

**REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF
IEI ANCHOR PENSIONS RSA FUND**

Opinion

We have audited the accompanying financial statements of **IEI Anchor Pensions RSA Fund** which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information set out on pages 5 to 17.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **IEI Anchor Pensions RSA Fund** as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act No 6, 2011.

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 requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, the International Financial Reporting Standards 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 Foundation'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 Foundation's or to cease operations, or have no realistic alternative but to do so.

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 statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In compliance with the requirements of the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the Foundation has kept proper books of account, so far as appears from our examination of those books; and
- iii) the statements of financial position and comprehensive income are in agreement with the books of account and returns.

Abel Onyke, FCA - FRC/2012/ICAN/00000000119

for: Nexia Agbo Abel & Co

Chartered Accountants

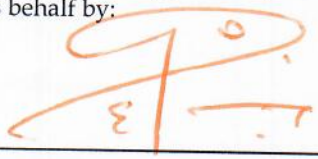
Abuja, Nigeria



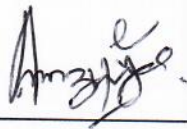
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

| | Note | 2017 ₦ | 2016 ₦ |
|---|------|-----------------------|-----------------------|
| Assets | | | |
| Cash and cash equivalents | 5 | 6,199,516,666 | 4,367,486,732 |
| Financial assets at fair value through profit or loss | 6 | 1,123,130,913 | 666,736,468 |
| Financial assets held to maturity | 7 | 22,355,647,641 | 18,202,744,149 |
| Other assets and prepayments | 8 | 700,022 | 700,022 |
| Total assets | | 29,678,995,242 | 23,237,667,370 |
| Equity and liabilities | | | |
| Non - Current liabilities | | | |
| Members contribution | | 20,663,395,390 | 17,710,214,411 |
| Statement of Comprehensive Income | | 3,474,126,831 | 1,868,445,251 |
| Increase in net assets | | 5,472,511,233 | 3,604,065,982 |
| Net assets attributable to members | | 29,610,033,454 | 23,182,725,644 |
| Current liabilities | | | |
| Trade & other payables | 9. | 68,961,788 | 54,941,727 |
| Total Liabilities | | 68,961,788 | 54,941,727 |
| Total Assets Attributable to Members | | 29,678,995,242 | 23,237,667,370 |

The financial statements were approved by the board of directors and authorised for issue on 25th April 2018. They were signed on its behalf by:



Managing Director/CEO - Glory O. Etaduovie (FRC/2016/CIIN/00000013968)



Chief Finance Officer - Iliya Asheno (FRC/ICAN/2013/00000005298)

The note on pages 9 to 19 are an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | 2017 ₹ | 2016 ₹ |
|---|------|----------------------|----------------------|
| Income | | | |
| Interest income | 10 | 3,938,419,865 | 2,538,387,330 |
| Dividend received | | 34,054,990 | 32,470,522 |
| Others income | | 57,986,835 | 229,306,180 |
| Total net income | | 4,030,461,690 | 2,800,164,032 |
| Expenses | | | |
| Fees | 11 | 622,816,994 | 476,241,201 |
| Charges and commissions | | 90,860,298 | 455,477,580 |
| Realized loss - equity. | | 70,873 | - |
| Changes in fair value of financial assets | | (157,413,305) | - |
| Total operating expenses | | 556,334,859 | 931,718,781 |
| Increase in net assets | | 3,474,126,831 | 1,868,445,251 |

FUNDS DETAILS

| | | |
|------------------------------------|---------|--------|
| Number of RSA Holders | 106,761 | 53,025 |
| Fund price | 2.2132 | 1.9411 |
| Investment return for the year (%) | 15.81 | 12.19 |
| 3 years rolling average return (%) | 12.56 | 10.02 |

The note on pages 9 to 19 are an integral part of these financial statements.

4. Significant accounting policies (Continued)

4.5 Transactions costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss they include the bid-ask-spread. Fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred are immediately recognised in profit or loss as an expense.

4.6 Increase/decrease in net assets attributable to holders of redeemable shares

Income not distributed is included in net assets attributable to provider of fund. Movement in net assets attributable to provider fund are recognised in the statement of comprehensive income as finance costs.

4.7 Taxation

The income tax expense represents the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.8 Financial risks

Financial risk factors

The Fund's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund is also expose to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian in the event of its failure, the ability of the Fund to transfer the securities might be temporarily impaired.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the investment of excess liquidity.

The Fund's use of leverage and borrowings can increase the Fund's exposure to these risks, which in turn, can also increase the potential returns the Fund can achieve. The Investment Manager manages these exposures on an individual securities level. The Fund has specific limits on these instruments to manage the overall potential exposure.

4.8.1 Market risk

Price risk

The Fund is exposed to equity price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments - for example, equity securities - are denominated in currencies other than the Naira, the price initially expressed in foreign currency and then converted into Naira will also fluctuate because of changes in foreign exchange rates.

At 31 December, the fair value of equities exposed to price risk was as follows:

| | Fair value | |
|---|-----------------------|-----------------------|
| | 2017 | 2016 |
| | N | N |
| Equity security designated at fair value through profit or loss | 1,123,130,913 | 666,736,468 |
| Debt security held to maturity | 22,355,647,641 | 18,202,744,149 |
| Total | 23,478,778,555 | 18,869,480,617 |