent auditor's report for the 9 months period ended 30 September 2014.

2. Principal activities

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

3. Operating results

The following is a summary of the Group's operating results for the period under review:

	Group 9 months period ended 30 September, <u>2014</u> N'000	Authority 9 months period ended 30 September, <u>2014</u> N'000
Operating income	3,155,147	3,072,754
Non- operating income	32,800	32,800
Profit for the period	1,786,705	1,707,762
Total comprehensive income for the period	2,711,471	2,632,528
Retained earnings, for the period	<u>1,786,705</u>	<u>1,707,762</u>

4. Objective

NSIA is an autonomous entity established by the Law of the Federal Republic of Nigeria as enacted by the Act of the National Assembly with a broad mandate to:

- a) build a savings base for the Nigerian people;
- b) enhance the development of Nigerian infrastructure;
- c) provide stabilisation support in times of economic stress, and
- d) carry out such other matters as may be related to the above objects

5. Governance and management

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

The Council comprises the following:

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

6. Employment of disabled persons

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

7. Employee health, safety and welfare

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

**Nigeria Sovereign Investment Authority
Interim consolidated financial statements
For the nine months period ended 30 September 2014**

**Statement of directors' responsibilities
In relation to the consolidated financial statements for the 9 months period ended 30 September 2014**

The Directors accept responsibility for the preparation of the interim consolidated financial statements set out on pages 6 to 50 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.

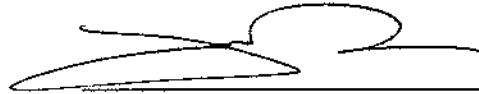
The Directors further accept responsibility for maintaining adequate accounting records and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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 THE NIGERIA SOVEREIGN INVESTMENT AUTHORITY

Introduction

We have reviewed the accompanying consolidated and separate statement of financial position of Nigeria Sovereign Investment Authority (“the Authority”) and its subsidiary (together “the Group”) as of 30 September 2014 and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the nine-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 consolidated and separate interim financial information does not give a true and fair view of the financial position of the Group and the Authority as at 30 September 2014, and of its financial performance and its cash flows for the nine-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 September 2013 has not been audited or reviewed.

For: **PricewaterhouseCoopers**
Chartered Accountants
Engagement partner: Gabriel Ukpeh

FRC/2013/ICAN/0000001882
Lagos, Nigeria



23 December 2014

Nigeria Sovereign Investment Authority

Consolidated financial statements

Interim statement of comprehensive income for the nine months period ended 30 September 2014

	Note	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 30 September 2013 N '000
Investment income	9	3,127,436	3,056,975	594,755
Interest income	10	27,711	15,779	189,153
Total operating income		3,155,147	3,072,754	783,908
Investment management fees		90,451	90,451	-
Local custodian fees		13,416	13,416	-
Global custodian fees		93,329	93,329	-
Total investment management & custodian fees		197,196	197,196	-
Total operating profit		2,957,951	2,875,558	783,908
Other non operating income	11	32,800	32,800	504,144
Total non- operating income		32,800	32,800	504,144
Operating and administrative expenses	12	1,204,046	1,200,596	850,521
Total operating and administrative expenses		1,204,046	1,200,596	850,521
Profit for the period		1,786,705	1,707,762	437,531
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Fair value gains on available for sale				
Net change in fair value	24	924,766	924,766	-
Other comprehensive income for the period		924,766	924,766	-
Total comprehensive income for the period		2,711,471	2,632,528	437,531

The accompanying notes on page 10 to 50 form an integral part of this financial statement

Nigeria Sovereign Investment Authority
Consolidated financial statements
Interim statement of financial position as at 30 September 2014

	Note	Group 30 September N '000	Authority 30 September N '000	Authority 31 December 2013 N '000
Asset				
Cash and cash equivalents	16	26,845,074	22,250,583	111,895,419
Advances		3,220	3,220	28,768
Investment securities	17	132,174,577	132,174,577	45,114,706
Other assets	18	4,127,994	4,127,741	290,512
Investment in subsidiary	19	-	1,000	-
Property and equipment	20	4,149,496	201,997	246,189
Intangible assets	21	14,085	14,085	19,777
Total assets		167,314,446	158,773,203	157,595,371
Liabilities				
Liabilities	22	8,847,281	384,981	439,677
Borrowings	23	-	-	1,400,000
Total liabilities		8,847,281	384,981	1,839,677
Equity and reserves				
Contribution by Government	24	155,250,000	155,250,000	155,250,000
Retained earnings	24.1	2,311,863	2,232,920	525,158
Fair value reserves	24.2	905,302	905,302	(19,464)
Total equity and amount attributable to equity contributors (Government)		158,467,165	158,388,222	155,755,694
Total equity and liabilities		167,314,446	158,773,203	157,595,371

These interim financial statements as set out on pages 6 to 50 were approved and authorised for issue by the Board of Directors on 18 December 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 50 form an integral part of this financial statement

Nigeria Sovereign Investment Authority
 Consolidated financial statements
 Interim statement of changes in equity
 For the nine months period ended 30 September 2014

Group	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	-	1,786,705	-	1,786,705
Profit for the 9 months period	-	1,786,705	-	1,786,705
Other comprehensive income for the period	-	-	924,766	924,766
Net changes in fair value reserve of financial assets (available for sale)	-	-	924,766	924,766
Total other comprehensive income for the period	-	1,786,705	924,766	2,711,471
Contributions made by Government	-	-	-	-
Total contribution and distributions to owners	-	-	-	-
Balance at 30 September 2014	155,250,000	2,311,863	905,302	158,467,165
Authority	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	-	1,707,762	-	1,707,762
Profit for the 9 months period	-	1,707,762	-	1,707,762
Other comprehensive income for the period	-	-	924,766	924,766
Net changes in fair value reserve of financial assets (available for sale)	-	-	924,766	924,766
Total other comprehensive income for the period	-	1,707,762	924,766	2,632,528
Contributions made by Government	-	-	-	-
Total contribution and distributions to owners	-	-	-	-
Balance at 30 September 2014	155,250,000	2,232,920	905,302	158,388,222

Nigeria Sovereign Investment Authority
Consolidated financial statements
Interim statement of changes in equity
For the nine months period ended 30 September 2014

Authority	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	-	437,531	-	437,531
Profit for the 9 months period	-	437,531	-	437,531
Other comprehensive income				
Net changes in fair value reserve of financial assets (available for sale)	-	-	-	-
Total other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	437,531	-	437,531
Contributions made by Government	-	-	-	-
Total contribution and distributions to owners	-	-	-	-
Balance at 30 September 2013	155,250,000	333,206	-	155,583,206

The accompanying notes on page 10 to 50 form an integral part of this financial statement

Nigeria Sovereign Investment Authority
Consolidated financial statements
Interim statement of cash flows
For the nine months period ended 30 September 2014

	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 30 September 2013 N '000
Cash flows from operating activities			
Profit for the period	1,786,705	1,707,762	437,531
<i>Adjustments for:</i>			
Depreciation	57,699	57,699	23,313
Amortisation of intangible assets	5,692	5,692	1,138
Fair value changes in Available for sale	924,766	924,766	-
Net exchange gains	(32,800)	(32,800)	(139,464)
Dividend income	(175,857)	(175,857)	-
(Increases)/decreases in operating assets/liabilities			
Trade and other receivables	(3,829,465)	(3,829,211)	(32,671)
Prepayments	17,530	17,530	(28,122)
Trade and other payables	8,407,604	(54,696)	343,227
Net cash generated in operating activities	7,161,874	(1,379,115)	604,952
 Cash flows from investing activities			
Purchase of property and equipment	(3,961,005)	(13,507)	(286,825)
Purchase of investment securities	(87,059,871)	(87,060,871)	(18,090,737)
Dividends received	175,857	175,857	-
Net cash used investing activities	(90,845,019)	(86,898,521)	(18,377,562)
 Cash flows from financing activities			
Contribution by Government	-	-	155,250,000
Repayment of loan	(1,400,000)	(1,400,000)	-
Net cash from financing activities	(1,400,000)	(1,400,000)	155,250,000
 Net cash movement for the 9 months period	(85,083,145)	(89,677,636)	137,477,390
Cash and cash equivalents at beginning of period	111,895,419	111,895,419	2,664,965
Effect of exchange rate fluctuations on cash held	32,800	32,800	139,464
Cash and cash equivalents at period end	26,845,074	22,250,583	140,281,819
 Cash and cash equivalents comprise:			
Cash in hand	17	17	47
Cash and bank balances	11,177,327	6,582,836	140,281,772
Placements with financial institutions	15,667,730	15,667,730	-
Total cash and cash equivalents	26,845,074	22,250,583	140,281,819

The accompanying notes on page 10 to 50 form an integral part of this financial statement

Nigeria Sovereign Investment Authority
Interim consolidated financial statements
For the nine months period ended 30 September 2014

Notes to the interim consolidated 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
Stabilisation Fund (SF)	Credit Suisse, 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, Arbitor, 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

These financial statements are the consolidated financial statements of the Authority, and its subsidiary, NSIA Motorways Investment Company (together, "the Group").

The consolidated and separate interim financial statements comprise the interim statement of comprehensive income, the interim statement of financial position, the statements of changes in equity, the cash flow statement and the notes. These interim financial statements for the nine months ended 30 September 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'.

The interim consolidated financial statements were authorised for issue by the Board of Directors on 18 December 2014.

2.1 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.

2.2 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.

Notes to the interim consolidated financial statements

2.3 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.

2.4 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 may have significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in Notes 5.5.

2.5 Changes in accounting policy

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

a) New and amended standards adopted by the Group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that would be expected to have an impact on the group.

(i) Amendments to IAS 32 – Financial Instruments: Presentation (effective 1 January 2014)

The IASB has issued amendments to the application guidance in IAS 32, 'Financial Instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realize the asset and settle the liability simultaneously. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The changes requires extensive disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. More extensive disclosures in addition to those presented in the previous audited financial statement will be required.

Notes to the interim consolidated financial statements

Offsetting -Financial assets and liabilities

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal enforceable right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty, does not meet the offsetting requirements.

(ii) Amendments to IAS 36 - Impairment of assets (effective 1 January 2014)

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal to require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and to require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. This Group did not reverse or recognize an impairment loss on its non-financial asset.

(iii) IFRIC 21 - Levies (effective 1 January 2014)

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date. It addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, 'Provisions', and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, 'Income taxes'. The interpretation does not address whether the liability to pay a levy gives rise to an asset or an expense. Entities will need to apply other standards to determine the accounting for the expense. The Group is not subjected to levies that are not income taxes within the scope of IAS 12.

(iv) Amendments to IFRS 7 on offsetting financial assets and financial liabilities (2011)

Disclosures- Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of right of offsets and related arrangements for financial instruments under a master netting or similar arrangements. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. The amendments are applied retrospectively, the Group has offsetting arrangements in place as at 30 September 2014. The application of the amendments had no material impact on the disclosures or the amount recognised in the consolidated financial statements.

Impact of the adoption of IAS 32, 36 and IFRIC 21

The following changes in accounting policies are expected to reflect in the Group's consolidated and separate interim financial statements as at and for the period ending 30 September 2014.

Amendments/ New Standards	Significant changes	Impact on the Group
IAS 32 - Financial instruments: Presentation	It clarifies the requirements for offsetting financial assets and financial liabilities on the statement of financial position.	None.
Offsetting financial assets and financial liabilities	It states that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. Also gross settlement mechanisms (such as through a clearing house) with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	The group does not have a right of set off that is contingent on a future event. Master netting agreements where the legal right of offset is only enforceable on the occurrence of some future event, such as default of the counterparty will no longer meet the offsetting requirements

Nigeria Sovereign Investment Authority
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Notes to the interim consolidated financial statements

<p>IAS 36 - Impairment of assets</p> <p>Recoverable amount disclosures for non-financial assets</p>	<p>The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13.</p> <p>It removes the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or indefinite lived intangible assets but there has been no impairment.</p> <p>It requires disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognized or reversed; and</p> <p>It requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed.</p>	<p>None.</p> <p>The group did not recognize or reverse an impairment loss on non-financial assets</p>
<p>IFRIC 21 - Levies</p>	<p>The standard sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.</p> <p>What is the obligating event that gives rise to a liability to pay a levy?</p> <p>The obligating event that gives rise to a liability to pay a levy is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern principle, does not create an obligation to pay a levy that will arise from operating in the future.</p> <p>When is a liability to pay a levy recognized?</p> <p>A liability to pay a levy is recognized when the obligating event occurs. This might arise at a point in time or progressively over time. The interpretation also requires that an obligation to pay a levy triggered by a minimum threshold is recognized when the threshold is reached.</p>	<p>None.</p> <p>The group is not subject to levies that are not income taxes within the scope</p>

(b) New and amended standards with no impact on the Group

Below are the IFRSs and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 January 2014 that does not impact on the group activities.

Amendments/ New Standards	Significant changes
<p>IAS 39 - Financial instruments: Recognition and measurement</p>	<p>IASB has amended IAS 39 to provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparties (CCP) meets specified criteria. Similar relief will be included in IFRS 9, 'Financial instruments'.</p>

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Notes to the interim consolidated financial statements

Novation of derivatives and continuation of hedge accounting	<p>According to the amendments, there will be no expiration or termination of the hedging instrument if:</p> <ul style="list-style-type: none"> • as a consequence of laws or regulations, the parties to the hedging instrument agree that a CCP, or an entity (or entities) acting as a counterparty in order to effect clearing by a CCP ('the clearing counterparty'), replaces their original counterparty; and • other changes, if any, to the hedging instrument are limited to those that are necessary to effect such replacement of the counterparty. These changes include changes in the contractual collateral requirements, rights to offset receivables and payables balances, and charges levied.
<p>IFRS 10, IFRS 12 and IAS 27</p> <p>Exception from consolidation for investment entities</p>	<p>The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. The amendments to IFRS 12 also introduce disclosures that an investment entity needs to make.</p> <p>The amendment furthermore clarifies the meaning of investment entity which states that the absence of one or more of the following characteristics does not prevent the entity from qualifying as an investment entity "characteristics being - holding more than one investment, having more than one investor, having investors that are not related parties of the entity, and having ownership interests in the form of equity or similar interest". You will not be disqualified from being an investment entity where you carry out any of the following activities:</p> <ul style="list-style-type: none"> • provision of investment-related services to third parties and to your investors, even when substantial; and • providing management services and financial support to your investees, but only when these do not represent separate substantial business activity and are carried out with the objective of maximizing the investment return from your investees. <p>Where an entity qualifies as an investment entity it is required to account for its subsidiaries at fair value through profit or loss in accordance with IFRS 9, 'Financial instruments' (or IAS 39, 'Financial instruments: Recognition and measurement', where applicable).</p> <p>The Group does not qualify or have any related entity that qualifies as an investment entity.</p>

(c) New and amended standards and interpretations not yet adopted by the Group

As at 30 September 2014, a number of standards and interpretations, and amendments thereto, had been issued by the IASB which are not yet effective for these consolidated financial statements. None of these standards is expected to have a significant effect on the consolidated financial statement of the group, except the following set out below:

Amendments/ New Standards	Significant changes
<p>IFRS 9 Financial Instruments: Classification and Measurement</p> <p>(effective annual periods beginning on or after 1 January 2018)</p>	<p>IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge</p> <p>The IFRS 9 (2009) requirements represents a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories of financial assets: amortized cost and fair value.</p> <p>A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specific dates to cashflows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables. For an investment in equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss at a later date. However, dividend on such investments are recognized in the income statement, rather than other comprehensive income unless they clearly represent a partial recovery of the cost of the investments. Investments in equity instruments in respect of which an entity does not elect to present fair value changes in other comprehensive income would be measured at fair value with changes in fair value recognized in the income statement.</p>

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IAS 40 - Investment property (effective annual periods beginning on or after 1 July 2014)	The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.
IFRS 13 - Fair value measurement (effective annual periods beginning on or after 1 July 2014)	The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.
IFRS 3 - Business combinations (effective annual periods beginning on or after 1 July 2014)	The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial Instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognized in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.
IAS 24 -Related party disclosures (effective annual periods beginning on or after 1 July 2014)	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.
IFRS 2 - Share based payment (effective annual periods beginning on or after 1 July 2014)	The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.
IFRS 8 - Operating segments (effective annual periods beginning on or after 1 July 2014)	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
IFRS 14 - Regulatory deferral accounts (effective annual periods beginning on or after 1 July 2016)	This standard describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other Standards, but that qualify to be deferred in accordance with this Standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.
Amendment to IAS 19 (effective annual periods beginning on or after 1 July 2014)	The amended IAS 19 states that changes in the defined benefit obligation and fair value of plan assets are recognised in the period as they occur. The "corridor" method is eliminated and actuarial gains and losses and unrecognised past service costs are recognised directly in other comprehensive income. Because actuarial gains and losses are no longer deferred, affecting both the net defined benefit liability/asset and the amounts recognised in income statement are affected. The amended standard splits changes in defined benefit liabilities/assets in: - Service cost (including past service costs, curtailments and settlements) – in income statement - Net interest costs (i.e. net interest on the net defined benefit liability) – income statement; - Remeasurement of the defined benefit liability/asset – in other comprehensive income.

Notes to the interim consolidated financial statements

3 Consolidation

The financial statements of the consolidated subsidiary used to prepare the consolidated financial statements were prepared as at the parent company's reporting date.

(a) Subsidiaries

The consolidated financial statement of the Group, comprises the financial statement of the parent entity and the consolidated subsidiary as of 30 September 2014.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, and generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in Profit or Loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are measured at cost in the separate financial statements.

(b) Changes in ownership interests in subsidiaries without change of control

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

Notes to the interim consolidated financial statements

(c) Disposal of subsidiaries

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

(d) Associates

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

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income is reclassified to Profit or Loss where appropriate.

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

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

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

Investment in associate is carried at cost less impairment in the separate financial statement. The Group had no Associates in the period under review.

4 Significant accounting policies

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

4.1 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.

Notes to the interim consolidated financial statements

4.2 Interest income and interest expense

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

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

4.3 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.

4.4 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.

4.5 Net gain/losses from financial instruments at fair value through profit or loss

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

4.6 Fees and Commissions

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

4.6.1 Fiduciary Activities

The Group provides investment management and custody services to the Debt Management Office and Nigerian Bulk Electricity Trading Plc which involve the Group 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 Group. Some of these arrangements involve the Group accepting targets for benchmark levels of returns for the assets under the Group’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.

4.7 Income tax expense

The NSIA Act (2011) exempts the Authority and its wholly-owned subsidiaries 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 consolidated financial statements

4.8 Financial assets and financial liabilities

4.8.1 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 Group has transferred substantially all risks and rewards of ownership.

4.8.2 Classification

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

4.8.3 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 Group 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 Group 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 Group 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 consolidated 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.

4.8.4 Derecognition

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

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

4.8.5 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.

4.8.6 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.

4.8.7 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.

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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.

4.8.8 Identification and measurement of impairment

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

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

4.9 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.

4.10 Property and equipment

4.10.1 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.

4.10.2 *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.

4.10.3 *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.

4.10.4 *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.

4.11 **Intangible assets - Software**

Software acquired by the Group 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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4.12 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.

4.13 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 Group's statement of financial position.

4.14 Impairment of non-financial assets

The carrying amounts of the Group'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

4.15 Provisions

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

4.15.1 Restructuring

A provision for restructuring is recognised when the Group 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 consolidated financial statements

4.16 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.

4.17 Contingencies

4.17.1 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.

4.17.2 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.

4.18 Employee benefits

4.18.1 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 Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2004. The employer and the employee contributions are 7.5% each of the qualifying employee's salary.

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.

4.18.2 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 Group 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.

Notes to the interim consolidated financial statements

4.19 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.

4.20 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.

4.21 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.

5 Determination of fair values

A number of the Group'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.

5.1 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.

5.2 Receivables

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

Notes to the interim consolidated financial statements

5.3 Impairment of assets

5.3.1 Financial assets carried at amortised cost

At each end of the reporting date, the Group 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 Group 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 Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group 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 Group 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.

5.3.2 Impairment of other non-financial assets

The carrying amounts of the Group'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.

Notes to the interim consolidated financial statements

5.4 Critical accounting estimates and judgements

Management discusses with the Board of Directors the development, selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see note 6).

5.5 Critical accounting judgements in applying the Group's accounting policies

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

5.5.1 *Valuation of financial instruments*

The Authority's accounting policy on fair value measurements is discussed under Note 4.8.7. 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.

5.5.2 *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 4.8.

5.5.3 *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.

5.5.4 *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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6 Financial risk management

The Group is exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk

6.1 Our approach to risk management

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

The Group has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Group. The Group's Risk Framework seeks to explain the Group'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

6.2 Credit risk

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

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

6.2.1 Management of credit risk

The Authority's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards.

6.2.2 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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6.2.3 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

6.2.4 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:

Group 30 September 2014 <i>In thousands of Naira</i>	SF	FGF	NIF	Unallocated	Total
Advances	-	-	-	3,220	3,220
Staff advances	-	-	-	3,220	3,220
Investment securities	31,407,719	53,388,090	47,378,768	-	132,174,577
US treasury bills	7,809,326	-	-	-	7,809,326
Available for sale bonds	23,598,393	21,913,160	23,721,669	-	69,233,222
Private Equity	-	566,798	-	-	566,798
Nigerian marketable securities	-	-	14,140,184	-	14,140,184
Held to maturity bonds	-	-	5,436,499	-	5,436,499
Hedgefund and equity managers	-	30,908,132	-	-	30,908,132
Nigerian equities	-	-	4,080,416	-	4,080,416
Receivables	-	-	-	253	253
Trade receivables	-	-	-	253	253
Cash and cash equivalents	14,286	6,075,359	15,786,894	4,998,535	26,845,074
Cash	-	-	-	17	17
Balances with bank	14,286	6,075,359	89,164	4,998,518	11,177,327
Money market placements	-	-	15,667,730	-	15,667,730
	31,422,005	59,463,449	63,135,662	5,002,008	159,023,124
Advances exposure to total exposure	-	-	-	-	-
Debt securities exposure to total	100%	90%	75%	-	-
Other exposures to total exposure	-	10%	25%	100%	-
	100%	100%	100%	100%	100%

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Authority 30 September 2014 <i>In thousands of Naira</i>					
	SF	FGF	NIF	Unallocated	Total
Advances	-	-	-	3,220	3,220
Staff advances	-	-	-	3,220	3,220
Investment securities	31,407,719	53,388,090	47,378,768	-	132,174,577
US treasury bills	7,809,326	-	-	-	7,809,326
Available for sale bonds	23,598,393	21,913,160	23,721,669	-	69,233,222
Private Equity	-	566,798	-	-	566,798
Nigerian marketable securities	-	-	14,140,184	-	14,140,184
Held to maturity bonds	-	-	5,436,499	-	5,436,499
Hedgefund and equity managers	-	30,908,132	-	-	30,908,132
Nigerian equities	-	-	4,080,416	-	4,080,416
Receivables	186,616	3,881,250	-	-	4,067,866
Trade receivables	186,616	3,881,250	-	-	4,067,866
Cash and cash equivalents	14,286	6,075,359	15,756,894	404,044	22,250,583
Cash	-	-	-	17	17
Balances with bank	14,286	6,075,359	89,164	404,027	6,582,836
Money market placements	-	-	15,667,730	-	15,667,730
	31,608,621	63,344,699	63,135,662	407,264	158,496,246
Advances exposure to total exposure	-	-	-	1%	-
Debt securities exposure to total	99%	84%	75%	-	-
Other exposures to total exposure	1%	16%	25%	99%	-
	100%	100%	100%	100%	

Authority 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	97%	-	23%	-	-
Other exposures to total exposure	3%	100%	77%	97%	-
	100%	100%	100%	100%	

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Group

Impairment analysis

30 September 2014

In thousands of Naira

	Advances	Investment securities	Receivables	Cash and cash equivalent
Carrying amount	3,220	132,174,577	4,068,120	26,845,074
Neither past due nor impaired	3,220	19,576,683	4,068,120	26,845,074
Carrying amount – amortised cost	3,220	19,576,683	4,068,120	26,845,074
Debt assets at fair value	-	112,597,894	-	-
Carrying amount - Fair value	-	112,597,894	-	-
Total carrying amount	3,220	132,174,577	4,068,120	26,845,074

Authority

30 September 2014

Impairment analysis

In thousands of Naira

	Advances	Investment securities	Receivables	Cash and cash equivalent
Carrying amount	3,220	132,174,577	4,067,867	22,250,583
Neither past due nor impaired	3,220	19,576,683	4,067,867	22,250,583
Carrying amount – amortised cost	3,220	19,576,683	4,067,867	22,250,583
Debt assets at fair value	-	112,597,894	-	-
Carrying amount - Fair value	-	112,597,894	-	-
Total carrying amount	3,220	132,174,577	4,067,867	22,250,583

Authority

31 December 2013

Impairment analysis

In thousands of Naira

	Advances	Investment securities	Receivables	Cash and cash equivalent
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	-	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

Group	
Money market placements	
<i>In thousands of Nigerian Naira</i>	Credit Quality As at 30 September 2014
<i>Counterparties with external credit ratings (S&P), Fitch & Moody</i>	
B+	<u>15,667,730</u>
	<u>15,667,730</u>
Total money market placements	<u>15,667,730</u>
Investment Securities	
<i>In thousands of Nigerian Naira</i>	Credit Quality As at 30 September 2014
<i>Counterparties with external credit ratings (S&P)</i>	
AAA	7,809,326
A	42,912,515
AA-	26,320,707
B+	5,436,499
BB-	<u>14,140,184</u>
	<u>96,619,231</u>
<i>Counterparties without external credit ratings (S&P)</i>	
Equity Investments	4,647,214
Other Investments	<u>30,908,132</u>
	<u>35,555,346</u>
Total investment securities	<u>132,174,577</u>
Authority	
Money market placements	
<i>In thousands of Nigerian Naira</i>	Credit Quality As at 30 September 2014
<i>Counterparties with external credit ratings (S&P), Fitch & Moody</i>	
B+	<u>15,667,730</u>
	<u>15,667,730</u>
Total money market placements	<u>15,667,730</u>
Investment Securities	
<i>In thousands of Nigerian Naira</i>	Credit Quality As at 30 September 2014
<i>Counterparties with external credit ratings (S&P)</i>	
AAA	7,809,326
A	42,912,515
AA-	26,320,707
B+	5,436,499
BB-	<u>14,140,184</u>
	<u>96,619,231</u>
<i>Counterparties without external credit ratings (S&P)</i>	
Equity Investments	4,647,214
Other Investments	<u>30,908,132</u>
	<u>35,555,346</u>
Total investment securities	<u>132,174,577</u>

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Authority		
Money market placements		
<i>In thousands of Nigerian Naira</i>		
		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>65,012,392</u>
Investment securities		
<i>In thousands of Nigerian Naira</i>		
		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 Bank		14,699,930
		<u>14,699,930</u>
Total investment securities		<u>45,114,706</u>

6.3 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

6.3.1 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

6.3.2 Exposure to liquidity risk

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

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:

Group					
30 September 2014					
<i>In thousands of Naira</i>	Carrying amount	Gross nominal outflow	Up to 3 months	4 – 6 months	> 5 years
<i>Non-derivative financial liabilities</i>					
Liabilities	8,847,281	383,981	383,981	8,463,300	-
Borrowing	-	-	-	-	-
Total liabilities	8,847,281	383,981	383,981	8,463,300	-

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<i>In thousands of Naira</i>	Carrying amount	Gross nominal outflow	Up to 3 months	4 – 6 months	> 5 years
<i>Non-derivative financial liabilities</i>					
Liabilities	384,981	384,981	384,981	-	-
Borrowing	-	-	-	-	-
Total liabilities	384,981	384,981	384,981	-	-

Authority

31 December 2013

<i>In thousands of Naira</i>	Carrying amount	Gross nominal outflow	Up to 3 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	-

6.4 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 the Group.

The Group is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

With regards to investments in certain asset classes, the 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 Group's Market risk Framework includes:

- Market risk - comprising equity, interest rate, interest basis and currency risks;
- Valuation risk - which derives from the valuation methodology chosen for unlisted assets. A critical associated risk is that which relates to the valuation model. The Group has exposure to valuation risk through its investments in Real Estate assets, Private Equity investments as well as other alternative instruments and Project development.

We manage 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

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

6.4.1 Trading assets Financial assets

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

6.4.2 Non-trading Non-financial assets

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

6.4.3 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.

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6.4.4 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

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

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

	Group As at 30 September 2014 N'000	Authority As at 30 September 2014 N'000	Authority As at 31 December 2013 N'000
Risk sensitive assets:			
Placement with financial institutions	15,667,730	15,667,730	65,012,382
Investment security - HTM	19,576,683	19,576,683	37,360,941
	<u>35,244,413</u>	<u>35,244,413</u>	<u>102,373,323</u>

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.

Group				
<i>In thousands of Naira</i>				
3 months to 30 September 2014	Profit or loss			
	25BP	25BP	50BP	50BP
	Increase	Decrease	Increase	Decrease
Financial assets	(49,040)	49,040	(98,079)	98,079
Cash flow sensitivity (net)	(49,040)	49,040	(98,079)	98,079

Group				
<i>In thousands of Naira</i>				
3 months to 30 September 2014	Profit or Loss			
	100BP	100BP	200BP	200BP
	Increase	Decrease	Increase	Decrease
Financial assets	(196,159)	196,159	(392,317)	392,317
Cash flow sensitivity (net)	(196,159)	196,159	(392,317)	392,317

Authority				
<i>In thousands of Naira</i>				
3 months to 30 September 2014	Profit or loss			
	25BP	25BP	50BP	50BP
	Increase	Decrease	Increase	Decrease
Financial assets	(49,040)	49,040	(98,079)	98,079
Cash flow sensitivity (net)	(49,040)	49,040	(98,079)	98,079

Authority				
<i>In thousands of Naira</i>				
3 months to 30 September 2014	Profit or Loss			
	100BP	100BP	200BP	200BP
	Increase	Decrease	Increase	Decrease
Financial assets	(196,159)	196,159	(392,317)	392,317
Cash flow sensitivity (net)	(196,159)	196,159	(392,317)	392,317

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Authority				
In thousands of Naira		Profit or loss		
15 months to 31 December 2013	25BP	25BP	50BP	50BP
	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

Authority				
In thousands of Naira		Profit or Loss		
15 months to 31 December 2013	100BP	100BP	200BP	200BP
	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

7 Operating segments

The Group 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. 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

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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Information about reportable segments

Group 9 months to 30 September 2014	Stabilisation	Future	Nigeria	Total
	Fund	Generation Fund	Infrastructure	
	N'000	N'000	N'000	N'000
Investment and interest income	278,690	656,535	2,128,071	3,063,296
Total operating segment income	278,690	656,535	2,128,071	3,063,296
Investment management expenses	29,444	118,386	12,048	159,878
Local custodian fees	-	-	13,416	13,416
Global custodian fees	6,724	11,788	4,060	22,572
Total segment investment management & custodian fees	36,168	130,174	29,524	195,866
Total operating segment profit	242,522	526,361	2,098,547	2,867,430
Other Non-operating Income	3,135	14,408	14,283	31,826
Professional expenses	7,598	112,864	53,948	174,410
Other operating expenses	117	3,626	13,280	17,023
Total segment operating & administrative expenses	7,715	116,490	67,228	191,433
Segmented profit/ (loss) for the period	237,942	424,279	2,045,602	2,707,823
Reportable segment assets	31,608,621	63,344,699	63,135,662	158,088,982
Reportable segment liabilities	186,158	-	-	186,158
Authority 9 months to 30 September 2014	Stabilisation	Future	Nigeria	Total
	Fund	Generation Fund	Infrastructure	
	N'000	N'000	N'000	N'000
Investment and interest income	278,690	656,535	2,128,071	3,063,296
Total operating segment income	278,690	656,535	2,128,071	3,063,296
Investment management expenses	29,444	118,386	12,048	159,878
Local custodian fees	-	-	13,416	13,416
Global custodian fees	6,724	11,788	4,060	22,572
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Reportable segment assets	31,608,621	63,344,699	63,135,662	158,088,982
Reportable segment liabilities	186,158	-	-	186,158

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Authority
15 months to 31 December 2013

	Stabilisation Fund N'000	Future Generation Fund N'000	Nigeria Infrastructure N'000	Total 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

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

<i>In thousands of Naira</i>	Group 9 months to 30 September 2014	Authority 9 months to 30 September 2014	Authority 15 months to 31 December 2013
Revenues			
Total revenue for reportable segments	3,063,296	3,063,296	1,215,445
Unallocated amounts	91,851	9,458	250,740
Total revenue for the period	3,155,147	3,072,754	1,466,185
Profit or loss			
Total profit or loss for reportable segments	2,707,823	2,707,823	1,012,762
Unallocated amounts	(921,118)	(1,000,061)	(487,604)
Total profit for the period	1,786,705	1,707,762	525,158
Assets			
Total assets for reportable	158,088,982	158,088,982	156,157,725
Other unallocated amounts	9,225,464	684,221	1,437,646
Total assets for the period	167,314,446	158,773,203	157,595,371
Liabilities			
Total liabilities for reportable segments	186,158	186,158	239,868
Other unallocated amounts	8,661,123	198,823	1,599,809
Total liabilities for the period	8,847,281	384,981	1,839,677

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8 Financial assets and financial liabilities
8.1 Financial assets and financial liabilities at fair value

Group
30 September 2014

<i>In thousands of Naira</i>	Note	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial	Total carrying	Fair value
Cash and cash equivalents	16	-	-	26,845,074	-	-	26,845,074	26,845,074
Advances		-	-	3,220	-	-	3,220	3,220
Investment securities:								
Measured at fair value	17	-	-	-	112,597,894	-	112,597,894	112,597,894
Measured at amortised cost	17	-	19,576,683	-	-	-	19,576,683	19,576,683
Other assets	18	-	-	4,127,994	-	-	4,127,994	4,127,994
		-	19,576,683	30,976,288	112,597,894	-	163,150,865	163,150,865
Liabilities	22	-	-	-	-	8,847,281	8,847,281	8,847,281
Borrowings	23	-	-	-	-	-	-	-
	39	-	-	-	-	8,847,281	8,847,281	8,847,281

Authority
30 September 2014

<i>In thousands of Naira</i>	Note	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial	Total carrying	Fair value
Cash and cash equivalents	16	-	-	22,250,583	-	-	22,250,583	22,250,583
Advances		-	-	3,220	-	-	3,220	3,220
Investment securities:								
Measured at fair value	17	-	-	-	112,597,894	-	112,597,894	112,597,894
Measured at amortised cost	17	-	19,576,683	-	-	-	19,576,683	19,576,683
Other assets	18	-	-	4,127,741	-	-	4,127,741	4,127,741
		-	19,576,683	26,381,544	112,597,894	-	158,556,121	158,556,121
Liabilities	22	-	-	-	-	384,981	384,981	384,981
Borrowings	23	-	-	-	-	-	-	-
		-	-	-	-	384,981	384,981	384,981

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Authority	Note	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial	Total carrying	Fair value
<i>31 December 2013</i>								
<i>In thousands of Naira</i>								
Cash and cash equivalents	16	-	-	111,895,419	-	-	111,895,419	111,895,419
Advances		-	-	28,768	-	-	28,768	28,768
Investment securities:								
Measured at fair value	17	-	-	-	7,753,765	-	7,753,765	7,753,765
Measured at amortised cost	17	-	37,360,941	-	-	-	37,360,941	37,561,274
Other assets	18	-	-	290,512	-	-	290,512	290,512
		-	37,360,941	112,214,699	7,753,765	-	157,329,405	157,529,738
Liabilities	22	-	-	-	-	439,677	439,677	439,677
Borrowings	23	-	-	-	-	1,400,000	1,400,000	1,400,000
		-	-	-	-	1,839,677	1,839,677	1,839,677

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8.2 Offsetting financial assets and financial liabilities

The financial assets and financial liabilities subject to offsetting during the period are nil.

8.3 Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed under note 4.8.7 and the valuation of financial instruments is discussed in note 5.5.1

8.3.1 Recurring fair value measurements

Group

30 September 2014

<i>In thousands of Naira</i>	Note	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	16	26,845,074	-	-	26,845,074
Advances		3,220	-	-	3,220
Investment securities	17	96,631,362	1,600,000	33,943,215	132,174,577
Other assets	18	4,127,994	-	-	4,127,994
		127,607,650	1,600,000	33,943,215	163,150,865
Liabilities	22	8,847,281	-	-	8,847,281
Borrowings	23	-	-	-	-
		8,847,281	-	-	8,847,281

Authority

30 September 2014

<i>In thousands of Naira</i>	Note	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	16	22,250,584	-	-	22,250,584
Advances		3,220	-	-	3,220
Investment securities	17	96,619,231	1,600,000	33,955,346	132,174,577
Other assets	18	4,127,741	-	-	4,127,741
		123,000,776	1,600,000	33,955,346	158,556,122
Liabilities	22	384,981	-	-	384,981
Borrowings	23	-	-	-	-
		384,981	-	-	384,981

Authority

31 December 2013

<i>In thousands of Naira</i>	Note	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	16	111,895,419	-	-	111,895,419
Advances		28,768	-	-	28,768
Investment securities	17	45,114,706	-	-	45,114,706
Other assets	18	290,512	-	-	290,512
		157,329,405	-	-	157,329,405
Liabilities	22	439,677	-	-	439,677
Borrowings	23	1,400,000	-	-	1,400,000
		1,839,677	-	-	1,839,677

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9	Investment income		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			N '000	N '000	N '000
	Investment in Treasury Bills		1,250,883	1,250,883	594,755
	Investment in Fixed Deposits		1,019,021	948,560	-
	Dividend income		175,857	175,857	-
	Investment in Other Financial Instruments		681,675	681,675	-
			3,127,436	3,056,975	594,755
10	Interest income		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			N '000	N '000	N '000
	Bank balances		27,711	15,779	189,153
			27,711	15,779	189,153
	Interest income represents income earned on balances with banks.				
11	Other non-operating income		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			N '000	N '000	N '000
	Other non-operating income		-	-	364,680
	Net exchange gain		32,800	32,800	139,464
	Total other non-operating income		32,800	32,800	504,144
12	Operating and administrative expenses		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			N '000	N '000	N '000
	Personnel expenses	13	687,783	687,783	385,794
	Depreciation and amortisation		63,391	63,391	24,450
	Professional fees	14	234,721	234,721	226,782
	Directors fees and allowances		37,500	37,500	50,000
	Other operating expenses	15	180,651	177,201	163,495
			1,204,046	1,200,596	850,521
13	Personnel expenses		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			N '000	N '000	N '000
	Salaries		406,257	406,257	325,484
	Contributions to defined contribution plans		32,454	32,454	20,693
	Other allowances		249,072	249,072	39,617
			687,783	687,783	385,794
	The average number of persons employed by the Group and the Authority		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			Number	Number	Number
	Executive management staff & senior staff		9	9	3
	Non- management staff		14	14	6
			23	23	9
14	Professional fees		Group	Authority	Authority
			30 September 2014	30 September 2014	30 September 2013
			N '000	N '000	N '000
	Professional fees		234,721	234,721	226,782
			234,721	234,721	226,782

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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15 Other operating expenses	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 30 September 2013 N '000
General and administrative	94,881	91,431	63,980
Office rent and other expenses	34,577	34,577	40,493
Travel expenses	51,193	51,193	59,022
	<u>180,651</u>	<u>177,201</u>	<u>163,495</u>
16 Cash and cash equivalents	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 31 December 2013 N '000
Cash	17	17	163
Bank balances	11,177,327	6,582,836	46,882,874
Money market placements	15,667,730	15,667,730	65,012,382
Total cash and cash equivalents	<u>26,845,074</u>	<u>22,250,583</u>	<u>111,895,419</u>
17 Investment securities	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 31 December 2013 N '000
Held to maturity investments 17.1	19,576,683	19,576,683	37,360,941
Available for sale investments 17.2	112,597,894	112,597,894	7,753,765
	<u>132,174,577</u>	<u>132,174,577</u>	<u>45,114,706</u>
17.1 Analysis of HTM investment securities	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 31 December 2013 N '000
Investment grade bonds	-	-	22,661,011
Nigerian marketable securities and HTM Bonds	19,576,683	19,576,683	14,699,930
	<u>19,576,683</u>	<u>19,576,683</u>	<u>37,360,941</u>
17.2 Analysis of available for sale investment securities	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 31 December 2013 N '000
US Treasury Bills	7,809,326	7,809,326	7,354,746
US Treasury Bonds	-	-	399,019
Available-for-sale equities	566,798	566,798	-
Available-for-sale (Nigerian equities)	4,080,416	4,080,416	-
Available-for-sale Bonds	69,233,222	69,233,222	-
Hedge funds and equity managers	30,908,132	30,908,132	-
	<u>112,597,894</u>	<u>112,597,894</u>	<u>7,753,765</u>
Reconciliation of available for sale financial assets	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 31 December 2013 N '000
Opening balance	7,753,765	7,753,765	-
Additions/(Disposals)			
US Treasury Bills	454,580	454,580	7,354,746
US Treasury Bonds	(399,019)	(399,019)	399,019
Available-for-sale equities	566,798	566,798	-
Available-for-sale (Nigerian equities)	4,080,416	4,080,416	-
Available-for-sale Bonds	69,233,222	69,233,222	-
Hedge funds and equity managers	30,908,132	30,908,132	-
Closing balance	<u>112,597,894</u>	<u>112,597,894</u>	<u>7,753,765</u>

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18 Other assets	Group	Authority	Authority
	30 September 2014	30 September 2014	31 December 2013
	N '000	N '000	N '000
Trade receivables	4,068,120	4,067,867	238,655
Prepayment	59,874	59,874	51,857
	<u>4,127,994</u>	<u>4,127,741</u>	<u>290,512</u>

19 Investment in subsidiary	Group	Authority	Authority
	30 September 2014	30 September 2014	31 December 2013
	N '000	N '000	N '000
NSIA Motorways Investment Company (NMIC)	-	1,000	-
	<u>-</u>	<u>1,000</u>	<u>-</u>

This represents the amount for the share capital of NSIA Motorways Investment Company (NMIC). The company was incorporated in Nigeria in 2014 and the Authority has 100% holding in NMIC. The transactions and financial performance of the subsidiary are consolidated with the results of the Authority.

The financial data of the consolidated entity is shown below:

	NMIC
	30 September 2014
	N '000
Investment income	70,461
Interest income	11,932
Total operating income	<u>82,393</u>
Operating and administrative expenses	3,451
Total operating and administrative expenses	<u>3,451</u>
Profit for the period	<u>78,942</u>
	30 September 2014
	N '000
Asset	
Cash and cash equivalents	4,594,490
Other assets	1,253
Property and equipment	3,947,499
Total assets	<u>8,543,242</u>
Liabilities	
Liabilities	8,463,300
Total liabilities	<u>8,463,300</u>
Equity and reserves	
Equity	1,000
Retained earnings	78,942
Total equity	<u>79,942</u>
Total equity and liabilities	<u>8,543,242</u>

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20 Property and equipment

Group	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Work in Progress	Total
	N '000	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	13,019	128	-	360	3,947,499	3,961,006
Balance at 30 September 2014	140,227	87,832	957	73,467	3,947,499	4,249,982
Accumulated depreciation						
Balance at 1 January 2014	19,070	14,051	174	9,492	-	42,787
Charge for the 9 months	24,662	21,880	178	10,979	-	57,699
Balance at 30 September 2014	43,732	35,931	352	20,471	-	100,486
Net Book values						
At 30 September 2014	96,495	51,901	605	52,996	3,947,499	4,149,496
At 1 January 2014	108,138	73,653	783	63,615	-	246,189

Work in progress represents the amount incurred by NMIC on the proposed Second Niger Bridge Project (2NB). These costs were incurred on the Early Works Phase II Contract and represent the total amount incurred as at 30 September 2014.

Authority	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Work in Progress	Total
	N '000	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	13,019	128	-	360	-	13,507
Balance at 30 September 2014	140,227	87,832	957	73,467	-	302,483
Accumulated depreciation						
Balance at 1 January 2014	19,070	14,051	174	9,492	-	42,787
Charge for the 9 months	24,662	21,880	178	10,979	-	57,699
Balance at 30 September 2014	43,732	35,931	352	20,471	-	100,486
Net Book values						
At 30 September 2014	96,495	51,901	605	52,996	-	201,997
At 1 January 2014	108,138	73,653	783	63,615	-	246,189

21 Intangible assets

Group	Software	Total
Cost		
Balance at 1 January 2014	22,828	22,828
Additions	-	-
Balance at 30 September 2014	22,828	22,828
Amortisation		
Balance at 1 January 2014	3,051	3,051
Charge for the 9 months period	5,692	5,692
Balance at 30 September 2014	8,743	8,743
Net book value		
At 30 September 2014	14,085	14,085
At 1 January 2014	19,777	19,777
Authority		
Cost		
Balance at 1 January 2014	22,828	22,828
Additions	-	-
Balance at 30 September 2014	22,828	22,828
Amortisation		
Balance at 1 January 2014	3,051	3,051
Charge for the 9 months period	5,692	5,692
Balance at 30 September 2014	8,743	8,743
Net book value		
At 30 September 2014	14,085	14,085
At 1 January 2014	19,777	19,777

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22	Liabilities	Group	Authority	Authority
		30 September 2014	30 September	31 December
		N '000	N '000	N '000
	Trade payables	186,158	186,158	239,868
	Other payables	133,671	134,671	178,565
	Accruals	64,152	64,152	21,244
	Other liability	8,463,300	-	-
		<u>8,847,281</u>	<u>384,981</u>	<u>439,677</u>
23	Borrowings	Group	Authority	Authority
		30 September 2014	30 September	31 December
		N '000	N '000	N '000
	Opening balance	1,400,000	1,400,000	-
	Loan by Federal Government of Nigeria	-	-	2,900,000
	Repaid during the period	(1,400,000)	(1,400,000)	(1,500,000)
		<u>-</u>	<u>-</u>	<u>1,400,000</u>

This represents the outstanding balance on the sum of N 2,900,000,000 (Two billion, nine hundred million naira only) given as a bridge finance loan to Nigeria Sovereign Investment Authority. The agreement for the zero interest loan was executed on the 23rd of November 2012. The balance is repayable by June 2014.

24	Equity and reserves	Group	Authority	Authority
		30 September 2014	30 September	31 December
		N '000	N '000	N '000
	Contribution by Government	155,250,000	155,250,000	155,250,000
	Retained earnings	2,311,863	2,232,920	525,158
	Fair value reserves	905,302	905,302	(19,464)
		<u>158,467,165</u>	<u>158,388,222</u>	<u>155,755,694</u>
24.1	Retained earnings	Group	Authority	Authority
		30 September 2014	30 September	31 December
		N '000	N '000	N '000
	Opening balance	525,158	525,158	-
	Profit for the year	1,786,705	1,707,762	525,158
	Closing balance	<u>2,311,863</u>	<u>2,232,920</u>	<u>525,158</u>

24.2 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.

	Group	Authority	Authority
	30 September 2014	30 September	31 December
	N '000	N '000	N '000
Items that may subsequently be reclassified to profit or loss			
Opening balance	(19,464)	(19,464)	(19,464)
Change in value of available- for- sale financial assets	924,766	924,766	-
	<u>905,302</u>	<u>905,302</u>	<u>(19,464)</u>

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25 Capital management

The Group 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 September 2014 was as follows:

<i>In thousands of Naira</i>	Group	Authority	Authority
	30 September 2014	30 September	31 December
	N '000	N '000	N '000
Total liabilities	8,847,281	384,981	1,839,677
Less cash and cash equivalent	26,845,073	22,250,583	111,895,419
Net debt	<u>(17,997,792)</u>	<u>(21,865,602)</u>	<u>(110,055,742)</u>
Total Equity	158,467,165	158,388,222	155,755,694
Adjusted equity	<u>158,467,165</u>	<u>158,388,222</u>	<u>155,755,694</u>
Net debt to adjusted equity ratio	<u>-11%</u>	<u>-14%</u>	<u>-71%</u>

26 Related parties and other contracts

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, as well as key management personnel.

26.1 Investment managers

The Authority appointed for investment managers through their global custodian JP Morgan for the management of the Stabilisation Fund.

Investment manager	30 September 2014	31 December 2013
	Amount	Amount
UBS	\$50.37million	\$50million
JP Morgan	\$49.88million	-
Goldman Sachs	\$51.24million	\$75million
Credit Suisse	-	\$75million
Brandywine	\$50.88million	-

UBS Global Asset Management

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.

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.

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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

Brandywine provides quarterly performance statements and monthly valuation reports to the global custodian.

26.2 Hedge Fund Managers

The closing value of the Future Generation Fund invested in hedge funds is stated below:

Hedge Fund manager	30 September 2014	31 December 2013
	Amount	Amount*
Laurion Capital Management	USD \$23.61 million	USD \$25 million
JHL Capital Group Fund	USD \$24.59 million	USD \$25 million
Blue Mountain Capital Management	USD \$25.65 million	USD \$25 million
Arbiter	USD \$26.14 million	-

* The values shown for 31 December 2013 represents the actual cash invested.

26.3 Long only equity managers

The closing value of the Future Generation Fund invested in long only equity is stated below:

Long only equity managers	30 September 2014	31 December 2013
	Amount	Amount*
Cevian Capital II Limited	USD \$13.60 million	USD \$10 million
Credit Suisse (Passive Equity)	-	USD \$33 million
Edeboston	USD \$16.31 million	-
Somerset	USD \$15.31 million	-
Marathon	USD \$13.83 million	-
Capital International	USD \$15.56 million	-
Prince Street	USD \$14.64 million	-
Chieftain Capital Management	USD \$13.85 million	-

* The values shown for 31 December 2013 represents the actual cash invested.

26.4 Private Equity Partners

The closing value of the Future Generation Fund invested in private equity is stated below:

Partners	30 September 2014	31 December 2013
	Amount	Amount
Z Capital Partners	USD \$2.97 million	-
Healthcare Royalty Partners	USD \$0.24 million	-
Xenon Private Equity	USD \$0.44 million	-

26.5 Income Opportunity Fund Managers

The closing value of the Future Generations invested in income opportunity funds is stated below:

Fund manager	30 September 2014	31 December 2013
	Amount	Amount
Goldman Sachs Asset Manager International	USD \$67.90 million	-
JP Morgan Asset Management	USD \$50.43 million	-
BrandyWine Global Investment Management	USD \$67.82 million	-

The closing value of the Infrastructure Fund invested in income opportunity funds is stated below:

Fund manager	30 September 2014	31 December 2013
	Amount	Amount
Goldman Sachs Asset Manager International	USD \$50.40 million	-
JP Morgan Asset Management	USD \$50.81 million	-
BrandyWine Global Investment Management	USD \$51.59 million	-

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

Institution	30 September 2014	31 December 2013
	Amount	Amount
MTN Nigerian Communications Limited	USD \$15.9 million	-
Nigeria Mortgage Refinance Company Plc	NGN 1.6 Billion	-

26.7 Custodians

Custodians	JP Morgan
	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 Authority.

Reports on Investments

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

26.8 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 Group and the Authority during or as at the end of the period.

	Group 30 September 2014 N '000	Authority 30 September 2014 N '000	Authority 30 September 2013 N '000
Directors' remuneration and expenses			
Short term directors benefits	309,894	309,894	228,572
Total short term directors benefit	309,894	309,894	228,572
Fees as directors	37,500	37,500	37,500
Other allowances	15,102	15,102	23,045
Defined contribution plan	18,523	18,523	13,247
	71,125	71,125	73,792

26.9 Other fiduciary activities

The sums of USD\$200 million and USD\$350 million ("the Funds") were received from the Debt Management Office ("DMO") and Nigerian Bulk Electricity Company Plc ("NBET") respectively under an Investment Management Agreement ("the Agreement") during the period. NSIA acts as a manager of the Fund while the DMO and NBET act as customers. 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 Funds in gas, power and other related projects. Consideration will be paid to the Authority after certain milestones have been met and the customers' share of return has been paid. The assets and liabilities of the Funds 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 September 2014 was USD\$553.22 million (2013: Nil) while no income has been earned by the Authority from the fiduciary agreement as of 30 September 2014.