



Nigeria Sovereign Investment Authority
Consolidated and separate financial statements
for the year ended 31 December 2017

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Contents

	Page
General Information	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditor's report	4 - 6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9 - 10
Statement of cash flows	11
Notes to the consolidated and separate financial statements	12 - 71
Other national disclosures:	
Value added statement	73 - 74
Five year financial summary	75 - 77

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

General Information

Directors	Mr Olajide Zeitlin	(Chairman)
	Mr Uche Orji	(Managing Director)
	Mr Hanspeter Ackermann	(Executive)
	Mrs Stella Ojekwe-Onyejeli	(Executive)*
	Ms Halima Buba	(Non-executive)**
	Mr Urum Kalu Eke, MFR	(Non-executive)**
	Mr Asue Ighodalo	(Non-executive)**
	Mr Bello Maccido	(Non-executive)**
	Ms Lois Laraba Machunga-Disu	(Non-executive)**

Registered office
The Clan Place
4th Floor, Plot 1386A Tigris Crescent
Maitama,
Abuja

Auditors
PricewaterhouseCoopers
Landmark Towers
5B, Water Corporation Road
Victoria Island
Lagos

Secretary to the Authority
Mrs Ezinwa Okoroafor (Acting)

Fund Custodians
JP Morgan Chase & Co (Global Custodian)
25 Bank Street
Canary Wharf
London, E14 5JP

Stanbic IBTC Bank Limited (Local Custodian)
IBTC Place
2, Walter Carrington Crescent
Victoria Island
Lagos
Nigeria

**Tenure as an Executive Director lapsed in October 2017. She continues to serve as an Interim Executive Director and Chief Risk Officer following a resolution of the Board in that regard.*

***The board of the Authority was inaugurated on 12 May 2017 by the Federal Government of Nigeria.*

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Directors' report

1. Consolidated and separate financial statements

The directors of the Authority present their annual report on the affairs of the Nigeria Sovereign Investment Authority ('the Authority' or 'NSIA'), together with the consolidated and separate financial statements of the Authority and the subsidiaries (known as 'the Group') and independent auditor's report for the year ended 31 December 2017.

2. Principal activities

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

There have been no material changes to the nature of the group's business from the prior year.

3. Operating results

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

		Group	Authority
	Note(s)	2017 N '000	2017 N '000
Interest income	9	21,766,964	21,339,050
Net gain on financial assets	10	4,153,564	4,153,564
Net foreign exchange gains	11	1,652,172	1,703,128
Profit for the year		22,557,274	23,686,882
Total comprehensive income for the year		27,929,908	31,121,898

4. Objective

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

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

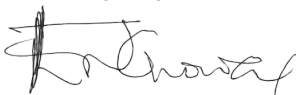
5. Governance and management

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

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

6. Employee health, safety and environment

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



Mrs Ezinwa Okoroafor
General Counsel
FRCN/2016/NBA/00000015045
10 May, 2018

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Statement of directors' responsibilities

In relation to the consolidated and separate financial statements for the year ended 31 December 2017:

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

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

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

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

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

Signed on behalf of the board of directors by:



Mr Olajide Zeitlin
Chairman
FRC/2018/IODN/00000018084



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



Independent auditor's report

To the Members of Nigeria Sovereign Investment Authority

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Nigeria Sovereign Investment Authority ("the Authority") and its subsidiaries (together "the Group") as at 31 December 2017, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Nigeria Sovereign Investment Authority Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Nigeria Sovereign Investment Authority's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of profit and loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The directors are responsible for the other information. The other information comprises: *the Directors Report, Statement of Directors' Responsibilities, Statement of value added and Five Year Financial Summary* (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and *the Group's complete annual report* which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group's complete annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Nigeria Sovereign Investment Authority Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our



opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in blue ink, appearing to read 'Patrick Obianwa', is written over the printed name.

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

Engagement Partner: Patrick Obianwa
FRC/2013/ICAN/00000000880



31 May 2018

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Statement of profit or loss and other comprehensive income

	Note(s)	Group		Authority	
		2017 N '000	2016 N '000	2017 N '000	2016 N '000
Interest income	9	21,766,964	10,568,967	21,339,050	10,519,365
Investment income		2,603,755	1,326,161	362,081	631,878
Net gain on financial assets	10	4,153,564	27,747,126	4,153,564	27,747,126
Net foreign exchange gains	11	1,652,172	92,796,051	1,703,128	92,796,051
Total operating income		30,176,455	132,438,305	27,557,823	131,694,420
Investment management fees		(654,562)	(564,855)	(654,562)	(564,855)
Local custodian fees		(6,765)	(20,535)	(6,494)	(20,535)
Foreign custodian fees		(47,755)	(96,811)	(47,755)	(96,811)
Total investment management and custodian fee		(709,082)	(682,201)	(708,811)	(682,201)
Total operating profit		29,467,373	131,756,104	26,849,012	131,012,219
Revenue from infrastructure subsidiaries investment	12	31,367,992	-	-	-
Expense from infrastructure subsidiaries investment	13	(33,514,157)	-	-	-
Loss from infrastructure subsidiaries investment		(2,146,165)	-	-	-
Other income	14	7,960	666,107	7,960	663,877
Total other income		7,960	666,107	7,960	663,877
Operating and administrative expenses	15	(4,719,621)	(2,332,541)	(3,170,090)	(2,241,905)
Finance costs	16	(85,223)	-	-	-
Share of profit of investment in associate		434,988	289,755	-	-
Profit before taxation		22,959,312	130,379,425	23,686,882	129,434,191
Taxation	17	(402,038)	(132)	-	-
Profit for the year		22,557,274	130,379,293	23,686,882	129,434,191
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Net change in fair value of available-for-sale financial asset	28.3	8,187,284	25,968,800	9,152,952	25,825,522
Net amount transferred to profit or loss	10	(1,717,936)	(12,359,477)	(1,717,936)	(12,359,477)
Share of comprehensive income of associates	23	60,049	(461,502)	-	-
Exchange differences on translating foreign operations	28.4	(1,156,763)	6,306,224	-	-
Total items that may be reclassified to profit or loss		5,372,634	19,454,045	7,435,016	13,466,045
Other comprehensive income for the year		5,372,634	19,454,045	7,435,016	13,466,045
Total comprehensive income for the year		27,929,908	149,833,338	31,121,898	142,900,236
Profit attributable to:					
Owners of NSIA		22,556,738	130,379,097	23,686,882	129,434,191
Non-controlling interest		536	196	-	-
		22,557,274	130,379,293	23,686,882	129,434,191
Total comprehensive income attributable to:					
Owners of NSIA		27,929,801	149,831,928	31,121,898	142,900,236
Non-controlling interest		107	1,410	-	-
		27,929,908	149,833,338	31,121,898	142,900,236

The accompanying notes on pages 12 to 71 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Statement of financial position as at 31 December 2017

	Note(s)	Group		Authority	
		2017 N '000	2016 N '000	2017 N '000	2016 N '000
Assets					
Cash and cash equivalents	18	22,336,959	148,267,906	8,545,297	141,076,852
Investment securities	19	429,852,525	249,822,688	404,313,672	234,132,773
Other assets	20	49,134,358	4,698,044	72,310,092	7,355,693
Inventories	21	13,797,596	-	-	-
Investments in subsidiaries	22	-	-	16,085,655	7,096,155
Investments in associates	23	2,453,380	1,957,853	1,600,490	1,600,000
Property and equipment	24	16,306,560	16,187,064	48,503	66,304
Intangible assets	25	1,201	621	63	621
Total assets		533,882,579	420,934,176	502,903,772	391,328,398
Liabilities					
Trade and other payables	26	29,285,925	24,089,561	7,884,464	3,718,488
Borrowings	27	3,534,631	-	-	-
Total liabilities		32,820,556	24,089,561	7,884,464	3,718,488
Equity					
Equity attributable to equity holders of parent					
Contribution by Government	28.1	280,662,500	204,375,000	280,662,500	204,375,000
Retained earnings	28.2	170,402,086	147,845,348	170,859,498	147,172,616
Fair value reserve	28.3	43,190,981	36,661,142	43,497,310	36,062,294
Foreign currency translation reserve	28.4	6,801,726	7,958,502	-	-
		501,057,293	396,839,992	495,019,308	387,609,910
Non-controlling interest	28.5	4,730	4,623	-	-
		501,062,023	396,844,615	495,019,308	387,609,910
Total equity and liabilities		533,882,579	420,934,176	502,903,772	391,328,398

Signed on behalf of the board of directors on 10 May, 2018 by:



Mr Olajide Zeitlin
Chairman
FRC/2018/IODN/00000018084



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

Additionally certified by:



Mrs Olubisi Makolu
Financial Controller
FRC/2014/ICAN/00000005765

The accompanying notes on pages 12 to 71 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Statement of changes in equity

	Contribution by Government	Foreign currency translation reserve	Fair value reserve	Retained earnings	Non-controlling interest	Total equity
	N '000	N '000	N '000	N '000	N '000	N '000
Group						
Balance at 1 January 2016	155,250,000	1,653,739	23,513,074	17,466,251	3,213	197,886,277
Profit for the year	-	-	-	130,379,097	196	130,379,293
Exchange differences arising during the year	-	6,304,763	-	-	1,461	6,306,224
Net change in fair value of financial assets(available-for-sale)	-	-	25,969,047	-	(247)	25,968,800
Net amount transferred to profit or loss	-	-	(12,359,477)	-	-	(12,359,477)
Share of comprehensive income of associates	-	-	(461,502)	-	-	(461,502)
Total other comprehensive income for the year	-	6,304,763	13,148,068	-	1,214	19,454,045
Total comprehensive income for the year	-	6,304,763	13,148,068	130,379,097	1,410	149,833,338
Contribution by Government	49,125,000	-	-	-	-	49,125,000
Total transactions with owners	49,125,000	-	-	-	-	49,125,000
Balance at 31 December 2016	204,375,000	7,958,502	36,661,142	147,845,348	4,623	396,844,615
Balance at 1 January 2017	204,375,000	7,958,502	36,661,142	147,845,348	4,623	396,844,615
Profit for the year	-	-	-	22,556,738	536	22,557,274
Exchange differences arising during the year	-	(1,156,776)	-	-	13	(1,156,763)
Net change in fair value of financial assets(available-for-sale)	-	-	8,187,726	-	(442)	8,187,284
Net amount transferred to profit or loss	-	-	(1,717,936)	-	-	(1,717,936)
Share of comprehensive income of associates	-	-	60,049	-	-	60,049
Total other comprehensive income for the year	-	(1,156,776)	6,529,839	-	(429)	5,372,634
Total comprehensive income for the year	-	(1,156,776)	6,529,839	22,556,738	107	27,929,908
Contribution by Government	76,287,500	-	-	-	-	76,287,500
Total transactions with owners	76,287,500	-	-	-	-	152,575,000
Balance at 31 December 2017	280,662,500	6,801,726	43,190,981	170,402,086	4,730	501,062,023
Note(s)	28.1	28.4	28.3	28.2	28.5	

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Statement of changes in equity

	Contribution by Government N '000	Fair value reserve N '000	Retained earnings N '000	Total equity N '000
Authority				
Balance at 1 January 2016	155,250,000	22,596,249	17,738,425	195,584,674
Profit for the year	-	-	129,434,191	129,434,191
Net change in fair value of financial assets(available-for-sale)	-	25,825,522	-	25,825,522
Net amount transferred to profit or loss	-	(12,359,477)	-	(12,359,477)
Total other comprehensive income for the year	-	13,466,045	-	13,466,045
Total comprehensive income for the year	-	13,466,045	129,434,191	142,900,236
Contribution by Government	49,125,000	-	-	49,125,000
Total transactions with owners	49,125,000	-	-	49,125,000
Balance at 31 December 2016	204,375,000	36,062,294	147,172,616	387,609,910
Balance at 1 January 2017	204,375,000	36,062,294	147,172,616	387,609,910
Profit for the year	-	-	23,686,882	23,686,882
Net change in fair value of financial assets(available-for-sale)	-	9,152,952	-	9,152,952
Net amount transferred to profit or loss	-	(1,717,936)	-	(1,717,936)
Total other comprehensive income for the year	-	7,435,016	-	7,435,016
Total comprehensive income for the year	-	7,435,016	23,686,882	31,121,898
Contribution by Government	76,287,500	-	-	76,287,500
Total transaction with owners	76,287,500	-	-	76,287,500
Balance at 31 December 2017	280,662,500	43,497,310	170,859,498	495,019,308
Note(s)	28.1	28.3	28.2	

The accompanying notes on pages 12 to 71 form an integral part of these consolidated and separate financial statements.

Statement of cash flows

	Note(s)	Group		Authority	
		2017 N '000	2016 N '000	2017 N '000	2016 N '000
Cash flows from operating activities					
Profit before taxation		22,959,312	130,379,425	23,686,882	129,434,191
Adjustments to reconcile profit before tax to net cash flow from operating activities					
Depreciation charge for the year	24	64,079	74,735	40,888	67,967
Amortisation of intangible assets	25	720	5,118	558	5,118
Interest income		(21,766,964)	(10,568,967)	(21,339,050)	(10,519,365)
Investment income		(2,603,755)	(1,326,161)	(362,081)	(631,878)
Unrealised gain on financial assets at FVTPL		(869,908)	(12,870,247)	(869,908)	(12,870,247)
Dividend income		(228,428)	-	(228,428)	-
Share of profit from associate	23	(434,988)	(289,755)	-	-
Finance costs		85,223	-	-	-
Movements in operating assets/liabilities					
Inventories		(13,797,596)	-	-	-
Other assets		(44,436,314)	(3,225,536)	(64,954,399)	(3,511,090)
Trade and other payables		4,798,592	8,301,052	4,165,976	(383,852)
Cash (used in)/generated from operations		(56,230,027)	110,479,664	(59,859,562)	101,590,844
Tax paid	17	(4,266)	(132)	-	-
Net cash (used)/generated in operating activities		(56,234,293)	110,479,532	(59,859,562)	101,590,844
Cash flows from investing activities					
Purchase of property, plant and equipment	24	(183,575)	(8,564,169)	(23,087)	(32,898)
Sale of property, plant and equipment	24	-	3,230	-	3,230
Purchase of other intangible assets	25	(1,300)	-	-	-
Payments for held-to-maturity financial asset		(175,437)	(5,858,647)	-	(5,858,647)
Payment for loans and receivables financial assets		(268,610,510)	(192,127,672)	(245,118,390)	(181,127,672)
Proceeds from liquidation/maturity of loans and receivables financial asset		197,904,283	145,930,531	186,042,954	145,228,771
Payment for available-for-sale financial asset		(35,357,672)	(24,991,265)	(32,985,442)	(23,999,685)
Proceed from available-for-sale financial asset		5,707,081	17,024,121	4,831,249	10,716,003
Purchases of financial asset at FVTPL		(169,434,500)	(88,592,000)	(169,434,500)	(88,592,000)
Maturity of financial asset at FVTPL		80,860,680	73,935,927	80,860,680	73,935,927
Investment and interest income received		26,833,493	14,006,251	24,414,976	13,740,477
Dividend received		228,428	-	228,428	-
Investments in subsidiaries		-	-	(8,989,500)	(30,000)
Investments in associates		(490)	-	(490)	-
Net cash used in investing activities		(162,229,519)	(69,233,693)	(160,173,122)	(56,016,494)
Cash flows from financing activities					
Contribution by Government		76,287,500	49,125,000	76,287,500	49,125,000
Proceeds from borrowings		5,000,000	-	-	-
Finance costs		(85,223)	-	-	-
Net cash generated from financing activities		81,202,277	49,125,000	76,287,500	49,125,000
Net cash movement for the year		(137,261,535)	90,370,839	(143,745,184)	94,699,350
Cash and cash equivalent at beginning of year		148,267,906	37,983,532	141,076,852	32,913,468
Net exchange gain on cash and cash equivalents		11,330,588	19,913,535	11,213,629	13,464,034
Total cash and cash equivalent at end of the year	18	22,336,959	148,267,906	8,545,297	141,076,852

The accompanying notes on pages 12 to 71 form an integral part of these consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

1. General Information

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

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

To actualise its mandate, the Authority has established three separate 'ring-fenced' funds. They include Stabilisation Fund (SF), Future Generations Fund (FGF) and Nigeria Infrastructure Fund (NIF).

The investment activities of the Funds are managed as follows:

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

2. Structure and content

The financial statements comprise:

- A statement of financial position at the end of the year;
- A statement profit or loss and other comprehensive income for the year;
- A statement of changes in equity for the year;
- A statement of cash flows for the year;
- Notes, comprising a summary of significant accounting policies and other explanatory information.

3. Basis of preparation

3.1 Statement of compliance

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

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

3.2 Basis of measurement

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

3.3 Functional and presentation currency

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

The currency of the primary economic environment of the Authority is the Nigerian Naira.

There are subsidiaries within the Group with a functional currency of US Dollar and differences have been accounted for in the currency translation difference on the financial statements.

(a) Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated consolidated and separate financial statements are presented in Naira which is the group presentation currency.

(b) Foreign currency transactions and balances

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

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

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

(c) Group companies

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

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

3.4. Changes in accounting policy

Except as noted below, the Group has consistently applied the accounting policies as set out in Note 4 to all periods presented in these consolidated and separate financial statements.

The Group has adopted the following new standards and amendments including any consequential amendments to other standards with initial date of application of 1 January 2017.

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

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 1 January, 2017.

The group has adopted the amendment for the first time in the 2017 consolidated and separate financial statements.

(b) Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 January, 2018 or later periods:

IFRS 17 Insurance contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The effective date of the standard is for years beginning on or after 1 January, 2021.

The impact of this standard is currently being assessed.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 1 January, 2019.

It is unlikely that the interpretation will have a material impact on the group's consolidated and separate financial statements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

New standards and interpretations (continued)

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

New standards and interpretations (continued)

- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 1 January, 2019.

The group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements.

The impact of this standard is currently being assessed.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after 1 January, 2018.

The group expects to adopt the interpretation for the first time in the 2018 consolidated and separate financial statements.

The impact of this interpretation is currently being assessed.

IFRS 9 Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a loss event to have occurred before credit losses are recognised.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

New standards and interpretations (continued)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The group expects to adopt the standard for the first time in the 2018 consolidated and separate financial statements.

The impact of this standard is currently being assessed.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The group expects to adopt the standard for the first time in the 2018 consolidated and separate financial statements.

The impact of this standard is currently being assessed.

Amendments to IFRS 15: clarifications to IFRS 15 revenue from contracts with customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 1 January, 2018.

The group expects to adopt the amendment for the first time in the 2018 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4 Significant accounting policies

4.1 Consolidation

(a) Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

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

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

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

4.2 Interest income

Interest income 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.

4.2.1. Investment income

Investment income consists of dividends, realised gains and losses on disposal of securities. A gain or loss on investments or securities is only realised on disposal or transfer, and is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost, as appropriate.

4.3. Interest expense

Interest expense for all financial assets and financial liabilities carried at amortised cost are recognised in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest expense over the relevant period.

4.4 Transaction costs

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

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.6. Revenue from sales of fertilizer

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the Group when those inflows result in increases in equity, other than increases relating to contributions from equity participants (Government). Revenue is derived from the profits and proceeds yielded from the sale of fertilizer. Revenue is measured at the fair value of the consideration received or receivable. This is determined by the sales contract after taking into account any trade discounts. Income is recognised on an accrual basis as earned

Revenue shall be recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group. Group's recognition criteria are peculiar to the transactions giving rise to the revenue.

Revenue from the sale of goods should be recognized when all of the following criteria are satisfied:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer
- The seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of the revenue can be reliably measured
- It is probable that economic benefits associated with the transaction will flow to the seller
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

4.7. Cost of sales of fertilizer

Cost of sales is primarily comprised of direct materials consumed in the manufacture of product, as well as blending fees and direct overhead expense necessary to acquire and convert the purchased materials into finished product. Cost of sales also includes the cost of haulage and export grant credit.

4.8 Fees and commissions

Fees, commission and other expenses that are not integral to the effective interest rate computation are recognised in profit or loss on an accrual basis as the related services are performed. The Authority earns its fees and commission on fiduciary activities performed. See note 33 for details of fiduciary activities performed by the Authority.

4.9 Income tax expenses

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

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

4.10 Financial assets and financial liabilities

4.10.1 Recognition and initial measurement

All financial instruments are initially recognised 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 derecognised when the rights to receive cash flows from the financial instruments have expired or where the Authority has transferred substantially all risks and rewards of ownership.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.10.2 Classification

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

Financial assets:

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

Financial liabilities

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

4.10.3 Subsequent measurement

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

Loans and receivables

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

Held-to-maturity

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

Available-for-sale

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

Financial assets at fair value through profit or loss

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

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

- The designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis; or
- A group of financial assets is managed and its performance evaluated on a fair value basis.
- Subsequent to initial recognition, the fair values are remeasured at each reporting date.

Financial liabilities

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.10.4 Derecognition

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

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

4.10.5 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.

4.10.6 Fair value measurement

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

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

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

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.

4.10.7 Determination of fair values

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.10.8 Investment in equity and debt securities

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

4.10.9 Investment in private equity funds

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

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

4.10.10 Receivables

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

4.11 Impairment of financial assets

Financial assets carried at amortised cost

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

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

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

The Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a portfolio of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.11.1 Identification and measurement of impairment

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

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

4.12 Impairment of non-financial assets

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

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

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

4.13. 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.

4.14 Property and equipment

4.14.1 Initial recognition

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

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

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

4.14.2 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.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.14.3 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
Computer equipment	3.3 years
Furniture and fittings	5 years
Office equipment	4 years
Motor vehicles	4 years

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

4.14.4 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.

4.15 Intangible assets - software

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

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

4.16. Trade receivables

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

4.17. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs. In the case of manufactured inventory and work in progress, cost includes an appropriate share of production overheads based on normal activity level. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

4.18 Leased assets – lessee

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.19 Provisions

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

4.20. Trade payables

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

4.21 Contingencies

4.21.1 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.

4.21.2 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.

4.22 Employee benefits

4.22.1 Post employment benefits

Defined contribution plans

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

Pension Scheme

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

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

4.22.2 Short-term benefits

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

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

4.23 Fund reporting

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

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

4.24 Capital commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the Group of resources embodying economic benefits.

Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

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

4.25 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 (whollyowned 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 Critical accounting estimates and judgements

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

These 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 estimates are revised and in any future periods affected. Management discusses with the Board of Directors the development, selection and disclosure of the Authority's critical accounting policies and estimates, and the application of these policies and estimates. These disclosures supplement the commentary on financial risk management (see note 6).

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

5.1 Critical judgements in applying the Authority's accounting policies

The critical judgements made in applying the Authority's accounting policies include

5.1.1 Valuation of financial instruments

The Authority's accounting policy on fair value measurements is discussed under Note 4.10.7. The Authority measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

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

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

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

5.1.2 Financial assets and liabilities classification

The Authority's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances: Details of the Authority's classification of financial assets and liabilities are given in Note 4.10

5.1.3 Impairment of available-for-sale equity

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

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

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

5.1.5 Fair value of private equity investments

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management

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

6.1 Approach to risk management

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

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

6.2 Credit risk

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

6.2.1 Management of credit risk

The Authority's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting credit standards, hence the Authority only deals with counterparties that meet set credit ratings.

6.2.2 Exposure to credit risk

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

As at 31 December 2017, all financial assets are neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
(i) Money market placements				
Counter parties with external credit ratings GBR, S&P, Fitch & Moody				
A1 (GBR)	-	3,046,408	-	3,046,408
AA- (S&P)	-	58,182,824	-	58,182,824
B+ (Fitch)	316,208	-	-	-
B (S&P)	-	8,840,312	-	8,840,312
B2* – (Moody)	-	20,114,662	-	20,114,662
Total money market placements	316,208	90,184,206	-	90,184,206
(ii) Bank balances				
Counter parties with external credit ratings (S&P)				
A (Fitch)	6,492,094	-	-	-
A+ (Fitch)	4,045,473	-	832	-
A- (S&P)	7,762,495	53,616,958	5,489,286	49,219,621
B (GCR)	13,628	-	13,628	-
B (S&P)	73,031	1,672,639	-	1,670,782
B2 (Moody)	3,624,422	853	3,041,302	853
BBB+ (S&P)	9,135	2,793,136	-	1,276
Total bank balances	22,020,278	58,083,586	8,545,048	50,892,532

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
(iii) Other assets				
Counter parties with external credit ratings				
B (GCR)	339,003	-	-	-
A-2 (S&P)	-	1,084,781	-	1,084,781
A+ (Fitch)	883,526	-	883,526	-
B2 (Moody)	32,599,743	-	32,599,743	-
	33,822,272	1,084,781	33,483,269	1,084,781
Counter parties without external credit ratings				
Other receivables	12,391,280	539,705	682,052	639,607
Intercompany receivables	-	-	38,113,681	5,055,645
Advances to staff	5,593	3,546	1,952	3,546
Total other assets (Financial assets)	46,219,145	1,628,032	72,280,954	6,783,579

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
(iv) Investment securities				
Counter parties with external credit ratings				
Held to Maturity				
AA+ (S&P)	-	4,329,608	-	4,329,608
B (S&P)	7,800,593	-	7,800,593	-
B+ (Fitch)	-	3,379,285	-	3,379,285
B2 (Moody)	175,437	5,770,479	-	5,770,479
B3 (Moody)	5,803,799	-	5,803,799	-
BB+ (Fitch)	3,737,387	-	3,737,387	-
B- (S&P)	-	3,657,732	-	3,657,732
	17,517,216	17,137,104	17,341,779	17,137,104
Loans and Receivables				
A+ (Fitch)	17,742,162	-	17,742,162	-
A (GCR)	9,292,907	-	9,292,907	-
AAA (Fitch)	5,322,660	-	-	-
A- (Augusto & Co)	-	6,181,604	-	6,181,604
A2 (Moody)	7,747,972	-	7,747,972	-
A3 (Moody)	6,541,532	-	6,541,532	-
B (Fitch)	1,864,400	-	-	-
BBB+ (S&P)	-	7,651,603	-	7,651,603
BBB+ (GCR)	6,766,061	-	6,766,061	-
BAA1 (Moody)	6,363,645	12,280,654	6,363,645	12,280,654
B2 (Moody)	134,641,851	13,724,619	134,641,851	13,724,619
B (S&P)	66,409,768	60,855,005	65,416,925	60,855,005
	262,692,958	100,693,485	254,513,055	100,693,485
Available for sale				
AA+ (S&P)	-	24,660,440	-	24,660,440
B2 (Moody)	2,388,190	-	2,388,190	-
BBB- (GCR)	1,528,500	-	1,528,500	-
Baa3 (Moody)	6,075,231	-	6,075,231	-
BB+ S&P	-	2,197,267	-	2,197,267
	9,991,921	26,857,707	9,991,921	26,857,707
Counterparties without external credit ratings				
Private equity funds and hedge funds	138,780,522	92,264,145	121,597,009	76,574,230
	148,772,443	119,121,852	131,588,930	103,431,937
Financial assets at FVTPL				
B/B (S&P)	-	12,870,247	-	12,870,247
B2 (Moody)	869,908	-	869,908	-
	869,908	12,870,247	869,908	12,870,247
Total investment securities	429,852,525	249,822,688	404,313,672	234,132,773

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

6.2.3 Concentration of risk of financial assets

Geographical sectors

The following table breaks down the Group's risk exposure at their carrying amounts, as categorised by geographical region as at 31 December 2017 and 31 December 2016. For this table, the Group has allocated exposures to regions based on the country of domicile of its counterparties.

31 December 2017

In thousands of Nigerian Naira

	Group						Total
	Nigeria	Rest of Africa	Europe	Middle East	Asia	America	
Cash and cash equivalent							
- Money market placements	316,208	-	-	-	-	-	316,208
- Bank balances	10,491,751	-	-	-	-	11,528,527	22,020,278
Other assets							
- Other receivables	12,686,754	-	-	-	-	927,055	13,613,809
- Account receivable	32,599,743	-	-	-	-	-	32,599,743
- Advances to staff	5,593	-	-	-	-	-	5,593
Investment securities							
- Held to Maturity:							
- Eurobonds	17,341,779	-	-	-	-	-	17,341,779
- Nigerian Treasury bill	175,437	-	-	-	-	-	175,437
- Loans and Receivables:							
- Fixed deposit	242,039,809	6,363,645	7,747,972	-	6,541,532	-	262,692,958
- Available for sale							
- Private equity investments	27,833,581	890,869	2,041,702	-	-	9,634,070	40,400,222
- Nigeria treasury bills	609,069	-	-	-	-	-	609,069
- Nigeria infrastructure debt fund	1,528,500	-	-	-	-	-	1,528,500
- US treasury notes	-	-	-	-	-	24,805,655	24,805,655
- Hedge fund managers	-	-	5,450,653	3,166,951	16,165,886	44,436,810	69,220,300
- Fixed income products	-	-	-	-	-	12,208,697	12,208,697
- Financial assets at fair value through profit or loss	869,908	-	-	-	-	-	869,908
	346,498,132	7,254,514	15,240,327	3,166,951	22,707,418	103,540,814	498,408,156

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

31 December 2016

In thousands of Nigerian Naira

	Group						Total
	Nigeria	Rest of Africa	Europe	Middle East	Asia	America	
Cash and cash equivalent							
- Money market placements	32,001,382	-	-	58,182,824	-	-	90,184,206
- Bank balances	8,862,689	-	-	-	-	49,220,897	58,083,586
Other assets							
- Other receivables	539,905	-	-	-	-	1,084,581	1,624,486
- Advances to staff	3,546	-	-	-	-	-	3,546
Investment securities							
- Held to Maturity:							
- Eurobonds	17,137,104	-	-	-	-	-	17,137,104
- Loans and Receivables:							
- Fixed deposit	22,578,404	12,280,654	-	58,182,824	-	7,651,603	100,693,485
- Available for sale							
- Private equity investments	7,700,773	947	2,655,493	2,074,192	2,765,587	15,399,786	30,596,778
- US treasury notes	-	-	-	-	-	24,660,440	24,660,440
- Hedge fund managers	-	-	4,719,182	2,597,525	13,512,409	43,035,518	63,864,634
- Financial assets at fair value through profit or loss	12,870,247	-	-	-	-	-	12,870,247
	101,694,050	12,281,601	7,374,675	121,037,365	16,277,996	141,052,825	399,718,512

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

31 December 2017

In thousands of Nigerian Naira

	Authority						Total
	Nigeria	Rest of Africa	Europe	Middle East	Asia	America	
Cash and cash equivalent							
- Bank balances	5,781,823	-	-	-	-	2,763,225	8,545,048
Other assets							
- Other receivables	638,523	-	-	-	-	927,055	1,565,578
- Account receivable	32,599,743	-	-	-	-	-	32,599,743
- Intercompany receivables	38,113,681	-	-	-	-	-	38,113,681
- Advances to staff	1,952	-	-	-	-	-	1,952
Investment securities							
- Held to Maturity:							
- Eurobonds	17,341,779	-	-	-	-	-	17,341,779
- Loans and Receivables:							
- Fixed deposit	233,859,907	6,363,645	7,747,972	-	-	6,541,531	254,513,055
- Available for sale							
- Private equity investments	23,825,778	-	-	-	-	-	23,825,778
- Nigeria infrastructure debt fund	1,528,500	-	-	-	-	-	1,528,500
- US treasury notes	-	-	-	-	-	24,805,655	24,805,655
- Hedge fund managers	-	-	5,450,653	3,166,951	16,165,886	44,436,810	69,220,300
- Fixed income products	-	-	-	-	-	12,208,697	12,208,697
- Financial assets at fair value through profit or loss	869,908	-	-	-	-	-	869,908
	354,561,594	6,363,645	13,198,625	3,166,951	16,165,886	91,682,973	485,139,674

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

31 December 2016

In thousands of Nigerian Naira

	Authority						Total
	Nigeria	Rest of Africa	Europe	Middle East	Asia	America	
Cash and cash equivalent							
- Money market placements	32,001,382	-	-	58,182,824	-	-	90,184,206
- Bank balances	1,671,635	-	-	-	-	49,220,897	50,892,532
Other assets							
- Other receivables	639,807	-	-	-	-	1,084,581	1,724,388
- Intercompany receivables	5,020,120	-	-	-	-	35,525	5,055,645
- Advances to staff	3,546	-	-	-	-	-	3,546
Investment securities							
- Held to Maturity:							
- Eurobonds	17,137,104	-	-	-	-	-	17,137,104
- Loans and Receivables:							
- Fixed deposit	22,578,404	12,280,654	-	58,182,824	-	7,651,603	100,693,485
- Available for sale							
- Private equity investments	4,746,355	-	822,678	2,074,192	2,765,589	4,498,049	14,906,863
- US treasury notes	-	-	-	-	-	24,660,440	24,660,440
- Hedge fund managers	-	-	4,719,182	2,597,525	13,512,409	43,035,518	63,864,634
- Financial assets at fair value through profit or loss	12,870,247	-	-	-	-	-	12,870,247
	96,668,600	12,280,654	5,541,860	121,037,365	16,277,998	130,186,613	381,993,090

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

6.3 Liquidity risk

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

6.3.1 Management of liquidity risk

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

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

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Cash on hand	473	114	249	114
Bank balances	22,020,278	58,083,586	8,545,048	50,892,532
Money market placements	316,208	90,184,206	-	90,184,206
Total cash and cash equivalent	22,336,959	148,267,906	8,545,297	141,076,852

6.3.2 Exposure to liquidity risk

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

31 December 2017	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
	N '000	N '000	N '000	N '000	N '000
Group					
Trade payables	1,911,529	-	-	-	1,911,529
Other payables	6,448,086	-	228,332	-	6,676,418
Payables to related parties	18,331,582	-	-	-	18,331,582
Borrowings	-	-	1,000,000	4,000,000	5,000,000
Total liabilities	26,691,197	-	1,228,332	4,000,000	31,919,529
Unfunded commitments with private equity fund managers	16,961,833	-	-	-	16,961,833
Total commitments	16,961,833	-	-	-	16,961,833

31 December 2016	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
	N '000	N '000	N '000	N '000	N '000
Group					
Trade payables	1,198,158	228,375	-	-	1,426,533
Other payables	1,556,277	436,919	-	-	1,993,196
Payables to related parties	-	20,459,530	-	-	20,459,530
Total liabilities	2,754,435	21,124,824	-	-	23,879,259
Unfunded commitments with private equity fund managers	18,902,686	-	-	-	18,902,686
Total commitments	18,902,686	-	-	-	18,902,686

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

31 December 2017	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
	N '000	N '000	N '000	N '000	N '000
Authority					
Trade payables	1,698,057	-	-	-	1,698,057
Intercompany payables	4,152,936	-	-	-	4,152,936
Other payables	1,908,441	-	-	-	1,908,441
Total liabilities	7,759,434	-	-	-	7,759,434
NAIC NPK loan guaranteed by NSIA	-	-	-	5,000,000	5,000,000
Unfunded commitments with private equity fund managers	13,526,557	-	-	-	13,526,557
Total commitments	13,526,557	-	-	5,000,000	18,526,557
31 December 2016	Up to 6 months	Between 6 months and 1 year	Between 1 and 2 years	Greater than 2 years	Total
	N '000	N '000	N '000	N '000	N '000
Authority					
Trade payables	1,198,158	228,375	-	-	1,426,533
Other payables	1,784,549	430,151	-	-	2,214,700
Total liabilities	2,982,707	658,526	-	-	3,641,233
Unfunded commitments with private equity fund managers	12,664,131	-	-	-	12,664,131
Total commitments	12,664,131	-	-	-	12,664,131

6.4 Market risk

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

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

The Group's Market risk Framework includes:

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

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

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

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

6.4.1 Trading assets/Financial assets

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

6.4.2 Non-trading assets/Non-financial assets

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

6.4.3 Foreign exchange risk

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

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

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

Concentration of foreign currency exposure 31 December 2017

	Naira N'000	USD N'000	Total N'000
Group			
Cash and cash equivalents	7,250,328	15,086,631	22,336,959
Investment securities (held-to-maturity)	175,437	17,341,779	17,517,216
Investment securities (loans and receivables)	8,955,405	253,737,553	262,692,958
Investment securities (available-for-sale - Monetary)	12,817,766	24,805,655	37,623,421
Other receivables	10,959,516	2,654,293	13,613,809
Account receivable	-	32,599,743	32,599,743
Advance to staff	5,593	-	5,593
Total monetary financial asset	40,164,045	346,225,654	386,389,699
Trade payables	46,179	1,865,350	1,911,529
Other payables	6,676,418	-	6,676,418
Deferred income relating to government grant	1,465,369	-	1,465,369
Payable to Federal Government of Nigeria	18,331,582	-	18,331,582
Borrowings	3,534,631	-	3,534,631
Total monetary financial liabilities	30,054,179	1,865,350	31,919,529
Net FCY exposure	-	344,360,304	344,360,304
Sensitivity at 5% appreciation	-	(17,218,015)	(17,218,015)
Sensitivity at 5% depreciation	-	17,218,015	17,218,015

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

Concentration of foreign currency exposure 31 December 2016

Group	Naira N'000	USD N'000	Total N'000
Cash and cash equivalents	1,359,916	146,907,990	148,267,906
Investment securities (held-to-maturity)	-	17,137,104	17,137,104
Investment securities (loans and receivables)	20,889,206	79,804,279	100,693,485
Investment securities (available-for-sale - Monetary)	-	24,660,440	24,660,440
Other receivables	536,605	1,087,881	1,624,486
Advance to staff	3,546	-	3,546
Total monetary financial asset	22,789,273	269,597,694	292,386,967
Financial liabilities – trade payables	347,145	1,079,388	1,426,533
Other payables	1,993,196	-	1,993,196
Payable to Federal Government of Nigeria	20,459,530	-	20,459,530
Total monetary financial liabilities	22,799,871	1,079,388	23,879,259
Net FCY exposure	-	268,518,306	268,518,306
Sensitivity at 5% appreciation	-	(13,425,915)	(13,425,915)
Sensitivity at 5% depreciation	-	13,425,915	13,425,915

Concentration of foreign currency exposure 31 December 2017

Authority	Naira N'000	USD N'000	Total N'000
Cash and cash equivalents	2,746,281	5,799,016	8,545,297
Investment securities (held-to-maturity)	-	17,341,779	17,341,779
Investment securities (loans and receivables)	-	254,513,055	254,513,055
Investment securities (available-for-sale - Monetary)	12,208,697	24,805,655	37,014,352
Other receivables	6,732	1,558,846	1,565,578
Account receivable	-	32,599,743	32,599,743
Intercompany receivables	18,326,345	19,787,336	38,113,681
Advance to staff	1,952	-	1,952
Total monetary financial asset	33,290,007	356,405,430	389,695,437
Financial liabilities – trade payables	295,081	1,402,976	1,698,057
Intercompany payables	3,850,110	302,826	4,152,936
Other payables	1,908,441	-	1,908,441
Total monetary financial liabilities	6,053,632	1,705,802	7,759,434
Net FCY exposure	-	354,699,628	354,699,628
Sensitivity at 5% appreciation	-	(17,734,981)	(17,734,981)
Sensitivity at 5% depreciation	-	17,734,981	17,734,981

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

Concentration of foreign currency exposure 31 December 2016

	Naira N'000	USD N'000	Total N'000
Authority			
Cash and cash equivalents	1,384,508	139,692,344	141,076,852
Investment securities (held-to-maturity)	-	17,137,104	17,137,104
Investment securities (loans and receivables)	20,889,206	79,804,279	100,693,485
Investment securities (available-for-sale - Monetary)	-	24,660,440	24,660,440
Other receivables	639,607	1,084,781	1,724,388
Intercompany receivables	-	5,055,645	5,055,645
Advance to staff	-	3,546	3,546
Total monetary financial asset	22,913,321	267,438,139	290,351,460
Financial liabilities – trade payables	347,144	1,079,389	1,426,533
Other payables	2,214,700	-	2,214,700
Total monetary financial liabilities	2,561,844	1,079,389	3,641,233
Net FCY exposure	-	266,358,750	266,358,750
Sensitivity at 5% appreciation	-	(13,317,938)	(13,317,938)
Sensitivity at 5% depreciation	-	13,317,938	13,317,938

6.4.4 Interest rate risk

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

Net interest income sensitivity

There are two types of scenarios that give rise to interest rate risk. These are where the Group holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Group holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Group holds debts instruments measured at fair value which are exposed to fair value interest rate risk.

The Group makes use of limit monitoring, earnings- at-risk and gap analyses to measure and control the market risk exposures within its investment book. The Group determines the effect of changes in interest rates on interest income; volatility in prices on trading income; and changes in funding sources and uses on the Group's liquidity. The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Group's financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the Group and equity price risk is subject to regular monitoring by Group risk management unit, but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

At 31 December 2017, the group's interest rate risk arises principally from risk assets and borrowings . Borrowings issued at variable rates expose the group to cash flow interest rate risk which is partially offset by cash held at variable rates, however the Group has no borrowing a a variable rate. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

The table below shows the impact of interest rate changes (increase/decrease) on the Authority's fixed interest financial assets carried at fair value and the effect on other comprehensive income.

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Available-for-sale – US treasury notes	24,805,655	24,660,440	24,805,655	24,660,440
Available-for-sale – Fixed income products	12,208,697	-	12,208,697	-
Available-for-sale – Treasury bills	609,069	-	-	-
	37,623,421	24,660,440	37,014,352	24,660,440
<i>In thousands of Nigerian Naira</i>	Impact on		Sensitivity to 5% strengthening	Sensitivity to 5% weakening
Group 31 December 2017	Other comprehensive income		1,881,171	(1,881,171)
<i>In thousands of Nigerian Naira</i>	Impact on		Sensitivity to 5% strengthening	Sensitivity to 5% strengthening
Group 31 December 2016	Other comprehensive income		1,233,022	(1,233,022)
<i>In thousands of Nigerian Naira</i>	Impact on		Sensitivity to 5% strengthening	Sensitivity to 5% strengthening
Authority 31 December 2017	Other comprehensive income		1,850,718	(1,850,718)
<i>In thousands of Nigerian Naira</i>	Impact on		Sensitivity to 5% strengthening	Sensitivity to 5% strengthening
Authority 31 December 2016	Other comprehensive income		1,233,022	(1,233,022)

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

6. Financial risk management (continued)

Equities securities price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as available for-sale investments. The Group has equity investments in private equities. All are classified as available for sale securities, thus there is no impact on post-tax profit. All impacts are on other comprehensive income and equity. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

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

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Available for sale investments	5,258,546	4,481,820	4,429,823	3,697,324
Available for sale investments	(5,258,546)	(4,481,820)	(4,429,823)	(3,697,324)

The table below shows the effect in other comprehensive income and equity of changes in available quoted securities (quoted on the London Stock Exchange (LSE)) in the Group. The impact was excluded in the table. A 5% increase and decrease in the equity price has been used in the sensitivity analysis below;

LSE - Chieftain Hanesbrands Inc.	222,481	241,251	222,481	241,251
LSE - Chieftain Hanesbrands Inc.	(222,481)	(241,251)	(222,481)	(241,251)

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

7. Fair value hierarchy

Fair value hierarchy

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

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

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

The following tables analyse within the fair value hierarchy the Authority's financial assets (by class) measured at fair value at 31 December 2017. All fair value measurements disclosed are recurring fair value measurements.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

7. Fair value hierarchy (continued)

Available for sale investment securities

Group

31 December 2017 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
US treasury notes	-	24,805,655	-	24,805,655
Private equity investments	-	-	40,400,222	40,400,222
Nigeria treasury bills	-	609,069	-	609,069
Nigeria infrastructure debt fund	-	-	1,528,500	1,528,500
Hedge fund managers	4,449,610	-	64,770,690	69,220,300
Fixed income products	-	12,208,697	-	12,208,697
	4,449,610	37,623,421	106,699,412	148,772,443

31 December 2016 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
US treasury notes	-	24,660,440	-	24,660,440
Private equity investments	-	2,197,267	28,399,511	30,596,778
Hedge fund managers	4,825,019	-	59,039,615	63,864,634
	4,825,019	26,857,707	87,439,126	119,121,852

Authority

31 December 2017 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
US treasury notes	-	24,805,655	-	24,805,655
Private equity investments	-	-	23,825,778	23,825,778
Nigeria infrastructure debt fund	-	-	1,528,500	1,528,500
Hedge fund managers	4,449,610	-	64,770,690	69,220,300
Fixed income products	-	12,208,697	-	12,208,697
	4,449,610	37,014,352	90,124,968	131,588,930

31 December 2016 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
US treasury notes	-	24,660,440	-	24,660,440
Private equity investments	-	2,276,771	12,630,092	14,906,863
Hedge fund managers	4,825,019	-	59,039,615	63,864,634
	4,825,019	26,937,211	71,669,707	103,431,937

Financial assets at fair value through profit or loss

Group

31 December 2017 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	-	869,908	-	869,908
	-	869,908	-	869,908

31 December 2016 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	-	12,870,247	-	12,870,247
	-	12,870,247	-	12,870,247

Authority

31 December 2017 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	-	869,908	-	869,908
	-	869,908	-	869,908

31 December 2016 <i>In thousands of Naira</i>	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit or loss	-	12,870,247	-	12,870,247
	-	12,870,247	-	12,870,247

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

7. Fair value hierarchy (continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2017. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

(b) Financial instruments in level 2

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

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

(c) Financial instruments in level 3

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

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

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

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Available-for-sale financial assets - Private equity				
Opening balance	28,399,511	16,942,456	12,630,092	10,392,805
Additions	15,118,354	10,029,988	12,332,548	2,693,636
Distributions received	(4,273,686)	(3,620,341)	(2,018,916)	(3,183,704)
Disposals, repayments and write-offs	(1,647,031)	(166,761)	(1,147,031)	(166,761)
Fair value movement	2,655,815	2,527,558	1,995,276	1,358,678
Exchange gain	147,259	2,686,611	33,809	1,535,438
Closing balance	40,400,222	28,399,511	23,825,778	12,630,092

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

7. Fair value hierarchy (continued)

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Available-for-sale financial assets - Hedge fund				
Opening balance	59,039,615	36,202,501	59,039,615	35,522,052
Additions	2,379,983	18,867	2,379,983	18,867
Disposals, repayments and write-offs	(402,353)	(22,998)	(402,353)	(22,998)
Fair value movement	3,547,827	2,668,403	3,547,827	2,625,631
Exchange gain	205,618	20,172,842	205,618	20,896,063
Closing balance	64,770,690	59,039,615	64,770,690	59,039,615
Available-for-sale financial assets - Nigeria Debt Infrastructure Fund				
Opening balance	-	-	-	-
Additions	1,528,500	-	1,528,500	-
Closing balance	1,528,500	-	1,528,500	-

Sensitivity analysis of fair value movements for level 3 available-for-sale financial assets

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

Available-for-sale financial assets	5% changes in fair value movement	Inputs	Group	Authority
			31 December 2017 N'000	31 December 2017 N'000
Fair value movement	Increase	NAV adjusted	310,182	277,155
Fair value movement	Decrease	NAV adjusted	(310,182)	(277,155)

Available-for-sale financial assets	5% changes in fair value movement	Inputs	Difference	Difference
			Group 31 December 2016 N'000	Authority 31 December 2016 N'000
Fair value movement	Increase	NAV adjusted	259,798	199,215
Fair value movement	Decrease	NAV adjusted	(259,798)	(199,215)

Level 3 financial assets are all valued using the net asset value technique.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

7. Fair value hierarchy (continued)

7.1 Fair value hierarchy of financial assets and financial liabilities not measured at fair value

Group

31 December 2017

<i>In thousands of Naira</i>	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Advances	5,593	-	-	5,593	5,593
Other receivables	13,613,809	-	-	13,613,809	13,613,809
Account receivable	32,599,743	-	-	32,599,743	32,599,743
Held-to-maturity	17,517,216	-	17,517,216	-	17,843,278
Loans and receivables	262,692,958	-	-	262,692,958	262,692,958
	326,429,319	-	17,517,216	308,912,103	326,755,381
Financial liabilities					
Trade payables	1,911,529	-	-	1,911,529	1,911,529
Other payables	6,676,418	-	-	6,676,418	6,676,418
Deferred income relating to government grant	1,465,369	-	-	1,465,369	1,465,369
Payables to Federal Government in respect of the Second Niger Bridge	18,331,582	-	-	18,331,582	18,331,582
	28,384,898	-	-	28,384,898	28,384,898

Group

31 December 2016

<i>In thousands of Naira</i>	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Advances	3,546	-	-	3,546	3,546
Other receivables	1,624,486	-	-	1,624,486	1,624,486
Held-to-maturity	17,137,104	-	17,137,104	-	17,517,216
Loans and receivables	100,693,485	-	-	100,693,485	100,693,485
	119,458,621	-	17,137,104	102,321,517	119,838,733
Financial liabilities					
Trade payables	1,426,533	-	-	1,426,533	1,426,533
Other payables	1,993,196	-	-	1,993,196	1,993,196
Payables to Federal Government in respect of the Second Niger Bridge	20,459,530	-	-	20,459,530	20,459,530
	23,879,259	-	-	23,879,259	23,879,259

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

7. Fair value hierarchy (continued)

Authority

31 December 2017

<i>In thousands of Naira</i>	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Advances	1,952	-	-	1,952	1,952
Other receivables	1,565,578	-	-	1,565,578	1,565,578
Held-to-maturity	17,341,779	-	17,341,779	-	17,667,341
Loans and receivables	254,513,055	-	-	254,513,055	254,513,055
	273,422,364	-	17,341,779	256,080,585	273,747,926
Financial liabilities					
Trade payables	1,698,057	-	-	1,698,057	1,698,057
Intercompany payables	4,152,936	-	-	4,152,936	4,152,936
Other payables	1,908,441	-	-	1,908,441	1,908,441
	7,759,434	-	-	7,759,434	7,759,434

Authority

31 December 2016

<i>In thousands of Naira</i>	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets					
Advances	3,546	-	-	3,546	3,546
Other receivables	1,724,388	-	-	1,724,388	1,724,388
Held-to-maturity	17,137,104	-	17,137,104	-	17,517,216
Loans and receivables	100,693,485	-	-	100,693,485	100,693,485
	119,558,523	-	17,137,104	102,421,419	119,938,635
Financial liabilities					
Trade payables	1,426,533	-	-	1,426,533	1,426,533
Other payables	2,214,700	-	-	2,214,700	2,214,700
	3,641,233	-	-	3,641,233	3,641,233

8. Fund information

The chief operating decision maker is the board of directors. The operating funds have been determined by the board of directors for the purpose of allocating resources and assessing performance.

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

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

8. Fund information (continued)

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

Fund revenue and results

31 December 2017	Note(s)	Stabilisation Fund N'000	Future Generations Fund N'000	Nigeria Infrastructure Fund N'000	Unallocated N'000	Total N'000
Interest income	9	4,107,981	6,742,228	10,916,155	600	21,766,964
Investment income		-	2,603,755	-	-	2,603,755
Net gain on financial assets	10	934,673	3,270,519	(51,628)	-	4,153,564
Net foreign exchange gains	11	(57,102)	223,348	1,485,712	214	1,652,172
Total operating segment income		4,985,552	12,839,850	12,350,239	814	30,176,455
Investment management fees		15,327	(669,889)	-	-	(654,562)
Local custodian fees		-	-	(6,765)	-	(6,765)
Foreign custodian fees		(6,277)	(37,720)	(3,758)	-	(47,755)
Total fund investment management and custodian fees		9,050	(707,609)	(10,523)	-	(709,082)
Total operating fund profit		4,994,602	12,132,241	12,339,716	814	29,467,373
Revenue from infrastructure subsidiaries investment	12	-	-	31,367,992	-	31,367,992
Expense from infrastructure subsidiaries investment	13	-	-	(33,514,157)	-	(33,514,157)
Loss from infrastructure subsidiaries investment		-	-	(2,146,165)	-	(2,146,165)
Other income	14	-	-	-	7,960	7,960
Total other income		-	-	-	7,960	7,960
Operating and administrative expenses	15	(38)	(347,026)	(1,946,727)	(2,425,830)	(4,719,621)
Total operating and administrative expenses		(38)	(347,026)	(1,946,727)	(2,425,830)	(4,719,621)
Finance cost	16	-	-	(85,223)	-	(85,223)
Share of profit of investment in associate		-	-	434,988	-	434,988
Profit before tax		4,994,564	11,785,215	8,596,589	(2,417,056)	22,959,312
Taxation	17	-	(402,038)	-	-	(402,038)
Profit after tax		4,994,564	11,383,177	8,596,589	(2,417,056)	22,557,274
Profit attributable to:						
Owners of NSIA		4,994,564	11,382,641	8,596,589	(2,417,056)	22,556,738
Non-controlling interest		-	536	-	-	536
		4,994,564	11,383,177	8,596,589	(2,417,056)	22,557,274
Reportable fund assets						
Cash and cash equivalent	18	2,050,447	7,774,644	9,404,928	3,106,940	22,336,959
Investment securities	19	77,246,453	180,338,298	172,267,774	-	429,852,525
Other assets	20	17,226,925	-	31,237,818	669,615	49,134,358
Inventories	21	-	-	13,797,596	-	13,797,596
Investment in associate	23	-	-	2,453,380	-	2,453,380
Property and equipment	24	-	-	16,258,058	48,502	16,306,560
Intangible assets	25	-	-	1,138	63	1,201
		96,523,825	188,112,942	245,420,692	3,825,120	533,882,579
Reportable fund liabilities						
Trade and other payables	26	1,716,537	6,234,299	15,453,462	5,881,620	29,285,918
Borrowings	27	-	-	3,534,631	-	3,534,631
		1,716,537	6,234,299	18,988,093	5,881,620	32,820,549

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

8. Fund information (continued)

31 December 2016	Note(s)	Stabilisation Fund	Future Generations Fund	Nigeria Infrastructure Fund	Unallocated	Total
		N'000	N'000	N'000	N'000	N'000
Interest income	9	1,373,276	2,427,342	6,768,349	-	10,568,967
Investment income		-	1,326,161	-	-	1,326,161
Net gain on financial assets	10	2,119,670	4,084,872	21,542,584	-	27,747,126
Net foreign exchange gains	11	14,717,157	56,282,814	21,796,080	-	92,796,051
Total operating fund income		18,210,103	64,121,189	50,107,013	-	132,438,305
Investment management fees		(43,463)	(505,210)	(16,182)	-	(564,855)
Local custodian fees		(3,239)	(6,477)	(10,819)	-	(20,535)
Foreign custodian fees		(14,309)	(72,406)	(10,096)	-	(96,811)
Total fund investment management and custodian fees		(61,011)	(584,093)	(37,097)	-	(682,201)
Total operating fund profit		18,149,092	63,537,096	50,069,916	-	131,756,104
Other income	14	-	-	-	666,107	666,107
Total other income		-	-	-	666,107	666,107
Operating and administrative expenses	15	(14,375)	(119,355)	(143,567)	(2,055,244)	(2,332,541)
Total operating and administrative expenses		(14,375)	(119,355)	(143,567)	(2,055,244)	(2,332,541)
Share of profit of investment in associate		-	-	289,755	-	289,755
Profit before tax		18,134,717	63,417,741	50,216,104	(2,055,244)	129,713,318
Taxation	17	-	(132)	-	-	(132)
Profit after tax		18,134,717	63,417,609	50,216,104	(2,055,244)	129,713,186
Profit attributable to:						
Owners of NSIA		18,134,717	63,417,413	50,216,104	(2,055,244)	129,712,990
Non-controlling interest		-	196	-	-	196
		18,134,717	63,417,609	50,216,104	(2,055,244)	129,713,186
Reportable fund assets						
Cash and cash equivalent	18	29,083,640	45,257,167	72,345,716	1,581,383	148,267,906
Investment securities	19	48,922,305	107,799,608	93,100,775	-	249,822,688
Other assets	20	1,084,781	2,557,746	468,451	587,066	4,698,044
Investment in associate	23	-	-	1,957,853	-	1,957,853
Property and equipment	24	-	-	16,120,760	66,304	16,187,064
Intangible assets	25	-	-	-	621	621
		79,090,726	155,614,521	183,993,555	2,235,374	420,934,176
Reportable fund liabilities						
Trade and other payables	26	1,079,389	93,844	20,575,245	2,341,083	24,089,561
		1,079,389	93,844	20,575,245	2,341,083	24,089,561

Entity-wide information

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

	2017	2016
	N'000	N'000
Attributable to the Authority's country of domicile	20,173,293	10,507,534
Attributable to foreign countries	4,197,426	1,387,594
Total investment and interest income	24,370,719	11,895,128

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
9. Interest income				
Interest income on bills	13,207,509	6,209,503	12,988,044	6,209,503
Interest on fixed deposits	7,055,751	2,801,815	6,847,302	2,801,815
Interest income on eurobonds	1,329,377	1,446,615	1,329,377	1,446,615
Interest income on bank balances	174,327	111,034	174,327	61,432
	21,766,964	10,568,967	21,339,050	10,519,365

Interest income are from financial assets which are not measured at FVTPL.

10. Net gain on financial assets

Net gain on financial assets at fair value through profit or loss (Note 10a)	2,435,628	15,387,649	2,435,628	15,387,649
Net amount transferred to profit or loss	1,717,936	12,359,477	1,717,936	12,359,477
	4,153,564	27,747,126	4,153,564	27,747,126

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

Unrealised gain on financial assets at FVTPL	869,908	12,870,247	869,908	12,870,247
Realised gain on financial assets at FVTPL	1,565,720	2,517,402	1,565,720	2,517,402
	2,435,628	15,387,649	2,435,628	15,387,649

Unrealised gains on financial assets at FVTPL represents the gains made on swap transactions carried out with the Central Bank of Nigeria during the year. The corresponding asset is shown in Note 19.

11. Net foreign exchange gains

Net foreign exchange gains	1,652,172	92,796,051	1,703,128	92,796,051
	1,652,172	92,796,051	1,703,128	92,796,051

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

12. Revenue from infrastructure subsidiaries investment

Revenue from sale of fertilizer	31,317,575	-	-	-
Guarantee fee income	50,417	-	-	-
	31,367,992	-	-	-

Revenue from sale of fertilizer represent revenue from sale of finished and packaged fertilizer to Agro-dealers and State Governments.

Guarantee fee income represents income earned by the Group's subsidiary Infrastructure Credit Guarantee Company Limited. The fee includes mandate fee which represents the fees earned from Viathan Funding Plc and North South Power for the preliminary checks and due diligence done by the Group's subsidiary Infrastructure Credit Guarantee Company Limited for providing guarantees for the issued and proposed bonds by the two client companies respectively.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
13. Expense from infrastructure subsidiaries investment				
Cost of sales of fertilizer (Note 13.1)	33,507,564	-	-	-
Guarantee fee expenses	6,593	-	-	-
	33,514,157	-	-	-
13.1 Cost of sales of fertilizer				
Raw materials consumed	17,815,087	-	-	-
Blending plants fees	5,079,373	-	-	-
Direct trucking and logistics	6,549,313	-	-	-
Fertilizer insurance	24,704	-	-	-
Logistics and collateral management fees	594,069	-	-	-
Fertilizer clearing expense	3,329,946	-	-	-
Fertilizer testing fees	2,886	-	-	-
Letter of credit commission and charges	112,186	-	-	-
	33,507,564	-	-	-
14. Other income				
Fund management fee income	7,960	661,866	7,960	661,866
Fiduciary income	-	2,230	-	-
Gain on Disposal of fixed assets	-	2,011	-	2,011
	7,960	666,107	7,960	663,877
15. Operating and administrative expenses				
Personnel expenses (Note 15.1)	1,891,816	1,358,785	1,699,330	1,358,785
Directors fees (Non-executives)	46,959	-	37,500	-
Depreciation	64,079	74,735	40,888	67,967
Amortisation	720	5,118	558	5,118
Audit fees	79,528	30,000	30,000	20,000
Non audit fees	23,245	10,500	13,500	10,500
Other professional fees	853,547	311,921	772,662	311,921
General and administrative expenses	1,360,920	311,628	298,931	237,760
Office rent and other expenses	136,950	108,402	131,033	108,402
Travel expenses	261,857	121,452	145,688	121,452
	4,719,621	2,332,541	3,170,090	2,241,905
15.1. Personnel expenses				
Salaries and allowances	1,793,094	1,293,094	1,603,265	1,293,094
Defined contribution plan	98,722	65,691	96,065	65,691
	1,891,816	1,358,785	1,699,330	1,358,785
	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
16. Finance costs				
Current borrowings	85,223	-	-	-
Total finance costs	85,223	-	-	-

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000

17. Taxation

Major components of the tax expense

Current

Foreign income tax - current period	402,038	132	-	-
	402,038	132	-	-

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

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	22,959,312	130,379,425	23,686,882	129,434,191
Tax at the applicable tax rate of 30% (2016: 30%)	6,887,794	39,113,828	7,106,065	38,830,257
Tax effect of adjustments on taxable income				
Difference in tax rates	620,309	(283,439)	-	-
Tax impact of exempt income	(7,106,065)	(38,830,257)	(7,106,065)	(38,830,257)
	402,038	132	-	-

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000

17.1 Current tax liabilities

Opening balance	-	-	-	-
Current tax for the year recognised in profit or loss	402,038	132	-	-
Tax paid during the year	(4,266)	(132)	-	-
Closing balance	397,772	-	-	-

Tax liability as at the end of the year is stated on notes 26 of the financial statements.

18. Cash and cash equivalents

Cash on hand	473	114	249	114
Bank balances	22,020,278	58,083,586	8,545,048	50,892,532
Money market placements	316,208	90,184,206	-	90,184,206
	22,336,959	148,267,906	8,545,297	141,076,852

Maturity analysis:

Current	22,336,959	148,267,906	8,545,297	141,076,852
	22,336,959	148,267,906	8,545,297	141,076,852

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Group		Authority		
	2017 N '000	2016 N '000	2017 N '000	2016 N '000	
19. Investment securities					
Held to maturity	19.1	17,517,216	17,137,104	17,341,779	17,137,104
Loans and receivables	19.2	262,692,958	100,693,485	254,513,055	100,693,485
Available-for-sale	19.3	148,772,443	119,121,852	131,588,930	103,431,937
At fair value through profit or loss - designated	19.4	869,908	12,870,247	869,908	12,870,247
		429,852,525	249,822,688	404,313,672	234,132,773
19.1 Held to maturity					
Eurobonds		17,341,779	17,137,104	17,341,779	17,137,104
Nigerian treasury bill		175,437	-	-	-
		17,517,216	17,137,104	17,341,779	17,137,104
Maturity analysis:					
Current		7,976,030	-	7,800,593	-
Non-current		9,541,186	17,137,104	9,541,186	17,137,104
		17,517,216	17,137,104	17,341,779	17,137,104
19.2 Loans and receivables					
Fixed deposits		262,692,958	100,693,485	254,513,055	100,693,485
		262,692,958	100,693,485	254,513,055	100,693,485
Maturity analysis:					
Current		262,692,958	100,693,485	254,513,055	100,693,485
		262,692,958	100,693,485	254,513,055	100,693,485
19.3 Available-for-sale					
Nigeria treasury bills		609,069	-	-	-
Fixed income products		12,208,697	-	12,208,697	-
Nigeria Infrastructure Debt Fund		1,528,500	-	1,528,500	-
US treasury notes		24,805,655	24,660,440	24,805,655	24,660,440
Hedge funds and long only equity managers		69,220,300	63,864,634	69,220,300	63,864,634
Private equity investments		40,400,222	30,596,778	23,825,778	14,906,863
		148,772,443	119,121,852	131,588,930	103,431,937
Maturity analysis:					
Current		609,069	-	-	-
Non-current		148,163,374	119,121,852	131,588,930	103,431,937
		148,772,443	119,121,852	131,588,930	103,431,937
Reconciliation of available-for-sale financial assets					
Opening balance		119,121,852	113,479,673	103,431,937	103,249,573
Net movement: Additions/(disposals)					
US treasury notes		130,432	14,707,785	130,432	14,707,785
Available-for-sale equities		9,509,328	7,103,099	7,003,119	1,786,562
Available-for-sale securities		13,498,749	(29,759,689)	13,545,740	(29,759,689)
Hedge funds and long only equity managers		42,734	(18,339)	42,686	(18,339)
Movement in fair value reserves		6,469,348	13,609,323	7,435,016	13,466,045
		148,772,443	119,121,852	131,588,930	103,431,937
19.4 At fair value through profit or loss - designated					
Swap instruments		869,908	12,870,247	869,908	12,870,247
		869,908	12,870,247	869,908	12,870,247

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
19. Investment securities (continued)				
Maturity analysis:				
Current	869,908	12,870,247	869,908	12,870,247
	869,908	12,870,247	869,908	12,870,247

The balance shows the fair value of the financial assets arising from the currency swap transactions with the Central Bank of Nigeria (CBN). The notional contract amount of \$455million represents the basis on which the changes in fair value were measured. The notional amount indicate the volume of transactions as at the period end and are indicative of neither the market risk nor the credit risk. As a result of the counterparty involved, we have assessed the impact of credit risk on the financial asset to be minimal, as the counterparty (CBN) is backed by the sovereign guarantee of the Federal Government of Nigeria. In lieu of the foregoing, a credit value adjustment was not effected on the fair valuation of the derivative.

20. Other assets

Financial assets:

Other receivables	13,613,809	1,624,486	1,565,578	1,724,388
Account receivable	32,599,743	-	32,599,743	-
Intercompany receivables	-	-	38,113,681	5,055,645
Advances to staff	5,593	3,546	1,952	3,546
	46,219,145	1,628,032	72,280,954	6,783,579

Non-financial assets:

Prepayment	2,915,213	3,070,012	29,138	572,114
	49,134,358	4,698,044	72,310,092	7,355,693

Maturity analysis:

Non-current	1,073,895	-	-	-
Current	48,060,463	4,698,044	72,310,092	7,355,693
	49,134,358	4,698,044	72,310,092	7,355,693

N32.5 billion (2016: Nil) of Account receivable balance relates to receivables from Central Bank of Nigeria for a currency swap agreement that matured on 28 December 2017. Amount has been received post year end. N10.76 billion (2016: Nil) of other receivables relates to receivables from customers for sale of fertilizers by NAIC-NPK Limited (a subsidiary of the Group) during the financial year. The Company started operations during the financial year. All trade receivables are neither past due nor impaired

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
21. Inventories				
Raw materials	4,175,582	-	-	-
Finished goods	9,622,014	-	-	-
	13,797,596	-	-	-
Maturity analysis:				
Current	13,797,596	-	-	-
	13,797,596	-	-	-

The cost of inventories recognised as an expense during the year in respect of continuing operations was N17.8 billion (2016: Nil)

There were no Inventories pledged as security for liabilities during the year.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

22. Investments in subsidiaries

	Authority	
	2017 N '000	2016 N '000
At the beginning of the year	7,096,155	7,066,155
Additions during the year	8,989,500	30,000
At the end of the year	16,085,655	7,096,155
Investment types:		
Investment in equity shares	8,062,750	7,066,155
Investment in irredemable preference shares	8,022,905	30,000
	16,085,655	7,096,155
Maturity analysis:		
Non-current	16,085,655	7,096,155
	16,085,655	7,096,155

Authority

Name of company	Place of business/ Country of incorporation	% holding 2017	% holding 2016	Carrying amount 2017 N '000	Carrying amount 2016 N '000
NSIA Motorways Investment Corporation (NMIC) (i)	Nigeria	100.00 %	100.00 %	1,000	1,000
KG Brussels LP (ii)	United States of America	99.97 %	99.97 %	7,063,155	7,063,155
KG Acquisition I LLC	United States of America	100.00 %	100.00 %	-	-
FGF Private Equity Co. Limited (iii)	Nigeria	100.00 %	100.00 %	1,000	1,000
FGF Investments Limited (iv)	Nigeria	100.00 %	100.00 %	1,000	1,000
NSIA Agriculture Investment Company (v)	Nigeria	100.00 %	100.00 %	1,000	1,000
FGF PE Beta Limited (vi)	Nigeria	100.00 %	100.00 %	1,000	1,000
NSIA Property Investment Company Limited (vii)	Nigeria	100.00 %	100.00 %	1,000	1,000
NSIA Power Investment Company Limited (viii)	Nigeria	100.00 %	100.00 %	1,000	1,000
NSIA Healthcare Development and Investment Company Limited (ix)	Nigeria	100.00 %	100.00 %	1,000	1,000
Infrastructure Credit Guarantee Company Limited (x)	Nigeria	100.00 %	100.00 %	9,014,500	25,000
				16,085,655	7,096,155

i) NSIA Motorways Investment Corporation is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of roads, bridges, toll plaza and related road transport infrastructure. The Company was incorporated in 2014.

ii) KG Brussels LP is a Partnership that holds a portfolio of investments in other private equity investee funds. The General Partner of the Partnership is KG Acquisition I LLC, which is owned by NSIA. NSIA is a limited partner in KG Brussels LP. The Company was incorporated in 2014.

iii) FGF Private Equity Co. Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.

iv) FGF Investments Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities and other investments. The Company was incorporated in 2015.

v) NAIC is a wholly owned subsidiary of NSIA, domiciled in Nigeria. It's subsidiary NAIC-NPK (Sub-Subsidiary to the Authority) was set-up to invest in fertilizer. The Company was incorporated in 2016.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

22. Investments in subsidiaries (continued)

vi) FGF PE Beta Limited is a wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in private equities. The Company was incorporated in 2015.

vii) NSIA Property Investment Company Limited: wholly-owned subsidiary in investing in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind. The Company was incorporated in 2014.

viii) NSIA Power Investment Company Limited: wholly-owned subsidiary domiciled in Nigeria. The subsidiary was set-up to invest in the development of infrastructure related to power including but not limited to gas turbines, transmission lines, and other generation, transmission and distribution infrastructure and equipment. The Company was incorporated in 2014

ix) NSIA Healthcare Development and Investment Company Limited: wholly-owned subsidiary domiciled in Nigeria. The subsidiary was established to invest in any company, corporation, authority or body involved in or any arrangement related to healthcare infrastructure or healthcare service delivery and/or management. The Company was incorporated in 2014.

x) Infracstructure Credit Guarantee Company Limited is a wholly owned Subsidiary domiciled in Nigeria. The company provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets in Nigeria that conform with its eligibility criteria. The Company was incorporated in 2016.

The Authority also has indirect interest in the following subsidiaries:

	Place of business/ Country of incorporation	% holding 2017	% holding 2016
FMCU Advanced Medical Diagnostics Ltd (xi)	Nigeria	90 %	90 %
Luth Advanced Medical Services Ltd (xii)	Nigeria	50 %	50 %
Panda Agricultural Properties Management Limited (xiii)	Nigeria	100 %	-
Pandagric Novum Limited (xiv)	Nigeria	100 %	-

xi) FMCU Advanced Medical Diagnostics Ltd is a limited liability company established to carry out business as providers of modern medical pathology laboratory, radiography, and ancillary healthcare services. The Company was incorporated in 2016 and is yet to commence operations.

xii) Luth Advanced Medical Services Ltd is a limited liability company established to carry out business as providers of modern medical pathology laboratory services. The Company was incorporated in 2016 and is yet to commence operations.

xiii) Panda Agricultural Properties Management Limited is a limited liability company established to buy and lease out agricultural fixed assets. The Company was incorporated in 2017 and is yet to commence operations.

xiv) Pandagric Novum Limited is a limited liability company established to lease agricultural equipment, buy poultry feed seeds and process into finished poultry feed. The Company was incorporated in 2017 and is yet to commence operations.

Subsidiaries with material non-controlling interests

There are no subsidiaries with material non-controlling interests.

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

23. Investments in associates

The following table lists all of the associates in the group:

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
At the beginning of the year	1,957,853	2,129,600	1,600,000	1,600,000
Addition during the year	490	-	490	-
Share of profit of associate	434,988	289,755	-	-
Share of fair value reserves of associate	60,049	(461,502)	-	-
	2,453,380	1,957,853	1,600,490	1,600,000
Maturity analysis:				
Non-current	2,453,380	1,957,853	1,600,490	1,600,000
	2,453,380	1,957,853	1,600,490	1,600,000

Group

Name of company	Place of business	% ownership interest	% ownership interest	Carrying amount	Carrying amount
		2017	2016	2017 N'000	2016 N'000
Nigeria Mortgage Refinance Company (NMRC) (23.1)	Nigeria	20.91 %	22.70 %	2,453,380	1,957,853
Family Homes Funds Limited (FHFL) (23.2)	Nigeria	49.00 %	-	-	-
				2,453,380	1,957,853

23.1 Nigeria Mortgage Refinance Company (NMRC)

Nigeria Mortgage Refinance Company (NMRC) is a government business entity and there is no quoted market price available for its shares. During the financial year an additional capital was raised by the company which resulted in an increase in its paid-up capital from N1.76 billion to N1.91 billion. NSIA did not subscribe to this shares. Consequently, NSIA's percentage holding in NMRC reduced from 22.70% to 20.91%

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

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

23.2 Family Homes Fund Limited (FHFL)

Family Homes Fund Limited (FHFL) is an innovative private sector driven financing solution to Nigeria's housing challenges. An initiative of the Federal Ministry of Finance and established in September 2016

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

23. Investments in associates (continued)

Summarised financial information of material associates

Summarised Statement of profit or loss and other comprehensive income	NMRC		FHFL	
	<i>In thousands of Naira</i>			
	2017	2016	2017	2016
Interest income	6,149,675	5,176,768	-	-
Interest expense	(2,173,194)	(2,153,901)	-	-
Other income	11,105	6	9,947	-
Write back/(impairment) of loans and advances	40,172	(38,467)	-	-
Depreciation and amortisation	(132,297)	(92,558)	-	-
Personnel expenses	(898,610)	(882,562)	-	-
Operating expenses	(1,050,891)	(719,849)	(185,848)	-
Profit before tax	1,945,960	1,289,437	(175,901)	-
Tax expense	(19,058)	(12,767)	-	-
Profit/(loss) for the period	1,926,902	1,276,670	(175,901)	-
Other comprehensive income	287,178	(428,350)	-	-
Total comprehensive income	2,214,080	848,320	(175,901)	-

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

23. Investments in associates (continued)

Summarised Statement of financial position <i>In thousands of Naira</i>	NMRC		FHFL	
	2017	2016	2017	2016
Cash and cash equivalents	1,920,782	2,702,189	127,688	-
Loans and advances	8,225,029	8,104,246	-	-
Investment securities	31,761,737	29,391,930	-	-
Inventory	-	-	1,201,739	-
Other assets	269,907	307,545	1,000	-
Property and equipment	335,784	246,567	1,732	-
Intangible assets	27,379	36,136	-	-
Total assets	42,540,618	40,788,613	1,332,159	-
Liabilities				
Accounts payables	569,449	339,177	7,060	-
Company income tax	18,931	13,006	-	-
Term loan	22,816,413	24,268,660	1,500,000	-
NMRC fixed rate bonds	7,402,781	7,542,865	-	-
Total liabilities	30,807,574	32,163,708	1,507,060	-
Capital and reserves				
Share capital	1,912,900	1,762,500	1,000	-
Share premium	5,925,232	5,181,790	-	-
Retained earnings	2,650,750	1,343,320	(175,901)	-
Statutory reserves	1,105,830	527,694	-	-
Regulatory risk reserve	41,553	-	-	-
Available for sale reserves	96,779	(190,399)	-	-
Total equity	11,733,044	8,624,905	(174,901)	-
Total liabilities and equity	42,540,618	40,788,613	1,332,159	-

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the group and the associate.

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

Figures in Naira thousand	NMRC		FHFL	
	2017	2016	2017	2016
Net asset of associate	11,733,044	8,624,905	(174,901)	-
Group share of of net asset	2,453,380	1,957,853	(85,701)	-
Carrying value of associate	2,453,380	1,957,853	-	-
Difference	-	-	(85,701)	-
share of losses not recognised	-	-	85,701	-
	-	-	-	-

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

24. Property and equipment

Group

	Furniture and fittings	Motor vehicles	Computer equipment	Office equipment	Assets under construction	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
Balance at 1 January 2016	76,028	135,523	94,400	1,072	7,591,021	7,898,044
Additions	953	10,000	21,241	704	8,531,271	8,564,169
Disposal	-	(18,000)	-	-	-	(18,000)
Balance at 31 December 2016/ 1 January 2017	76,981	127,523	115,641	1,776	16,122,292	16,444,213
Addition	39,401	55,000	69,061	20,113	-	183,575
Balance at 31 December 2017	116,382	182,523	184,702	21,889	16,122,292	16,627,788
Accumulated depreciation						
Balance at 1 January 2016	39,301	82,909	74,345	629	-	197,184
Charge for the year	15,370	38,666	20,310	389	-	74,735
Disposal	-	(14,770)	-	-	-	(14,770)
Balance at 31 December 2016/ 1 January 2017	54,671	106,805	94,655	1,018	-	257,149
Charge for the year	22,760	19,869	17,468	3,982	-	64,079
Balance at 31 December 2017	77,431	126,674	112,123	5,000	-	321,228
Carrying amount						
Balance as at 31 December 2017	38,951	55,849	72,579	16,889	16,122,292	16,306,560
Balance as at 31 December 2016	22,310	20,718	20,986	758	16,122,292	16,187,064

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

Authority

	Furniture and fittings	Motor vehicles	Computer equipment	Office equipment	Assets under construction	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Cost						
Balance at 1 January 2016	76,028	121,739	94,400	1,072	-	293,239
Addition	953	10,000	21,241	704	-	32,898
Disposal	-	(18,000)	-	-	-	(18,000)
Balance at 31 December 2016/ 1 January 2017	76,981	113,739	115,641	1,776	-	308,137
Addition	450	-	22,637	-	-	23,087
Balance at 31 December 2017	77,431	113,739	138,278	1,776	-	331,224
Accumulated depreciation						
Balance at 1 January 2016	39,301	74,361	74,345	629	-	188,636
Charge for the year	15,370	31,898	20,310	389	-	67,967
Disposal	-	(14,770)	-	-	-	(14,770)
Transfer	-	-	-	-	-	-
Balance at 31 December 2016/ 1 January 2017	54,671	91,489	94,655	1,018	-	241,833
Charge for the year	15,457	15,415	9,714	302	-	40,888
Balance at 31 December 2017	70,128	106,904	104,369	1,320	-	282,721
Carrying amount						
Balance as at 31 December 2017	7,303	6,835	33,909	456	-	48,503
Balance as at 31 December 2016	22,310	22,250	20,986	758	-	66,304

Contractual commitments

At 31 December 2017 the Authority and Group had no contractual commitments for the acquisition of property and equipment (2016: Nil).

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

25. Intangible assets

Group

	Software N'000	Total N'000
Cost		
Balance at 1 January 2016	24,503	24,503
Balance at 31 December 2016/1 January 2017	24,503	24,503
Addition	1,300	1,300
Balance at 31 December 2017	25,803	25,803
Accumulated amortisation		
Balance at 1 January 2016	18,764	18,764
Charge for the year	5,118	5,118
Balance at 31 December 2016/1 January 2017	23,882	23,882
Charge for the year	720	720
Balance at 31 December 2017	24,602	24,602
Carrying amount		
Balance as at 31 December 2017	1,201	1,201
Balance as at 31 December 2016	621	621

Authority

	Software N'000	Total N'000
Cost		
Balance at 1 January 2016	24,503	24,503
Balance at 31 December 2016/1 January 2017	24,503	24,503
Balance at 31 December 2017	24,503	24,503
Accumulated amortisation		
Balance at 1 January 2016	18,764	18,764
Charge for the year	5,118	5,118
Balance at 31 December 2016/1 January 2017	23,882	23,882
Charge for the year	558	558
Balance at 31 December 2017	24,440	24,440
Carrying amount		
Balance as at 31 December 2017	63	63
Balance as at 31 December 2016	621	621

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
26. Trade and other payables				
Financial liability:				
Trade payables	1,911,529	1,426,533	1,698,057	1,426,533
Intercompany payable	-	-	4,152,936	-
Other payables	6,676,418	1,993,196	1,908,441	2,214,700
Payables to Federal Government in respect of the Second Niger Bridge	18,331,582	20,459,530	-	-
Deferred income on RSSF borrowing	1,465,369	-	-	-
Non financial liability:				
Accruals	503,255	210,302	125,030	77,255
Tax liabilities	397,772	-	-	-
	29,285,925	24,089,561	7,884,464	3,718,488

The tax accrual of N397.7 million relates to income tax on the operation of the Group's subsidiary KG Brussels LP.

Maturity analysis:				
Current	27,592,224	24,089,561	7,884,464	3,718,488
Non-current	1,693,701	-	-	-
	29,285,925	24,089,561	7,884,464	3,718,488

27. Borrowings

Held at amortised cost

Real Sector Support Facility (RSSF)	3,534,631	-	-	-
	3,534,631	-	-	-

The amount borrowed was provided by the Central Bank of Nigeria to NAIC-NPK (a subsidiary of the Group) to finance the presidential fertilizer initiative for which the Authority initially provided stop-gap financing. A total amount of N25 billion was approved by the Central Bank of Nigeria, however, the Company has only drawn down N5 billion as at the end of the financial year. The tenor of the loan is 6 years and interest rate is at a below market rate of 5%. This borrowing will be repaid from the proceeds of fertilizer sale. The deferred income element of N1.46billion is shown in Note 26.

Maturity analysis:

Non-current	3,178,824	-	-	-
Current	355,807	-	-	-
	3,534,631	-	-	-

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000

28. Equity and reserves

Contribution by Government	28.1	280,662,500	204,375,000	280,662,500	204,375,000
Retained earnings	28.2	170,402,086	147,845,348	170,859,498	147,172,616
Fair value reserve	28.3	43,190,981	36,661,142	43,497,310	36,062,294
Foreign currency translation reserve	28.4	6,801,726	7,958,502	-	-
Non-controlling interest	28.5	4,730	4,623	-	-
		501,062,023	396,844,615	495,019,308	387,609,910

28.1. Contribution by Government

Opening balance	204,375,000	155,250,000	204,375,000	155,250,000
Additions during the year	76,287,500	49,125,000	76,287,500	49,125,000
	280,662,500	204,375,000	280,662,500	204,375,000

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

The sum of US \$250million was approved at the National Economic Council meeting on February 2017 as additional capital contribution by the three tiers of government to the Authority. This contribution was received by the Authority in the third quarter of the financial year.

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000

28.2. Retained Earnings

Opening balance	147,845,348	17,466,251	147,172,616	17,738,425
Profit for the year	22,556,738	130,379,097	23,686,882	129,434,191
	170,402,086	147,845,348	170,859,498	147,172,616

28.3. Fair-value reserve

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

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000

Items that may subsequently be reclassified to profit or loss

Opening balance	36,661,142	23,513,074	36,062,294	22,596,249
Net change in value of available-for-sale financial assets	8,187,726	25,969,047	9,152,952	25,825,522
Net amount transferred to profit or loss	(1,717,936)	(12,359,477)	(1,717,936)	(12,359,477)
Share of change in value of available-for-sale financial assets – (associate)	60,049	(461,502)	-	-
	43,190,981	36,661,142	43,497,310	36,062,294

28.4. Foreign currency translation reserve

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

	Group	
	2017 N '000	2016 N '000
Opening balance	7,958,502	1,653,739
Exchange differences arising during the year	(1,156,776)	6,304,763
	6,801,726	7,958,502

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

28.5. Non-controlling interest (NCI)

	Group	
	2017 N '000	2016 N '000
Opening Balance	4,623	3,213
Profit attributable to NCI	536	196
Fair value reserve	(442)	(247)
Currency translation differences	13	1,461
	4,730	4,623

29. Capital management

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

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

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

The Authority's adjusted net debt to equity ratio at 31 December 2017 was as follows:

	Group		Authority	
	2017 N '000	2016 N '000	2017 N '000	2016 N '000
Total liabilities	32,820,549	24,089,562	7,884,461	3,718,490
Less: cash and cash equivalents	22,336,959	148,267,906	8,545,297	141,076,852
Net debt/ (surplus)	10,483,590	(124,178,344)	(660,836)	(137,358,362)
Total equity	501,062,024	396,844,615	495,019,308	387,609,910
Adjusted equity	501,062,024	396,844,615	495,019,308	387,609,910
Net debt/ (surplus) to adjusted equity ratio	2 %	(31)%	- %	(35)%

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

30. Related parties

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

As disclosed in Note 22, NMIC, KG Brussels LP, FGF Private Equities Co. Ltd, FGF Investments Ltd, FGF PE Beta Ltd, NSIA Agriculture Investment Company, NSIA Property Investment Company Limited, NSIA Power Investment Company Limited, NSIA Healthcare Development and Investment Company Limited and Infrastructure Credit Guarantee Company Limited are subsidiaries of the Authority and are therefore related parties. FMCU Advanced Medical Diagnostics Ltd, Luth Advanced Medical Services Ltd, Panda Agricultural Properties Management Limited and Pandagric Novum Limited are sub-subsidiaries of the Authority and are also related parties. NMRC and FHFL are associates of the Authority and are also related parties.

The following are the balances with the Federal Government of Nigeria during the period:

	Group	
	2017 N '000	2016 N '000
Payables to Federal Government in respect of the Second Niger Bridge	18,331,582	20,459,530
	18,331,582	20,459,530

Compensation of key management personnel

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

Directors' remuneration and expenses:

	Group	
	2017 N '000	2016 N '000
Executive compensation	1,211,723	933,690
Fees as directors (non-executive)	37,500	-
Defined contribution plan	88,828	42,609
	1,338,051	976,299

Balances with subsidiaries

The Authority has the following receivables from the underlisted subsidiaries as at the reporting date:

<i>In thousands of Nigerian Naira</i>	Type of interests	31 December	31 December
		2017	2016
		Gross amount	Gross amount
NSIA Motorways Investments Company	Subsidiary	534,870	531,108
KG Brussels L.P.	Subsidiary	38,326	35,326
NSIA Property Investment Co. Limited	Subsidiary	1,224,000	400
NSIA Power Investment Co. Limited	Subsidiary	600	400
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	600	200
FGF Private Equity Co. Limited	Subsidiary	500	250
FGF P. E. Beta Limited	Subsidiary	400	200
Infrastructure Credit Guarantee Company Limited	Subsidiary	349,075	68,968
NAIC-NPK Limited	Sub-subsidiary	31,191,723	2,497,900
FGF Investment Limited	Subsidiary	4,773,587	1,920,893
		38,113,681	5,055,645

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

30. Related parties (continued)

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

<i>In thousands of Nigerian Naira</i>	Type of interests	31 December	31 December
		2017	2016
		Gross amount	Gross amount
NSIA Motorways Investments Company	Subsidiary	1,000	1,000
NSIA Property Investment Co. Limited	Subsidiary	1,000	1,000
NSIA Healthcare Development and Investment Co. Limited	Subsidiary	1,000	1,000
FGF Private Equity Co. Limited	Subsidiary	1,554	1,554
FGF P. E. Beta Limited	Subsidiary	1,554	1,554
NAIC-NPK Limited	Sub-subsidiary	4,072,376	1,000
FGF Investment Limited	Subsidiary	74,452	75,941
		4,152,936	83,049

During the period ended, there were no related party transaction relating to the following:

- Provisions for doubtful debts related to the amount of outstanding balances
- Expense recognised during the period in respect of bad or doubtful debts due from related parties

Commitments made to or by an related party

During the period ended, The Authority guaranteed the N5 billion RSSF loan taken by NAIC-NPK Limited.

Other related party transactions

The following payment were made on behalf of the following subsidiaries during the financial period:

	Type of relationship	Nature of payment	2017 Amount N'000	2016 Amount N'000
NSIA Motorways Investment Company Limited	Subsidiary	Audit fees	3,000	3,000
NSIA Property Investment Company Limited	Subsidiary	Audit fees	1,000	200
NSIA Power Investment Company Limited	Subsidiary	Audit fees	1,000	200
NSIA Healthcare Development and Investment Company Limited	Subsidiary	Audit fees	1,000	200
FGF Private Equity Co. Limited	Subsidiary	Audit fees	1,000	250
FGF P. E. Beta Limited	Subsidiary	Audit fees	1,000	200
NAIC-NPK Limited	Sub-subsidiary	Audit fees	-	450
FGF Investment Limited	Subsidiary	Audit fees	2,000	500
NSIA Agriculture Investment Company Limited	Subsidiary	Audit fees	500	-
LUTH Advanced Medical Services Limited	Sub-subsidiary	Audit fees	500	-
Panda Agricultural Properties Management Limited	Sub-subsidiary	Audit fees	500	-
Pandagric Novum Ltd	Sub-subsidiary	Audit fees	500	-
FMCU Advanced Medical Diagnostics Limited	Sub-subsidiary	Audit fees	500	-
			12,500	5,000

31. Other contracts

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

31.1 Stabilisation fund

The Authority engaged the following investment manager through its global custodian JP Morgan for the management of the Stabilisation Fund. The details of the investment manager as of year end are:

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

31. Other contracts (continued)

31.1.1 UBS Global Asset Management (UK) LTD

Engagement and Service

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

Reports on Investments

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

31.2 Future Generations Fund

31.2.1 Hedge fund

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

- JHL Capital Group LLP
- Blue Mountain Capital Management
- Arbiter Offshore Ltd
- AQR Capital Management

31.2.2 Commodity managers

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

- Jamison Capital Partners

31.2.3 Long only equity managers

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

- Cevian Capital UK LLP
- Edgbaston Investment Partners
- Somerset Capital Management LLP
- Marathon Asset Management LLP
- Capital Group
- Prince Street Institutional Ltd
- Prince Street Opportunities Ltd
- Chieftain Capital

31.2.4 Private equity partners

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

- Z Capital Partners
- Healthcare Royalty Partners
- Xenon Private Equity
- Helios Investment Partners
- Africa Capital Alliance
- Actis Capital

31.3 Nigeria Infrastructure Fund

31.3.1 Private equity Partners

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

- Fund for Agricultural Finance in Nigeria

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

31. Other contracts (continued)

31.4 Custodians

Engagement and service

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

Reports on investments

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

The investment management fees paid to the investment fund managers, global and local custodians has been disclosed in note 8

32. Commitments

(a) Capital commitments

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

Capital commitments – US\$:

	Authority		Naira equivalent	
	Authority 31 December 2017 \$'000	Authority 31 December 2016 \$'000	Authority 31 December 2017 N'000	Authority 31 December 2016 N'000
HealthCare Royalty Partners (HCRP)	7,344	14,398	2,241,754	4,384,168
Z Capital Partners	4,778	6,813	1,458,484	2,074,420
Fund for Agricultural Finance in Nigeria (FAFIN)	4,859	3,459	1,483,209	1,053,259
Helios Investors	2,306	5,165	703,906	1,572,875
Africa Capital Alliance	7,664	-	2,339,435	-
Synergy Private Equity Fund LP	82	-	25,030	-
Verod Capital	1,964	-	599,511	-
Abraaj Growth Markets Health Fund L.P	4,116	-	1,256,408	-
Actis Africa Real Estate	7,734	8,705	2,360,802	2,650,573
Total	40,847	38,540	12,468,539	11,735,295

Capital commitments – Euro:

	Authority		Authority	
	Authority 31 December 2017 €'000	Authority 31 December 2016 €'000	Authority 31 December 2017 N'000	Authority 31 December 2016 N'000
Xenon Private Equity	3,267	2,888	1,058,018	928,836
Total Authority's capital commitments	-	-	13,526,557	12,664,131

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

Other Group members unfunded commitments with private equity fund managers are as follows:

Capital commitments – US\$:

	31 December		Naira equivalent	
	2017 \$'000	2016 \$'000	2017 N'000	2016 N'000
RMB WestPort Real Estate Development Fund II LP	4,668	4,894	1,424,902	1,490,077
Synergy Private Equity Fund LP	-	501	-	152,541
Verod Capital	-	3,190	-	971,462
Falko Regional Aircraft Opportunities Fund Partners, L.P. Series Four	3,511	9,013	1,071,732	2,744,520
Fortress Investment Fund IV, L.P.	-	1,148	-	349,675
Fortress Investment Fund V, L.P.	133	133	40,598	40,448
Fortress Investment Fund V Coinvestment, L.P.	38	38	11,599	11,431
H.I.G. Bayside Opportunity Fund, L.P.	46	46	14,041	13,901
Marlin Equity, L.P.	163	163	49,756	49,516
Marlin Equity II, L.P.	287	-	87,607	-
OCM Opportunities Fund VIIb, L.P.	635	738	193,833	224,671
Cerberus Institutional Partners, L.P. Series Four	625	625	190,781	190,313
	1,148	-	350,427	-
Total	11,254	20,489	3,435,276	6,238,555
Total Group capital commitment	-	-	16,961,833	18,902,686

As disclosed above, the Group has committed to provide capital to various collective investment vehicles. The total of these commitments at the statement of financial position date is US\$52.1 million/N15.9 billion and Euro 3.2 million/N1.05 billion (31 December 2017: US\$59.03 million/N17.97 billion and Euro 2.8 million/N928.8 million). The Group's commitment obligations, being capital calls, are set out in the various underlying subscription documents. Whilst the actual timing of the capital calls to be made by the managers of these vehicles is uncertain, as it is dependent on the managers sourcing suitable investment opportunities, the Group has recorded the commitments as being current in accordance with the underlying legal documents. The Group has appropriate liquidity planning in place to ensure a suitable allocation of resources will be available to cover these future commitments of capital.

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

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

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Notes to the consolidated and separate financial statements

33. Other fiduciary activities

The Authority performs the following fiduciary activities:

a) The Authority holds shares in Development Bank of Nigeria (DBN) in trust for the Federal Government of Nigeria (FGN). The shares are valued at N8 billion, which represents 20% of the shareholding of the DBN. The Ministry of Finance has mandated the Authority to guide DBN towards the achievement of its organisational goals. The Authority is expected to remit all dividends received from DBN within 30 days and obtain prior consent from the FGN before the disposal, transfer or otherwise change of ownership of the shares. There were no dividends paid by DBN in the current year.

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

The sums of USD\$200 million and USD\$350 million ("the Funds") were received from the Debt Management Office ("DMO") and Nigerian Bulk Electricity Company Plc. ("NBET") respectively under an Investment Management Agreement ("the Agreement"). NSIA acts as a manager of the Funds. The agreement provides for the Authority to invest the Funds in gas, power and other related projects. Consideration is payable to the Authority after certain milestones have been met and the customers' share of return has been paid. A total of USD\$100 million was withdrawn from the DMO fund in order to fund the Second Niger Bridge Project and Lagos/Ibadan expressway project on the authority of the Federal Government. The fair value of the Managed Funds as at 31 December 2017 stood at USD390.45 million and USD120.95 million for NBET and DMO respectively (2016:\$490.71 million and 2015:\$529million for NBET and DMO) while nil income has been accrued by the Authority from the fiduciary agreement activities as of 31 December 2017.

c) A total sum of N14.713 billion have been received from the Federal Government Stabilization Account via the Office of the Accountant General of the Federation ("OAGF"). NSIA is to act as a manager to the fund with a mandate to invest the funds in line with the investment policies of the Stabilization Fund of the Authority. The fair value of the Fund as at 31 December 2017 was N16.205 billion.

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

34. Events after the reporting period

In order to ensure sustainability of the Presidential Fertilizer Initiative (PFI) programme, on 7th May 2018, the President of the Federal Republic of Nigeria approved payment of a cost differential of N8.9 billion to NAIC - NPK (a subsidiary of the Group) for the financial years ended 31 December 2017 and ending 31 December 2018. Of the N8.9 billion, N2.3 billion relates to the year ended 31 December 2017 while N6.6 billion relates to the year ending 31 December 2018. This is to augment the cost incurred by NAIC-NPK in the production of fertilizers under the Presidential Fertilizer Initiative as it would ensure that the ex-factory selling price remains at N5,000 per bag.

The cost differential for the year ended 31 December 2017 has not been treated as an adjusting subsequent event in these financial statements.

Other national disclosures

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Value added statement

	2017 N '000	2017 %	2016 N '000	2016 %
Group				
Value added				
Value added by operating activities				
Revenue	61,979,435		132,728,060	
Bought - in materials and services	(36,986,245)		(1,576,104)	
Other operating income	7,960		666,107	
Total Value added	25,001,150	100	131,818,063	100
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	1,891,816		1,358,785	
	1,891,816	8	1,358,785	1
To pay providers of capital				
Finance costs	85,223		-	
	85,223	-	-	-
To pay government				
Income tax	402,038		132	
	402,038	2	132	-
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	64,799		79,853	
	64,799	-	79,853	-
Value retained				
Retained profit	22,556,738		130,379,097	
Non-controlling interest	536		196	
	22,557,274	90	130,379,293	99
Total value distributed	25,001,150	100	131,818,063	100

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Value added statement

	2017 N '000	2017 %	2016 N '000	2016 %
Authority				
Value added				
Value added by operating activities				
Revenue	27,557,823		131,694,420	
Bought - in materials and services	(2,138,125)		(1,492,236)	
Other operating income	7,960		663,877	
	25,427,658	100	130,866,061	100
Value distributed				
To Pay employees				
Salaries, wages, medical and other benefits	1,699,330		1,358,785	
	1,699,330	7	1,358,785	1
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	41,446		73,085	
	41,446	-	73,085	-
Value retained				
Retained profit	23,686,882		129,434,191	
	23,686,882	93	129,434,191	99
Total value distributed	25,427,658	100	130,866,061	100

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Five year financial summary

	2017 N '000	2016 N '000	2015 N '000	2014 N '000	2013 N '000
Group					
Statement of financial position					
Assets					
Cash and cash equivalents	22,336,959	148,267,906	37,983,532	49,920,539	111,924,187
Investment securities	429,852,525	249,822,688	164,382,547	117,746,679	45,114,706
Other assets	49,134,358	4,698,044	1,472,508	4,769,933	290,512
Inventories	13,797,596	-	-	-	-
Investments in associates	2,453,380	1,957,853	2,129,600	1,616,364	-
Property, plant and equipment	16,306,560	16,187,064	7,700,860	3,772,873	246,189
Intangible assets	1,201	621	5,739	12,168	19,777
Total assets	533,882,579	420,934,176	213,674,786	177,838,556	157,595,371
Liabilities					
Trade and other payables	29,285,925	24,089,561	15,788,508	6,310,289	439,677
Other financial liabilities	3,534,631	-	-	-	1,400,000
Total liabilities	32,820,556	24,089,561	15,788,508	6,310,289	1,839,677
Equity					
Share capital	280,662,500	204,375,000	155,250,000	155,250,000	155,250,000
Retained earnings	170,402,086	147,845,348	17,466,251	5,691,084	525,158
Foreign currency translation reserve	6,801,726	7,958,502	1,653,739	116,981	-
Fair value reserve	43,190,981	36,661,142	23,513,075	10,470,202	(19,464)
Non-controlling interest	4,730	4,623	3,213	-	-
Total equity	501,062,023	396,844,615	197,886,278	171,528,267	155,755,694
Total equity and liabilities	533,882,579	420,934,176	213,674,786	177,838,556	157,595,371

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Five year financial summary

	2017 N '000	2016 N '000	2015 N '000	2014 N '000	2013 N '000
Group					
Statement of profit or loss and other comprehensive income					
Interest income	21,766,964	10,568,967	5,821,745	3,920,787	1,395,718
Investment income	2,603,755	1,326,161	-	-	-
Net gain on financial assets	4,153,564	27,747,126	-	20,606	70,467
Net foreign exchange gains	1,652,172	92,796,051	8,736,293	-	-
Total operating income	30,176,455	132,438,305	14,558,038	3,941,393	1,466,185
Investment management fees	(654,562)	(564,855)	(492,781)	(293,762)	(9,575)
Local custodian fees	(6,765)	(20,535)	(12,251)	(16,988)	(8,131)
Foreign custodian fees	(47,755)	(96,811)	(91,627)	(33,581)	(4,199)
Total investment management and custodian fee	(709,082)	(682,201)	(596,659)	(344,331)	(21,905)
Total operating profit	29,467,373	131,756,104	13,961,379	3,597,062	1,444,280
Revenue from infrastructure subsidiaries investment	31,367,992	-	-	-	-
Expense from infrastructure subsidiaries investment	(33,514,157)	-	-	-	-
Loss from infrastructure subsidiaries investment	(2,146,165)	-	-	-	-
Other income	7,960	666,107	38,400	3,239,795	495,017
Total other income	7,960	666,107	38,400	3,239,795	495,017
Other operating expenses	(4,719,621)	(2,332,541)	(2,333,619)	(1,644,388)	(1,414,139)
Share of profit of investment in associates	434,988	289,755	124,914	16,364	-
Finance costs	(85,223)	-	-	-	-
Profit before taxation	22,959,312	130,379,425	11,791,074	5,208,833	525,158
Taxation	(402,038)	(132)	(15,496)	(42,907)	-
Profit for the year	22,557,274	130,379,293	11,775,578	5,165,926	525,158
Movement in fair value reserves	6,469,348	13,609,323	12,654,237	10,489,666	(19,464)
Currency translation differences	(1,156,763)	6,306,224	1,537,219	116,981	-
Share of comprehensive income of associates	60,049	(461,502)	388,322	-	-
Other comprehensive income for the period	5,372,634	19,454,045	14,579,778	10,606,647	(19,464)
Total comprehensive income for the period	27,929,908	149,833,338	26,355,356	15,772,573	505,694

Nigeria Sovereign Investment Authority

Consolidated and separate financial statements for the year ended 31 December 2017

Five year financial summary

	2017 N '000	2016 N '000	2015 N '000	2014 N '000	2013 N '000
Authority					
Statement of financial position					
Assets					
Cash and cash equivalents	8,545,297	141,076,852	32,913,468	43,115,273	111,924,187
Investment securities	404,313,672	234,132,773	154,152,447	108,471,837	45,114,706
Other assets	72,310,092	7,355,693	3,844,603	4,769,621	290,512
Investments in subsidiaries	16,085,655	7,096,155	7,066,155	11,994,482	-
Investments in associates	1,600,490	1,600,000	1,600,000	1,600,000	-
Property, plant and equipment	48,503	66,304	104,603	185,378	246,189
Intangible assets	63	621	5,739	12,168	19,777
Total assets	502,903,772	391,328,398	199,687,015	170,148,759	157,595,371
Liabilities					
Trade and other payables	7,884,464	3,718,488	4,102,341	508,323	439,677
Other financial liabilities	-	-	-	-	1,400,000
Total liabilities	7,884,464	3,718,488	4,102,341	508,323	1,839,677
Equity					
Share capital	280,662,500	204,375,000	155,250,000	155,250,000	155,250,000
Retained earnings	170,859,498	147,172,616	17,738,425	5,532,544	525,158
Fair value reserve	43,497,310	36,062,294	22,596,249	8,857,892	(19,464)
Total equity	495,019,308	387,609,910	195,584,674	169,640,436	155,755,694
Total equity and liabilities	502,903,772	391,328,398	199,687,015	170,148,759	157,595,371
Statement of profit or loss and other comprehensive income					
Interest income	21,339,050	10,519,365	5,811,617	3,774,168	1,395,718
Investment income	362,081	631,878	-	-	-
Net gain on financial assets	4,153,564	27,747,126	-	17,232	70,467
Net foreign exchange gains	1,703,128	92,796,051	8,732,124	-	-
Total operating income	27,557,823	131,694,420	14,543,741	3,791,400	1,466,185
Investment management fees	(654,562)	(564,855)	(492,781)	(293,762)	(9,575)
Local custodian fees	(6,494)	(20,535)	(12,251)	(16,988)	(8,131)
Foreign custodian fees	(47,755)	(96,811)	(91,627)	(33,581)	(4,199)
Total investment management and custodian fee	(708,811)	(682,201)	(596,659)	(344,331)	(21,905)
Total operating profit	26,849,012	131,012,219	13,947,082	3,447,069	1,444,280
Other operating income	7,960	663,877	38,400	3,239,795	495,017
Total other income	7,960	663,877	38,400	3,239,795	495,017
Other operating expenses	(3,170,090)	(2,241,905)	(1,779,601)	(1,679,478)	(1,414,139)
Profit for the year	23,686,882	129,434,191	12,205,881	5,007,386	525,158
Movement in fair value reserves	7,435,016	13,466,045	13,738,357	8,877,356	(19,464)
Retained income for the year	31,121,898	142,900,236	25,944,238	13,884,742	505,694