AIICO PENSION MANAGERS LIMITED

ANNUAL REPORT

31 DECEMBER 2016

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CORPORATE INFORMATION

Directors:

Mr. Ernest C. Ebi MFR	Chairman
Mr. Eguarekhide Longe	Managing Director
Chief (Dr.) Oladele Fajemirokun*	Non Executive Director
Mr. Bukola J. Oluwadiya	Non Executive Director
Mr. Ademola Adebise	Non Executive Director
Mr. Adewale Adegbite	Non Executive Director
Mr. Edwin Igbiti	Non Executive Director
Mr. Ayodele Bamidele	Non Executive Director
Mr. Asue Ighodalo**	Independent Director

* Chief (Dr.) Oladele Fajemirokun resigned from the Board effective 14 December 2016 and his resignation was approved by PENCOM on 9 February 2017.
** Mr. Asue Ighodalo was nominated on April 15, 2015 and his appointment was approved by PENCOM on January 28, 2016.

Company Secretary/Legal Adviser:	Abiodun Oni Beekay House, 2nd Floor 38, Olowu Street, Ikeja Lagos
Registered Office:	Plot 2, Oba Akran Avenue Ikeja Lagos
Auditors:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos
PENCOM Code:	33
RC NO:	615630

DIRECTORS' REPORT
For The Year Ended 31 December 2016

The directors present their report on the affairs of AIICO Pension Managers Limited ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2016.

a Legal form and principal activity

The Company was incorporated on 1 February, 2005 under the Companies and Allied Matters Act as a private limited liability company and is domiciled in Nigeria. The Company was granted approval as a Pension fund Administrator by the National Pension Commission (PenCom) on 25 April, 2006. The principal activity of the Company during the year (and for the foreseeable future) remain pension fund administration and management. It also offers advisory services on pension matters.

b Operating results

The highlights of the Company's operating results for the year ended 31 December 2016 were as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Revenue	1,127,683	1,008,756
Profit before taxation	248,780	309,398
Taxation	(76,266)	(97,616)
Profit after taxation	172,514	211,782
Appropriations:		
Transfer to statutory reserve	(21,564)	(26,473)
Transfer to retained earnings reserve	150,950	185,309

c Dividend

The shareholders, at the annual general meeting held on 14 June 2016, approved the payment of 5 kobo per share (N53.9 million) as dividend during the year (2015: Nil). The dividends were subject to deduction of withholding tax.

d Directors and their interest

The directors who served during the year and at the date of this report were as follows:

Mr. Ernest C. Ebi MFR	Chairman
Mr. Eguarekhide Longe	Managing Director
Chief (Dr) Oladele Fajemirokun*	Non Executive Director
Mr. Bukola J. Oluwadiya	Non Executive Director
Mr. Ademola Adebise	Non Executive Director
Mr. Adewale Adegbite	Non Executive Director
Mr. Edwin Igbiti	Non Executive Director
Mr. Ayodele Bamidele	Non Executive Director
Mr. Asue Ighodalo**	Independent Director

* Chief (Dr.) Oladele Fajemirokun resigned from the Board effective 14 December 2016 and his resignation was approved by PENCOM on 9 February 2017.

** Mr. Asue Ighodalo was nominated on April 15, 2015 and his appointment was approved by PENCOM on January 28, 2016.

None of the Directors have a direct interest in the shares of the Company

DIRECTORS' REPORT
For The Year Ended 31 December 2016

e Directors' interests in contracts

For the purpose of section 277 of the Companies and Allied Matters Act, none of the existing directors had direct or indirect interest in contracts or proposed contracts with the Company during the year.

f Analysis of shareholdings

	2016		2015	
	Ordinary share capital		**Ordinary share capital**	
	Units held '000	% Holding	Units held '000	% Holding
AIICO Insurance PLC	640,464	59	640,464	59
WEMA Securities & Finance PLC	160,000	15	160,000	15
Oasis Insurance PLC	120,000	11	120,000	11
Oasis Group	17,986	2	17,986	2
Magnartis Investment & Finance LTD	100,327	9	100,327	9
UNIC Insurance PLC	40,000	4	40,000	4
	1,078,777	**100**	**1,078,777**	**100**

g Property and equipment

Information relating to changes in property and equipment is given in Note 12 to the financial statements.

h Employment of disabled persons

No disabled person was employed by the Company during the year. It is the Company's policy to consider disabled persons for employment if academically qualified and medically fit.

i Health, safety and workers' welfare

The Company has retainership with a reputable HMO (Health Management Organisation) which enables staff and their immediate families to have access to reputable hospitals.

j Employee's interest and training

The Company places considerable value on the improvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. In line with this, formal and informal channels of communication are employed in keeping the staff abreast of various factors affecting the performance of the Company. The Company organises in-house and external training for its employees.

k Donations and charitable gifts

The Company made charitable donations to the underlisted organisation amounting to N14,754,000 (2015: N223,900 during the year as follows;

Organisation	**Purpose**	**2016**	**2015**
		₦	**₦**
Focal One Project	Establishment of prostrate cancer centre	14,500,000	-
American University of Nigeria	Support of convocation ceremony	254,000	223,900
		14,754,000	223,900

DIRECTORS' REPORT
For The Year Ended 31 December 2016

l Compliance with corporate governance

The Company is guided by internationally accepted principles of good corporate governance and with the provisions of the Pension Reform Act 2014, rules, regulations and guidelines issued by the Commission.

The Company observes the Code of Corporate Governance as set out by the regulator (PENCOM), the Company's directors focus on best practices as it relates to the industry. The directors place emphasis on transparency and efficient implementation of rules and regulations set by the regulator, and laid down structures and processes to be used towards achieving optimal governance while placing premium on economic performance and market integrity towards creating wealth for the stakeholders.

m Events after reporting date

In February 2017, the National Pension Commission (PENCOM) approved the sale of 160,000 ordinary shares held by WEMA Securities and Finance Plc to existing shareholders of the Company. The new shareholding structure of the Company following the sale is as shown below:

	Units held '000	% Holding
AIICO Insurance PLC	800,464	74.20%
Oasis Insurance PLC	120,000	11.12%
Magnartis Investment & Finance LTD	100,327	9.30%
Oasis Group	17,986	1.67%
UNIC Insurance PLC	40,000	3.71%
	1,078,777	100%

n Auditor

Messrs KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office, have indicated their willingness to continue in office as auditors to the Company, in accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Abiodun Oni
FRC/2014/NBA/00000006650
COMPANY SECRETARY
Abiodun Oni and Co.
Beekay House, 2nd Floor
38, Olowu Street, Ikeja
Lagos
28 February 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, the Financial Reporting Council (FRC) of Nigeria Act 2011, the Pension Reform Act of Nigeria (PRA) 2014 and relevant National Pension Commission (PenCom) guidelines and circulars.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. B. J. Oluwadiya
Director
FRC/2013/CISN/00000005132
28 February 2017

Mr. E. Longe
Managing Director/CEO
FRC/2013/CISN/00000002092
28 February 2017

KPMG

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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INDEPENDENT AUDITOR'S REPORT

To the members of **AIICO Pension Managers Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AIICO Pension managers** Limited (the Company), which comprise the statement of financial position as at 31 December, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 the Pension Reform Act 2014 and the National Pension Commission (PENCOM) guidelines.

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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 Nigeria and the Financial Reporting Council of Nigeria Act, 2011, the Pension Reform Act 2014 and the National Pension Commission (PENCOM) guidelines and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

KPMG

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Board of Directors/Audit Committee 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.

KPMG

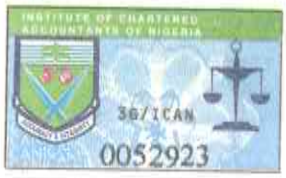
Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Kabir O. Okunlola, FCA
FRC/ICAN/2012/00000000428
For: KPMG Professional Services
Chartered Accountants
23 March 2017
Lagos, Nigeria



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED

In thousands of Naira	Note	**31-Dec-16**	**31-Dec-15**
Revenue			
Fee income	18	993,549	857,872
Other income	19	134,134	150,884
		1,127,683	1,008,756
Expenses			
Operating expenses	20	(337,152)	(239,620)
Finance cost	23	-	(2,049)
Depreciation	12	(85,335)	(57,186)
Amortisation	13	(7,146)	(10,297)
Personnel expenses	22	(449,270)	(390,206)
Profit before taxation		248,780	309,398
Income tax expense	16(a)	(76,266)	(97,616)
Profit for the year		172,514	211,782
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss;			
Available-for-sale financial assets - reclassified to profit or loss		-	(111)
Other comprehensive income for the year		-	(111)
Total comprehensive income for the year		**172,514**	**211,671**
Basic and diluted earnings per share	21	**0.16**	**0.20**

The accompanying notes on pages 14 to 40 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT

In thousands of Naira	Note	31-Dec-16	31-Dec-15
Assets:			
Cash and cash equivalents	8	570,782	1,002,613
Investment securities	9(a)	475,101	-
Trade and other receivables	10	144,568	131,632
Other assets	11	14,296	22,923
Property and equipment	12	252,758	142,453
Intangible assets	13	3,226	9,248
Deferred tax assets	16(d)	33,143	68,677
Total assets		**1,493,874**	**1,377,546**
Liabilities:			
Trade and other payables	14	55,761	51,126
Interest bearing loans	15	-	4,438
Income tax payable	16(c)	44,360	46,803
Total liabilities		**100,121**	**102,368**
Net assets		**1,393,753**	**1,275,178**
Equity			
Share capital	17(a)	1,078,777	1,078,777
Share premium	17(b)	40,365	40,365
Statutory reserve	17(d)	76,801	55,237
Retained earnings		197,810	100,799
Total equity		**1,393,753**	**1,275,178**

The financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 28 February 2017 and signed on its behalf by the directors listed below:

Mr. B. J. Oluwadiya
Director
FRC/2013/CISN/00000005132

Mr. E. Longe
Managing Director/CEO
FRC/2013/CISN/00000002092

Additionally certified by:

Mr. A. A. Ojo
Chief Financial Officer (CFO)
FRC/2015/ICAN/00000011090

The accompanying notes on pages 14 to 40 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

As at 31 December 2016

In thousands of Naira	Share capital	Irredeemable preference share	Share premium	Retained earnings	Statutory reserve	Fair value reserve	Total equity
At I January 2016	1,078,777	-	40,365	100,799	55,237	-	1,275,178
Profit for the year	-	-	-	172,514	-	-	172,514
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income	1,078,777	-	40,365	273,313	55,237	-	1,447,692
Transactions with shareholders recorded directly in equity:							
Profit transfer to statutory reserve	-	-	-	(21,564)	21,564	-	-
Dividends paid to equity holders	-	-	-	(53,939)	-	-	(53,939)
At 31 December 2016	**1,078,777**	**-**	**40,365**	**197,810**	**76,801**	**-**	**1,393,753**

(b) As at 31 December 2015

In thousands of Naira	Share capital	Irredeemable preference share	Share Premium	Retained earnings	Statutory reserve	Fair value reserve	Total equity
At I January 2015	800,000	775,000	40,365	(580,733)	28,764	111	1,063,507
Profit for the year	-	-	-	211,782	-	-	211,782
Other comprehensive income for the year	-	-	-	-	-	(111)	(111)
Total comprehensive income	800,000	775,000	40,365	(368,951)	28,764	-	1,275,178
Transactions with shareholders recorded directly in equity:							
Profit transfer to statutory reserve	-	-	-	(26,473)	26,473	-	-
Conversion of irredeemable preference share to ordinary shares	278,777	(775,000)	496,223	-	-	-	-
Transfer of share premium to retained earnings	-	-	(496,223)	496,223	-	-	-
At 31 December 2015	**1,078,777**	**-**	**40,365**	**100,799**	**55,237**	**-**	**1,275,178**

The accompanying notes on pages 14 to 40 form an integral part of these financial statements.

STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

In thousands of Naira	Note	**31-Dec-16**	**31-Dec-15**
Operating activities			
Profit after taxation		172,514	211,782
Income tax expense	16(a)	76,266	97,616
Profit before tax		248,780	309,398
Adjustment for items not involving cash:			
Depreciation of property and equipment	12	85,335	57,186
Amortisation of intangible assets	13	7,146	10,297
(Write-back) / Impairment losses on trade and other receivables		-	(22,502)
Other items:			
Write-off of available-for-sale instruments	9(b)	-	1,727
Gain on disposal of property and equipment	19	(2,587)	(527)
Reclassification of fair value reserves on AFS investments	19	-	(111)
Interest income	19	(129,638)	(124,767)
Finance costs	23	-	2,049
		209,036	**232,751**
Changes in Working Capital			
Changes in trade and other receivables		(12,936)	17,668
Changes in other assets		8,627	(5,005)
Changes in trade and other payables		4,635	(65,892)
Income tax paid	16(c)	(43,175)	(13,566)
Net cash flow from operating activities		**166,187**	**165,956**
Investing activities			
Interest received		10,648	128,147
Acquisition of property and equipment	12	(196,001)	(98,536)
Proceeds from the sale of property and equipement		2,947	9,524
Acquisition of held to maturity investment		(356,111)	-
Redemption of held to maturity investment		-	236,983
Acquisition of intangible assets	13	(1,124)	(2,056)
Net cash from investing activities		**(539,641)**	**274,061**
Financing activities			
Loan repayment	15(a)	(4,438)	(50,055)
Interest paid	23	-	(2,049)
Ordinary share dividend paid out		(53,939)	-
Net cash flows from financing activities		**(58,377)**	**(52,104)**
Net increase/(decrease) in cash and cash equivalents		(431,831)	387,913
Cash and cash equivalents at beginning of year		1,002,613	614,699
Cash and cash equivalents at end of year	8	**570,782**	**1,002,613**

The accompanying notes on pages 14 to 40 form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2016

1 Reporting entity

AIICO Pension Managers Limited was incorporated as a private liability company on 1st February, 2005 under the Companies and Allied Matters Act, 1990 and licensed as a Pension Fund Administrator by the National Pension Commission on 13 April 2006. The registered office of the Company is Plot 2 Oba Akran Avenue, Ikeja, Lagos. The Company is owned by a consortium of companies; namely AIICO Insurance Plc, Oasis Insurance Plc, UNIC Insurance Plc, Wema Securities and Finance Plc, Oasis Group and Magnartis Finance and Investment Limited. The principal activities of the Company is to carry on the business of Pension Fund Management and Administration, subject to the provision of the Pension Reform Act, 2014.

2 Basis of preparation

a Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These financial statements comply with the Companies and Allied Matters Act of Nigeria, Financial Reporting Council Act of Nigeria 2011, Pension Reform Act of Nigeria and relevant National Pension Commission guidelines and circulars. The accounting policies have been consistently applied to all periods presented.

The financial statements for the year ended 31 December 2016 were approved for issue by the Board of Directors on 28 February 2017.

b Basis of measurement

The financial statements have been prepared in accordance with the going concern principle under the historical cost basis.

c Functional and presentation currency

The financial statements are presented in Naira (₦), which is the functional currency of the Company. All financial information presented in Naira has been rounded up to the nearest thousand except where otherwise indicated.

d Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. Information about areas of estimation uncertainties and critical judgements in applying accounting policies are described in Note 6.

3 The Company has consistently applied the accounting policies as set out in note 4 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016.

i) Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The change did not have any impact on the Company's financial statements.

ii) Annual Improvements to IFRSs 2012–2014 Cycle – various standards

This new cycle of improvements contains amendments to the following four standards;

- IFRS 5 Non-current assets held for sale and discontinued operations.
- IFRS 7 Financial instruments: Disclosures
- IAS 19 Employee benefits
- IAS 34 Interim Financial reporting

The amendments did not have any impact on the Company's financial statements.

Notes to the financial statements
For the year ended 31 December 2016

iii) Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position, and statement of profit or loss and other comprehensive income.

The change did not have a material impact on the Company's financial statements.

4 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

4.1 Intangible assets

Computer Software

Software that is acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. Intangible assets are tested for impairment annually. Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. The estimate useful life of intangible assets is 3 years.

4.2 Property and equipment

Recognition and measurement

Items of property and equipment are recognised at historical cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent to initial measurement, property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Plant and equipment	-	5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Computer equipment	-	4 years
Brand-new motor vehicle	-	4 years
Fairly-used motor vehicles	-	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable value.

Derecognition of property and equipment

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirment of an item of property and equipment is deternined as the difference between the sales proceed and the carrying amount of the asset and is recognised in the statement of profit or loss of the year that the asset is de-recognised.

Notes to the financial statements
For the year ended 31 December 2016

4.3 Impairment of non financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.4 Financial Instruments

The Company classifies non-derivative financial assets into the following categories: held-to-maturity financial assets and loans and receivables. The Company classifies non-derivative financial liabilities as other financial liabilities.

i. Non-derivative financial assets – Measurement

Held-to-maturity financial assets	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.
Loans and receivables	These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

ii. Non-derivative financial liabilities –Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

iii. Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company recognises a financial asset or liability when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligation are discharged or cancelled or expire.
Financial assets and financial liabilities are offset and net amount presented in the statement of financial position when, and only when, the Company currently has a legal enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Notes to the financial statements
For the year ended 31 December 2016

4.5 Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets not carried at fair value through profit or loss is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that 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 group of financial assets that can be reliably estimated.

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

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on receivables has been incurred, 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 discounted at the financial asset's original effective interest rate.

4.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an going basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

4.7 Trade and other receivables

Trade receivables and other receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue trade and other receivables are recognized as they accrue.

Notes to the financial statements
For the year ended 31 December 2016

4.8 Other assets

Other assets includes consumables and prepayments. Consumables comprise stock of computer consumables, office stationaries and diesel which are measured at the lower of cost and net realisable value.

Prepayments comprise prepaid rents and staff upfront payments. Prepayments are recognised as payment is made and subsequently amortised on a straight-line basis over the tenor of payment.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and placements with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost (cost plus accrued interest) in the statement of financial position.

4.10 Employee benefits

(a) Defined contribution plan

The Company has a defined contribution plan.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reform Act. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company operates a contributory pension scheme in line with the provisions of the Pension Reform Act 2014. The contributions of 8% and 10% for staff and the Company respectively are based on the current salaries and designated allowances. Employee contributions are funded through payroll deductions while the Company's contribution is charged to the profit or loss account.

(b) Short-term benefits

Short-term benefits consist of salaries, accumulated leave allowances, profit share, bonuses and any non-monetary benefits. Short-term employees' benefits are measured on an undiscounted basis and are expensed as the related services are provided.

(c) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy and it is probable that the offer will be accepted. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

4.11 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) Current tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, and any adjustment to the tax payable or recoverable in respect of previous years. The amount of current tax payable or recoverable is the best estimate of the tax amount expected to be paid or received that reflects the uncertainity related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Notes to the financial statements
For the year ended 31 December 2016

b) Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

(i) temporary differences arising on the initial recognition of goodwill;

(ii) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and

(iii) temporary differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4.12 Provisions

A provision is recognised if, as a result of a past event, the Company 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.

These provisions include leave pay provision, audit fee provision, etc.

4.13 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Company as a Lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance cost in the statement of profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases.

Notes to the financial statements
For the year ended 31 December 2016

4.14 Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of these ordinary shares are recognised as a deduction from equity net of any tax effects.

4.15 Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

4.16 Statutory reserves

In accordance with the requirement of Section 81 (2) of the Pension Reform Act 2014, statutory reserve is credited with an amount equivalent to 12.5% of net profit after tax or such other percentage of the net profit as the National PenCom Commission may from time to time stipulate.

4.17 Pension funds under management

The Company invests pension funds on behalf of clients, in line with the provisions of Pension Reform Act of Nigeria, the assets of the pension funds under management are in the custody of the pension fund custodian, which is an unrelated company. Consequently, the assets and liabilities of the pension funds under mangement are not reflected on the statement of financial position, as these do not belong to the Company. The values of these items are disclosed in note 27 to the financial statements.

4.18 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Foreign currency

Foreign currency transactions are recorded at the rate of exchange on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency (the Naira) at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

Unrealized exchange differences on non-monetary financial assets (investments securities) are a component of the change in their entire fair value.

Notes to the financial statements
For the year ended 31 December 2016

4.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding taxes and duty. The following specific recognition criteria must also be met before revenue is recognised.

Fee income earned from administrative services

These are fees earned from contributors to cover cost of registration and administering each retirement savings account. The fees from administrative services are earned on every month based on a flat rate of N100 per contributor. The Company does not recognise revenue from a contributor that has not made contribution for a particular month. These fees are approved by the National Pension Commission (PENCOM).

Fee income from providing management services

Fees earned for the provision of services over a period of time are accrued over that period. That is, the fees are invoiced on a preceding month basis but accrued on a daily basis on the Fund. These fees include the administration and supervision of pension fund assets. Revenue recognised is based on a percentage of the opening net asset value of the pension fund investment at the beginning of the period of charge. Management fee earned on retirement savings account is accrued at 1.6% on preceding day's net asset value. Fee earned on retiree account is accrued at 5% based on the daily income earned by the Fund. Other fees are accrued at approved rates based on net asset value or daily income. These fees are approved by the National Pension Commission (PENCOM).

Interest income

For all financial instruments under short-term deposits and financial assets that are measured at amortised cost, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Other income

Other operating income includes gains from sale of property and equipment and dividends when the right to receive dividend is established. For listed securities, this is the date the security is listed as ex-dividend.

4.21 Expenses

All expenses are recognised in the statement of profit or loss on an accrual basis.

5 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to early adopt these standards. These will be adopted in the period that they become mandatory unless otherwise indicated:

(i) IFRS 9 Financial instruments

IFRS 9 Financial Instruments (Amended July 2014)

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company's financial assets, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the allowance for bad debts recognised in the Company. The amendments apply retrospectively. The Company will adopt the amendments for the year ending 31 December 2018.

Notes to the financial statements
For the year ended 31 December 2016

(ii) IFRS 15 Revenue from Contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Company is currently assessing the impact of this standard on its financial statements

(iii) Disclosure Initiative (IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendment is effective for annual periods beginning on or after 1 January 2017.

The Company has assessed and evaluated the potential effect of this standard. Given the nature of the Company's operation, this standard will have no impact on the Company's financial statements.

(iv) IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard is effective 1 January 2019 and early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16.

The Company is yet to carry out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; however, the Company will adopt the standard for the year ending 31 December 2019.

(v) Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealized losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendment is not expected to have any significant impact on the financial statements of the Company. The Company will adopt the amendments for the year ending 31 December 2017.

Notes to the financial statements
For the year ended 31 December 2016

6 Critical accounting estimates and judgment

The Company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change if the change affects that period only or in the period of change and future period, if the change affects both.

a) Judgements

(i) Lease classification

The Company entered into a number of transactions under lease arrangement in which it does not have any residual interest in the assets under the contracts. The Company has determined that substantially all the risks and rewards of the assets are with the vendors. Hence, the lease contracts have been determined to be an operating lease arrangement (see note 11(a)).

b) Estimates and assumptions

The estimates and assumptions that have significant risks of causing material adjustment to the carrying amount of asset and liabilities in the financial statements are stated below:

(i) Determination of impairment of property and equipment and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

(ii) Depreciable life of property and equipment

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

(iii) Income taxes

The Company is subject to income taxes in Nigeria. Significant estimates are required in determining the provision for income taxes. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

For recognition of deferred tax assets, judgment is exercised to assess the availability of future taxable profit against which tax losses carried forward can be used.

(iv) Fund under management

The Company invests pension funds on behalf of its clients, and in line with the provisions of Pension Reform Act, the assets of the pension funds under management are in the custody of a pension fund custodian which is not related to the Company. Determination of whether the Company controls such pension funds usually focuses on the assessment of the aggregate economic interests of the Company in the fund and the subscribers' rights to remove the fund manager. For all funds managed by the Company, the regulator (PENCOM) is able to remove the Company as fund manager without cause, and the Company does not have any economic interest in the funds. As a result, the Company has concluded that it acts as agent for the subscribers in all cases, and therefore has not consolidated these funds (see note 27 details of assets under management).

(v) Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed under note 4.6

The Company measures fair values using the following hierarchy of methods.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments e.g quoted equity securities. These items are exchange traded positions.

Level 2: inputs other than quoted prices included within Level 1 that are observable 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 in which all significant inputs are directly or indirectly observable from market data.

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

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7 Financial Risk Management

Overview

Risk associated with the business of the Company include financial risks, namely; credit risk, liquidity risk and market risk (which includes currency risk, interest risk, equity and commodity price risk) as well as other risks such as capital management, operational risk, strategic risk, legal risk, reputational risk, taxation risk and regulation risk.

Risk appetite

The Company's risk appetite is reviewed by the Board of Directors annually, at a level that minimises erosion of earnings or capital due to avoidable losses or from frauds and operational inefficiencies. This reflects the conservative nature of the Company as far as risk taking is concerned.

The Company employs a range of quantitative indicators to monitor the risk profile. Specific limits have been set in line with the Company's risk appetite.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board Risk Management Committee is assisted in its oversight role by the Risk Management unit. This unit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board Risk Committee.

i Credit risk

Credit risk is the risk arising from counterparty's inability or unwillingness to fulfill contractual obligations to the Company. Key areas where the Company is exposed to credit risk are:

* **Investment in financial instruments** such as treasury bills, short term deposits and other bank balances. The risk of these exposures are tied to the financial health of these institutions, mainly comprised of the Central Bank of Nigeria and top tier banks.

* **Trade and other receivables**: these exposures represent fees receivable from managed portfolios yet to be approved for payment, staff loans and other receivables. The allowance for impairments on trade and other receivables represents specific impairment made.

The maximum exposure to credit risk is represented by the carrying amount of the financial assets as disclosed in the table below:

Maximum exposure to credit risk

In thousands of Naira	Note	**Less than 3 months**	**3-6 months**	**6-12 months**	**Above 1 year**	**31-Dec-16**
Treasury bills - HTM	9(a)	-	-	371,265	-	371,265
FGN Bonds	9(a)	-	-	103,836	-	103,836
Trade and other receivables	10	120,374	-	16,607	7,587	144,568
Cash and cash equivalents	8	570,782	-	-	-	570,782

In thousands of Naira	Note	**Less than 3 months**	**3-6 months**	**6-12 months**	**Above 1 year**	**31-Dec-15**
Treasury bills - HTM	9(a)	-	-	-	-	-
FGN Bonds	9(a)	-	-	-	-	-
Trade and other receivables	10	86,428	1,251	8,084	35,870	131,632
Cash and cash equivalents	8	1,002,613	-	-	-	1,002,613

Managing credit risk

The risk management function has responsibility for assessing, monitoring and managing credit risk within the Company, in line with the set credit rating limits and prescribed counterparty exposure limits contained in the internal counterparty policy and regulatory investment guidelines. The guidelines are designed to minimise counterparty concentration risk.

Notes to the financial statements
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Credit risk exposure

The Company monitors concentrations of credit risk by industry sector. An analysis of concentrations of credit risks at 31 December 2016 and 31 December 2015 respectively are set out below:

Industry analysis
As at December 2016

In thousands of Naira	**Banking**	**Government**	**Financial services**	**Others**	**Total**
Treasury bills - HTM	-	371,265	-	-	371,265
FGN Bonds	-	103,836	-	-	103,836
Trade and other receivables	-	-	120,374	24,194	144,568
Cash and cash equivalents	302,291	-	268,042	-	570,333
	302,291	**475,101**	**388,416**	**24,194**	**1,190,002**

As at December 2015

In thousands of Naira	**Banking**	**Government**	**Financial services**	**Others**	**Total**
Treasury bills - HTM	-	-	-	-	-
FGN Bonds	-	-	-	-	-
Trade and other receivables	-	-	82,125	49,507	131,632
Cash and cash equivalents	1,002,613	-	-	-	1,002,613
	1,002,613	**-**	**82,125**	**49,507**	**1,134,245**

'Others' represent loans given out to members of staff.

ii Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, management maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Company has developed internal control processes for managing liquidity risk.

Liquidity in the context of our business, does not extend to Client funds which are managed by the Company, under an agency relationship. It refers to the Company's own funding activities.

The maturity profiles of the contractual undiscounted cash flows of financial instruments at 31 December 2016 were as follows:

Maturity analysis for financial assets and financial liabilities

31 December 2016

In thousands of naira	Carrying amount	Contractual cashflow	Up to 3 months	3-6months	6-12months	Over 1 year
Treasury bills - HTM	371,265.0	412,000	-	-	412,000	-
FGN Bonds	103,836.0	206,519	-	7,042	7,158	192,319
Trade and other receivables	144,568.0	145,196	121,398	-	15,583	8,215
Cash and cash equivalents	570,782.0	570,782	570,782	-	-	-
	1,190,451	1,334,497	692,180	7,042	434,741	200,534
Trade and other payables	55,761	55,761	21,212	34,549	-	-
	55,761	55,761	21,212	34,549	-	-
Gap (asset -liabilities)	1,134,690	1,278,736	670,968	(27,507)	434,741	200,534
Cumulative liquidity gap			670,968	643,461	1,078,202	1,278,736

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31 December 2015

In thousands of naira	Carrying amount	Contractual cashflow	Up to 3 months	3-6months	6-12months	Over 1 year
Trade and other receivables	131,632	143,715	98,511	1,251	8,084	35,870
Cash and cash equivalents	1,002,613	1,002,613	1,002,613	-	-	-
	1,134,245	1,146,328	1,101,124	1,251	8,084	35,870
Trade and other payables	51,126	51,126	17,465	33,661	-	-
Interest bearing loans	4,438	4,438	-	4,438	-	-
	55,565	55,565	17,465	38,100	-	-
Gap (asset -liabilities)	1,078,680	1,090,763	1,083,659	(36,849)	8,084	35,870
Cumulative liquidity gap			1,083,659	1,046,810	1,054,894	1,090,763

iii Market risk

Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatilities. Market risk is the risk that these volatilities will affect the Company's income. The objective of market risk management activities is to continually manage and control market risk exposure within acceptable parameters, while optimizing the return on risks taken.

The Company does not undertake any activities which give rise to a considerable level of market risks exposures (i.e. the risk that the fair value of future cash flows of our investment positions or other financial instrument will fluctuate because of changes in market prices).

- **Currency risk**

The Company is not exposed to foreign exchange risk, as it does not have assets or liabilities denominated in foreign currencies.

- **Interest rate risk**

The Company is exposed to a considerable level of interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates). These changes could have a negative impact on the net interest income, if not properly managed.

The table below summarizes the Company's interest rate gap position:

Amounts in thousands of Naira

31 December 2016		**Carrying**		**Non rate**
Assets	Note	**amount**	**Rate sensitive**	**sensitive**
Treasury bills -HTM	9(a)	371,265	371,265	-
FGN Bonds	9(a)	103,836	103,836	-
Trade and other receivables	10	144,568	24,194	120,374
Cash and cash equivalents	8	570,782	544,420	26,362
Total assets		**1,190,451**	**1,043,715**	**146,736**
Liabilities:				
Trade and other payables	14	55,761	-	55,761
Total liabilities		**55,761**	**-**	**55,761**
Total interest repricing gap		**1,134,690**	**1,043,715**	**90,975**

Notes to the financial statements
For the year ended 31 December 2016

31 December 2015

Assets		**Carrying amount**	**Rate sensitive**	**Non rate sensitive**
Trade and other receivables	10	131,632	46,517	87,679
Cash and cash equivalents	8	1,002,613	943,583	59,030
Total assets		**1,134,245**	**990,100**	**146,709**
Liabilities:				
Trade and other payables	14	51,126	-	51,126
Interest bearing loans	15	4,438	4,438	-
Total liabilities		**55,564**	**4,438**	**51,126**
Total interest repricing gap		**1,078,681**	**985,661**	**95,583**

The impact of a change of 100 basis points in interest income on investment securities is analysed below.

The impact of a change of 100 basis points in management fee rate from the Retirement Savings Account Fund (RSA) Fund which constitutes over 95% of the total management fee income is analysed below. Also, a change of 100 basis points in interest rates during the year would have increased (decreased) interest income and finance cost by the amounts shown below. This analysis assumes that all other variables remain constant.

	31-Dec-16 ₦'000	**31-Dec-15 ₦'000**
Increase in basis points		
Sensitivity of interest income	10,437	2,561
Sensitivity of management fee income	9,340	7,432
Sensitivity of finance cost	-	1,319
Sensitivity of carrying value of investment securities	3,713	-
Sensitivity of carrying value of interest bearing loans	-	45
Decrease in basis points		
Sensitivity of annual interest income	(10,437)	(2,561)
Sensitivity of management fee income	(9,340)	(7,432)
Sensitivity of finance cost	-	(1,319)
Sensitivity of carrying value of investment securities	(3,713)	-
Sensitivity of carrying value of interest bearing loans	-	(45)

Notes to the financial statements
For the year ended 31 December 2016

Financial assets and liabilities

Accounting classification measurement basis and fair values

The following table shows the Company's classification of each class of financial assets and liabilities, the carrying amounts and their

The carrying amounts of the financial assets approximates their fair values.

31 December 2016 *In thousands of Naira*	Note	**Loans and receivables**	**Held to maturity**	**Other financial liabilities**	**Carrying amount**	**Fair value**
Cash and cash equivalents	8	570,782	-	-	570,782	570,782
Treasury bills - HTM	9(a)	-	371,265	-	371,265	319,209
FGN Bonds	9(a)	-	103,836	-	103,836	93,630
Trade and other receivables	10	144,568	-	-	144,568	142,053
		715,350	475,101	-	1,190,451	1,125,674
Trade and other payables	14	-	-	55,761	55,761	57,136
		-	-	55,761	55,761	57,136

31 December 2015 *In thousands of Naira*	Note	**Loans and receivables**	**Held to maturity**	**Other financial liabilities**	**Carrying amount**	**Fair value**
Cash and cash equivalents	8	1,002,613	-	-	1,002,613	1,002,613
Treasury bills - HTM	9(a)	-	-	-	-	-
FGN Bonds	9(a)	-	-	-	-	-
Trade and other receivables	10	131,632	-	-	131,632	131,632
		1,134,245	-	-	1,134,245	1,134,245
Trade and other payables	14	-	-	51,126	51,126	51,126
Interest bearing loans	15	-	-	4,438	4,438	4,438
		-	-	55,564	55,564	55,565

Fair value of financial assets and liabilities

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This includes financial instruments, for which fair value could not be determined and which are therefore carried at cost.
- This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Notes to the financial statements
For the year ended 31 December 2016

(a) ***Financial instruments not measured at fair value - fair value hierarchy***

The Company did not measure any of its financial instrument as fair value. However, following tables set out the fair values of the Company's financial instruments and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2016	Note	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Carrying amount ₦'000
Assets						
Treasury bills - HTM	9(a)	319,209	-	-	319,209	371,265
FGN Bonds	9(a)	93,630	-	-	93,630	103,836
		412,839	-	-	412,839	475,101
Liabilities						
Trade and other payables	14	-	-	57,136	57,136	57,136
		-	-	57,136	57,136	57,136

31 December 2015	Note	Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total fair value ₦'000	Carrying amount ₦'000
Assets						
Treasury bills - HTM	9(a)	-	-	-	-	-
FGN Bonds	9(a)	-	-	-	-	-
		-	-	-	-	-
Liabilities						
Trade and other payables	14	-	-	51,126	51,126	51,126
Interest bearing loans	15	-	4,438	-	4,438	4,438
		-	4,438	51,126	55,565	55,565

Carrying value has been used where it closely approximates fair values.

iv Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Company is well capitalized with a shareholders fund of N1.39 billion as at December 2016 (2015: N1.28 billion) which is in excess of the regulatory capital base of N1billion.

The strategy for assessing and managing the impact of the Company's business plans on present and future regulatory capital forms an integral part of the Company's strategic plan. Specifically, the Company considers how the present and future capital requirements will be managed and met against projected capital requirements. This is based on the Company's assessment and against the supervisory/regulatory capital requirements taking account of the Company business strategy and value creation to all its stakeholders.

Capital levels are determined either based on internal assessments or regulatory requirements.

The capital adequacy of the Company is reviewed regularly to meet regulatory requirements and standard of international best practices in order to adopt and implement the decisions necessary to maintain the capital at a level that ensures the realisation of the business plan with a certain safety margin.

The Company undertakes a regular monitoring of capital adequacy and the application of regulatory capital by deploying internal systems based on the guidelines provided by the National Pension Commission (PENCOM).

The Company's capital plan is linked to its business expansion strategy which anticipates the need for growth and expansion in its branch network and IT infrastructure. The Company's capital adequacy remains strong and the capacity to generate and retain reserves continues to grow.

Notes to the financial statements
For the year ended 31 December 2016

v Operational Risk

Operational Risk is the risk of loss resulting from inadequate and /or failed internal processes, people and systems or from external events, including legal risk and any other risks that is deemed fit on an ongoing basis but exclude reputation and strategic risk. Operational risk exists in all products and business activities. Operational Risk is considered as a critical risk faced by the Company.

The Company proactively identifies, assesses and manages all operational risks by aligning the people, technology and processes with best risk management Practices towards enhancing stake holder's value and sustaining industry leadership.

Operational risk objectives includes the following:
• To provide clear and consistent direction in all operations of the Company;
• To provide a standardised framework and appropriate guidelines for creating and managing all operational risk exposures;
• To enable the Company identify and analyse events (both internal and external) that impact on its business.

The basic principles that guide the operational risk activities include:
• Operational risks are identified by the assessments covering risks facing each business unit and risks inherent in processes, activities and products.
• Risk assessment incorporates a regular review of risks identified to monitor significant changes.
• The Risk management unit constantly identifies and assesses the operational risk inherent in all material products, activities, processes and systems.

vi Strategic Risk

Strategic risk examines the impact of design and implementation of business models and decisions, on earnings and capital as well as the responsiveness to industry changes. This responsibility is taken quite seriously by the Board and Executive management of the Company and deliberate steps are taken to ensure that the right models are employed and appropriately communicated to all decision makers in the Company. The execution, processes and constant reviews supports that strategic objectives are achieved.

vii Legal Risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations by the inability of the organisation to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed.

The Company manages this risk by monitoring new legislation, creation of awareness of legislation amongst employees, identification of significant legal risks as well as assessing the potential impact of these.
Legal risks management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreements (SLAs) and other contractual documents.

The Company also has experienced professionals who handle legal issues across the Company.

viii Regulation Risk

It is recognised that the Company’s reputation may suffer adversely due to bad publicity, non-compliance with regulatory rules and legislation, which may lead to a significant drop in new business and/or a significant increase in the number of lapses and/or

The Company promotes sound business ethics among its employees.
The Company also strives to maintain quality customer services and procedures, and business operations that enable compliance with regulatory rules and legislation in order to minimise the risk of a fall in the reputation of the Company.

The Company did not record any issue with major reputational effect in the financial year.

ix Taxation Risk

Taxation risk refers to the risk that new taxation laws will adversely affect the Company and/or the loss of non-compliance with tax

The taxation risk is managed by monitoring applicable tax laws, maintaining operational policies that enable the Company to comply with taxation laws and, where required, seeking the advice of tax specialists.

x Regulatory Risk

The Company manages the regulatory risk it is potentially exposed to by monitoring new regulatory rules and applicable laws, and the identification of significant regulatory risks. The Company strives to maintain appropriate procedures, processes and policies that enable it to comply with applicable regulation.

The Company has continued to maintain zero tolerance posture for any regulatory breaches in all its area of operations. The strengthening of compliance during the financial year has further enhanced the process of management of regulatory risk across the Company.

Notes to the financial statements
For the year ended 31 December 2016

8 Cash and cash equivalents

In thousands of Naira	31-Dec-16	31-Dec-15
Cash at bank and on hand	26,362	59,030
Short term deposits (See (a) below)	529,800	931,499
Interest receivable on fixed deposit and call placement	14,620	12,083
	570,782	1,002,613

(a) The short term deposits listed above includes N9.8 million (2015: N14.5 million) representing investment of the statutory fund held by the Company in line with the provisions of the Section 69 of the Pension Repform Act (PRA) 2014.

Short-term deposits vary between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the prevailing short-term deposit rates. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

9 Investment securities

a) Held to maturity

In thousands of Naira	31-Dec-16	31-Dec-15
Treasury bills (See (i) below)	371,265	-
FGN Bonds	103,836	-
	475,101	-
Current	371,265	-
Non-current	103,836	-
	475,101	-

(i) The held to maturity treasury bills listed above includes N50.6 million (2015: nil) representing investment of the statutory fund held by the Company in line with the provisions of the Section 69 of the Pension Reform Act (PRA) 2014.

b) The movement in financial instruments is shown below:

Held to maturity financial instruments

In thousands of Naira	31-Dec-16	31-Dec-15
Opening balance	-	240,363
Net movement	475,101	(240,363)
Closing balance	475,101	-

Available for sale financial instruments

In thousands of Naira	31-Dec-16	31-Dec-15
Opening balance	-	1,727
Additions	-	-
Disposal	-	-
Write-off	-	(1,727)
Closing balance	-	-

Notes to the financial statements
For the year ended 31 December 2016

10 Trade and other receivables

In thousands of Naira	31-Dec-16	31-Dec-15
Management fees (See (c) below)	108,885	77,837
Admin fees (See (c) below)	4,379	4,289
	113,264	82,125
Loan and other advances (See (c) below)	24,194	45,204
Other receivables (See (c) below)	7,110	4,303
	144,568	131,632
Impairment on other receivables (See (a) below)	-	-
	144,568	131,632
Current	136,981	95,762
Non-current	7,587	35,870
	144,568	131,632

(a) Movement in specific impairment account during the year was as follows:

In thousands of Naira	31-Dec-16	31-Dec-15
Opening balance	-	22,502
Allowance utilised to write-off receivable	-	(22,502)
Closing balance	-	-

(b) The ageing analysis of trade and other receivables are as follows:

In thousands of Naira	Gross amount	Impairment 31-Dec-16	Carrying amount	Gross amount	Impairment 31-Dec-15	Carrying amount
Past due 0-30 days	122,403	-	122,403	82,125	-	82,125
Past due 31-365 days	20,469	-	20,469	13,637	-	13,637
More than one year	1,697	-	1,697	35,870	-	35,870
	144,569	-	144,569	131,632	-	131,632

(c) Management and administrative fee receivable are fees earned on management funds which becomes due for payment once approved by PENCOM, the Company's regulator, and by the Board of Trustees of the approved pension schemes under management.

Loans and other advances are to staff which are due for repayment between two months and four years.
Other receivables includes VAT on management fees receivable and receivables from tenants for maintenance costs of N332,000.

11 Other assets

In thousands of Naira	31-Dec-16	31-Dec-15
Prepayments (See (a) below)	11,585	21,897
Consumables	2,711	1,027
	14,296	22,923
Current	13,098	14,426
Non-current	1,198	8,497
	14,296	22,923

Consumables includes stock of computer consumables, office stationeries and diesel as at year end.

a Prepayments

In thousands of Naira	31-Dec-16	31-Dec-15
Prepaid rent	6,044	11,605
Prepaid insurance	-	25
Prepaid staff benefits	1,198	8,497
Other prepaid expenses	4,343	1,770
	11,585	21,897

Notes to the financial statements

For the year ended 31 December 2016

12 Property and equipment

December 2016

In thousands of Naira	Furniture & Fittings	Motor Vehicle	Computer Equipment	Plant & Equipment	Office Equipment	Total
Cost :						
Balance at 1 January 2016	77,242	133,234	96,876	12,548	46,754	366,654
Additions	15,301	140,897	10,073	16,329	13,401	196,001
Disposals	(750)	(50,436)	(317)	-	(442)	(51,945)
Balance, end of year	**91,793**	**223,695**	**106,632**	**28,877**	**59,713**	**510,710**
Accumulated depreciation:						
Balance at 1 January 2016	35,868	83,982	76,772	10,357	17,222	224,201
Charge for the year	10,987	51,007	12,495	2,525	8,321	85,335
Disposals	(750)	(50,209)	(183)	-	(442)	(51,584)
Balance, end of year	**46,105**	**84,780**	**89,084**	**12,882**	**25,101**	**257,952**
Net book value:						
31 December 2016	**45,688**	**138,915**	**17,548**	**15,995**	**34,612**	**252,758**
31 December 2015	**41,375**	**49,251**	**20,104**	**2,191**	**29,533**	**142,453**

(a) There were no capitalized borrowing costs related to the acquisition of property, plant and equipment during the year ended 31 December 2016 (31 December 2015: Nil).
(b) In the opinion of the directors, the market value of the Company's property, plant and equipment is not less than the value shown in the financial statements.
(c) The Company had no capital commitments contracted or authorized as at 31 December 2016 (31 December 2015: Nil)
(d) There was no property and equipment that has been pledged as security for borrowings as at 31 December 2016 (31 December 2015: Nil)

December 2015

In thousands of Naira	Furniture & Fittings	Motor Vehicle	Computer Equipment	Plant & Equipment	Office Equipment	Total
Balance at 1 January 2015	41,633	135,308	89,788	14,903	18,207	299,839
Additions	39,100	23,057	7,832	-	28,547	98,536
Disposals	(3,491)	(25,132)	(744)	(2,355)	-	(31,722)
Balance, end of year	**77,242**	**133,234**	**96,876**	**12,548**	**46,754**	**366,654**
Balance at 1 January 2015	35,849	66,992	61,638	11,071	14,189	189,739
Charge for the year	3,510	33,682	15,319	1,642	3,033	57,186
Disposals	(3,491)	(16,692)	(185)	(2,355)	-	(22,724)
Balance, end of year	**35,868**	**83,982**	**76,772**	**10,357**	**17,222**	**224,201**
Net book value:						
31 December 2015	**41,375**	**49,251**	**20,104**	**2,191**	**29,533**	**142,453**
31 December 2014	**5,784**	**68,316**	**28,150**	**3,832**	**4,018**	**110,100**

Notes to the financial statements
For the year ended 31 December 2016

13 Intangible asset

In thousands of Naira	31-Dec-16	31-Dec-15
Computer software		
Cost :		
As at 1 January	129,125	127,069
Additions	1,124	2,056
Disposals	-	-
As at 3I December	**130,249**	**129,125**
Amortisation:		
As at 1 January	119,877	109,580
Charge for the year	7,146	10,297
Disposals	-	-
As at 31 December	**127,023**	**119,877**
Carrying amount		
As at 31 December	**3,226**	**9,248**

i) There were no impairment losses on intangible assets during the year (2015: Nil)
ii) The items of intangible assets are non-current assets.

Notes to the financial statements
For the year ended 31 December 2016

14 Trade and other payables

In thousands of Naira	31-Dec-16	31-Dec-15
Accrued expenses	34,549	33,661
Other payables (See (a) below)	21,212	17,465
	55,761	**51,126**
Current	55,761	51,126
Non-current	-	-
	55,761	**51,126**

(a) Other payables

In thousands of Naira	31-Dec-16	31-Dec-15
Personal income tax payable (PAYE)	1,324	1,669
VAT payable	19,492	13,703
WHT payable	299	-
Other payables	97	2,093
	21,212	**17,465**

15 Interest bearing loans

In thousands of Naira	31-Dec-16	31-Dec-15
Mortgage refinancing facility	-	4,438
	-	**4,438**
Current	-	78
Non current	-	4,360
	-	**4,438**

a. Movement in interest bearing loans

In thousands of Naira	31-Dec-16	31-Dec-15
Interest bearing loans b/fwd	4,438	4,438
Repayment	(4,438)	-
	-	**4,438**

16 Income tax

a. Income tax expense

In thousands of Naira	31-Dec-16	31-Dec-15
Corporate income tax charge	32,028	37,083
Tertiary tax	6,241	7,032
NITDA levy	2,463	3,064
Current year	40,732	47,179
Deferred tax expense	35,534	50,437
Total income tax expense reported in profit or loss	76,266	97,616

b. Reconciliation of effective tax rate

In thousands of Naira	31-Dec-16	31-Dec-16	31-Dec-15	31-Dec-15
Profit before taxation		248,780		309,398
Tax using the Company's domestic tax rate	30%	74,634	30%	92,819
Effect of disallowed expenses	2%	5,681	3%	7,768
Income/gains exempt	-5%	(12,753)	-4%	(13,068)
Impact of Minimum Tax	0%	-	0%	-
Tertiary tax	3%	6,241	2%	7,032
NITDA	1%	2,463	1%	3,064
	31%	76,266	32%	97,616

c. Income tax payable

In thousands of Naira	31-Dec-16	31-Dec-15
Opening balance	46,803	13,190
Charge for the period	40,732	47,179
	87,535	60,369
Payments during the year	(43,175)	(13,566)
Closing balance	**44,360**	**46,803**
Current	44,360	46,803
Non-current	-	-
	44,360	**46,803**

d. Movement in deferred tax balances

2016

In thousands of Naira	Net balance at 1 January	Recognized in profit or loss (See (a))	Net balance at 31 December
Property and equipment	68,677	(35,534)	33,143
Net tax assets	**68,677**	**(35,534)**	**33,143**

2015

In thousands of Naira	Net balance at 1 January	Recognized in profit or loss (See (a))	Net balance at 31 December
Property and equipment	119,114	(50,437)	68,677
Net tax assets / (liabilities)	**119,114**	**(50,437)**	**68,677**

17 Equity

Share Capital

a Authorised Share Capital

In thousands of Naira	31-Dec-16	31-Dec-15
1,078,777,000 ordinary shares of N1.00 each	1,078,777	1,078,777
	1,078,777	1,078,777

b Issued and fully paid

In thousands of Naira	31-Dec-16	31-Dec-15
1,078,777,000 ordinary shares of N1.00 each	1,078,777	1,078,777

(i) *In thousands of Naira*	Share premium	Retained earnings
At 1 January 2016	40,365	100,799
Dividend paid	-	(53,939)
Profit for the year	-	172,514
Profit transfer to statutory reserve	-	(21,564)
At 31 December 2016	**40,365**	**197,810**

c Dividend declared

During the year, the Company obtained PENCOM approval to pay dividend of 5 kobo per share based on 2015 Financial Statements.

d Statutory reserve

In accordance with the provision of section 81(2) of the Pension Reform Act, 2014, the statutory reserve is credited with an amount equivalent to 12.5% of the net profit after tax or based on National Pension Commission requirements.

Notes to the financial statements
For the year ended 31 December 2016

18 Fee income

In thousands of Naira	31-Dec-16	31-Dec-15
Management Fees- Legacy funds	28,920	30,924
Management Fees- RSA	885,728	743,191
Management Fees- Retiree	19,390	21,304
Administrative Fees- RSA Fund	59,511	62,453
	993,549	**857,872**

19 Other income

In thousands of Naira	31-Dec-16	31-Dec-15
Gain on financial instruments held-for-trading	6,776	-
Interest income on investment securities (HTM)	37,080	121,273
Interest income on fixed income placements	81,910	
Interest income on staff loans	3,872	3,494
Gains from sale of property and equipment	2,784	793
Reclassification of fair value reserves on AFS instruments	-	111
Sundry income	1,712	25,213
	134,134	**150,884**

20 Other operating expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Administrative expenses	85,632	59,349
Travels and accommodation	43,053	32,050
Repairs and maintenance	27,909	23,336
Board expenses	1,887	19,178
Advertisement and marketing expenses	53,165	19,834
Rent and rates	16,729	16,227
Corporate end of year gift	11,239	13,536
Business acquisition cost	9,590	11,326
Professional fees	12,500	8,540
Agency commission	8,382	7,516
Preference share conversion costs	-	7,205
Audit fees	6,500	6,500
Insurance	8,664	6,124
Corporate governance fees	2,000	2,000
Unrealised loss	-	1,727
Security costs	2,831	1,220
Bad debt	-	903
Loss on property and equipment disposal	197	266
Directors' fees	23,837	2,283
Settlement-Anammco Staff Fund (see (a) below)	21,596	-
Other expenses	1,440	500
	337,152	**239,620**

(a) Settlement-Anammco Staff Fund relates to the payment made to the fund owners of the closed Anammco staff fund as directed by PENCOM.

21 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year. The Company does not have any dilutive potential ordinary shares for the year, hence the EPS and diluted earnings per share (DEPS) are the same.

In thousands of Naira	31-Dec-16	31-Dec-15
Profit attributable to equity holders	172,514	211,671
Number of ordinary shares in issue	1,078,777	1,078,777
Basic & diluted earnings per share	0.16	0.20

22 Personnel expenses

In thousands of Naira	31-Dec-16	31-Dec-15
Salaries and other related costs	433,728	356,824
Pension	15,542	13,383
Termination benefits	-	20,000
Total	**449,270**	**390,206**

No termination benefits were paid to management staff in 2016 (2015: N20,000,000).

23 Finance costs

In thousands of Naira	31-Dec-16	31-Dec-15
Interest expense on finance lease	-	2,049
	-	**2,049**

24 Contingent liabilities and Litigations

There were no contingent liabilities as at 31 Dec 2016 (2015: Nil)

There were four (4) (2015: 3) pending litigations against the Company as at 31 December 2016, which arose in the normal course of business and are being contested by the Company. The directors, having sought advice of professional counsel (Abiodun Oni and Co. - FRC/2014/NBA/00000006650) are of the opinion that no liability will crystallise from these litigations.

25 Employees

a The average number of full-time persons employed by the Company during the year was as follows:

	2016 Number	**2015** Number
Management staff	6	9
Senior staff	9	15
Junior staff	103	92
	118	**116**

Compensation to staff (excluding executive director)

In thousands of Naira	31-Dec-16	31-Dec-15
Salaries and other related costs	415,360	338,957
Pension	14,613	12,454
Termination benefits	-	20,000
	429,973	**371,410**

b The number of employees in receipt of emoluments (excluding pensions and allowances) are in the following ranges:

	2016	2015
N400,001-N800,000	15	19
N800,001-N1,600,000	23	47
N1,600,001-N3,200,000	53	26
N3,200,001-Above	27	24
	118	**116**

c ***Directors emoluments***
In thousands of Naira

The remuneration paid to directors are as follows:

	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	Non-Executive		Executive	
Fees	1,677	2,283	-	-
Other emoluments	65,213	52,384	19,297	17,867
	66,890	**54,667**	**19,297**	**17,867**

Fees and other emoluments disclosed include amounts paid to:

The chairman	6,811	3,508
The highest paid director	19,297	17,867

The number of directors who received fees and other emoluments are in the following ranges:

	2016	**2015**
N100,001-N4,000,000	1	1
N4,000,001- N7,000,000	7	7
N7,000,001-Above	1	1
	9	**9**

26 Related party transactions

AIICO Insurance Plc is the parent company of AIICO Pension Managers Limited. The Company entered into transactions with the parent company and other companies within the AIICO group. The amount outstanding in respect of related party transactions are set out below:

In thousands of Naira	**Relationship**	**Nature of transaction**	**31-Dec-16**	**31-Dec-15**
Expense				
AIICO Insurance Plc	Parent company	Insurance premium	8,664	6,146
AIICO Multishield Limited	Fellow subsidiary	Health insurance	9,152	9,672

In thousands of Naira	**Relationship**	**Nature of transaction**	**31-Dec-16**	**31-Dec-15**
Payables				
AIICO Insurance Plc	Parent company	Loan	-	4,360

Transaction with key management personnel and directors

Key management personnel include members of the AIICO Pension Managers Limited's board of directors and executive committee. Non executive directors are included in the definition of key management personnel as required by IAS 24 Related Party Disclosure.

The definition of key management includes the close members of family of key management personnel and any entity over which key management exercise control, joint control and significant influence.

Key management compensation comprised:

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Salaries and other short term benefits	86,075	78,225
Post-employment benefits	-	23,516
Directors fees and allowances	23,837	47,508
	109,911	149,249

Loans and advances

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Loans outstanding at the end of the year	5,050	33,370

Loans to key management personnel include car loan and mortgage loan which are given under terms that are no more favourable than those given to other staff. No impairment has been recognised in respect of loans granted to key management (2015: Nil).

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Car loan	-	6,934
Personal loan	5,050	-
Mortgage loan	-	26,436
Balance at year end	5,050	33,370

27 Pension funds under management

As at 31 December 2016, the aggregate amount of funds under management by the Company which are not included in the statement of financial position was N78.06 billion (Dec. 2015 : N64.2billion).

The net assets value of pension funds under management by type is as shown below;

In thousands of Naira	**31-Dec-16**	**31-Dec-15**
Retail (Retirement Savings Account (RSA) Funds)	61,273,125	50,595,691
Retiree fund	3,018,966	3,282,455
Institutional - Legacy funds	11,086,295	7,791,440
Transitional Contribution Fund (TCF)	2,683,346	2,575,850
	78,061,732	64,245,436

Income earned from funds under management have been disclosed in note 18 to the financial statements.

28 Contravention of laws and regulations

The Company did not pay penalties for any contravention of the laws and regulations during the year. (2015: N219,000; for non compliance with fourteenth schedule (Section 533 of CAMA) certain forms of statements to be published by banking and insurance companies and deposit, provident or benefit societies.

29 Events after reporting period

There are no event which could have a material effect on the financial position of the Company as at 31 December 2016 and its financial performance for the year ended which have not been adequately provided for or disclosed in the annual report.

Other National Disclosures

Other National Disclosures

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED

In thousands of Naira	31-Dec-16	%	31-Dec-15	%
Revenue	993,549	126	857,872	111
Other income	134,134	17	150,884	20
Administrative and other operational cost	(337,152)	(43)	(237,336)	(31)
Value added	**790,531**	**100**	**771,419**	**100**

Distribution:				
Applied as follows:				
Providers of finance:				
As interest expense	-	0	2,049	0
To employees:				
As salaries and other related costs	449,270	57	392,489	51
To Government:				
As company taxes	76,266	10	97,616	13
Retained in the Company future:				
Depreciation and amortisation	92,481	12	67,483	9
Profit for the year	172,514	22	211,782	27
Value added	**790,531**	**100**	**771,419**	**100**

Other National Disclosures

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION AS AT

In thousands of Naira	31-Dec-16	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12
Assets					
Cash and cash equivalents	570,782	1,002,613	614,699	277,999	639,691
Financial assets					
- Held to maturity	475,101	-	240,363	505,396	-
- Available for sale	-	-	1,727	3,331	16,561
Trade and other receivables	144,568	131,632	126,798	100,731	124,562
Other assets	14,296	22,923	17,918	9,597	14,497
Property and equipment	252,758	142,453	110,100	124,890	133,820
Intangible assets	3,226	9,248	17,489	13,688	7,568
Deferred tax assets	33,143	68,677	119,114	165,752	182,152
Total assets	**1,493,874**	**1,377,546**	**1,248,208**	**1,201,384**	**1,118,851**
Liabilities					
Trade and other payables	55,761	51,126	117,018	102,338	37,720
Interest bearing loans	-	4,438	54,493	67,750	67,789
Income tax payable	44,360	46,803	13,190	10,246	8,156
Total liabilities	**100,121**	**102,368**	**184,701**	**180,334**	**113,665**
Net assets	**1,393,753**	**1,275,178**	**1,063,507**	**1,021,050**	**1,005,186**
Equity					
Share capital	1,078,777	1,078,777	800,000	800,000	800,000
Irredeemable preference shares	-	-	775,000	775,000	775,000
Share Premium	40,365	40,365	40,365	40,365	40,365
Statutory reserve	76,801	55,237	28,764	14,629	3,611
Fair value reserve	-	-	111	985	3,514
Convertible loan reserve	-	-	-	-	-
Retained earnings /(deficit)	197,810	100,799	(580,733)	(609,929)	(617,304)
Total equity	**1,393,753**	**1,275,178**	**1,063,507**	**1,021,050**	**1,005,186**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Income	1,127,683	1,008,756	841,244	728,756	524,615
Expenses	878,903	699,358	669,539	614,692	469,534
Profit before taxation	248,780	309,398	171,705	114,064	55,081
Profit after taxation	172,514	211,782	113,081	88,143	27,125