



VALUALLIANCE VALUE FUND

ANNUAL REPORTS AND FINANCIAL STATEMENTS
30 JUNE 2018

Table of Contents

Corporate Information	1
Statement of Fund Manager’s Responsibilities in Relation to the Financial Statements	2
Fund Manager’s Report	3
Trustees’ Report	8
Independent Auditor’s Report	10
Statement of Profit or Loss	13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Statement of Cash Flows	17
Notes to the Financial Statements	18

CORPORATE INFORMATION

Names of Directors of the Fund Manager	Mr. Richard Kramer (American) - Chairman Mr. Olufunso Doherty (Resigned 31-Aug-2017) Mrs Eno Atoyebi - Executive (Appointed 29-Jun-2017) Mr. Cyril Odu Mr. Sam Oniovosa - Alternate
Registered office	12 th Floor Alliance Place 33A Alfred Rewane Road Ikoyi Lagos
Auditors	Deloitte & Touche (Chartered Accountants) Civic Towers Plot GA 1 Ozumba Mbadiwe Avenue Lagos
Bankers	Stanbic IBTC Bank Plc Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Trustees to the Fund	Leadway Capital and Trust Limited 121/123 Funso Williams Avenue Iponri Lagos
Custodian	Stanbic IBTC Bank Plc Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Company Secretary	Alsec Nominees Limited St. Nicholas House (10 & 13th floors) Catholic Mission Street Lagos

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

In accordance with the provision of the Companies and Allied Matters Act CAP C20 LFN 2004, the Fund Manager is responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Fund and of the profit and loss for the financial year.

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- (b) the Fund keeps accounting records which disclose with reasonable accuracy the financial position of the Fund and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Investment and Securities Act CAP S124 LFN 2007.
- (c) the Fund has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis.

The Fund Manager further accepts responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Fund Manager determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE FUND MANAGER BY:


Mr. Richard Kramer
FRC/2013/ICAN/00000004909


Mrs. Eno Atoyebi
FRC/2017/ICAN/00000017680

FUND MANAGER'S REPORT

The Fund Manager presents its annual report on the affairs of the ValuAlliance Value Fund (formerly called the SIM Capital Alliance Value Fund), together with the audited financial statements for the year ended 30 June 2018.

Legal form and principal activity

The Fund is licensed by the Securities & Exchange Commission (the "Exchange") and registered as a Collective Investment Scheme.

The principal activity and objective of the Fund is to achieve long-term capital growth by investing in Nigerian equities. The Fund pursues its objective by investing in companies listed on the Exchange, which the Manager considers under-valued, thus enabling investors gain exposure to a concentrated portfolio of value stocks. The Fund also invests in fixed income securities, money market instruments and unlisted equities.

Operating Results

The following is a summary of the Fund's operating results and transfers to reserves for the year ended 30 June 2018.

	2018 N'000	2017 N'000
Net operating income before taxation	1,062,388	1,159,018
Withholding tax expense	(18,140)	(17,619)
Profit after taxation	1,044,248	1,141,399

The Fund proposes a distribution of N13 per unit for the year ended 30 June 2018. If approved by the unitholders the proposed total distribution for the year will amount to N417,258,218.

Unit Capital Holdings

The Fund did not purchase its own units during the year. The issued and paid up capital of the Fund is ₦3,209,678,600 made up of 32,096,786 units of ₦100 each.

Analysis of Shareholding:

Unit range analysis as at 30 June 2018	No of subscribers	% Holdings	Number of Holdings
0 - 1,000,000	18	11.45	3,673,859
1,000,001 - 10,000,000	7	88.55	28,422,927
	<u>25</u>	<u>100.00</u>	<u>32,096,786</u>

Investment Management

The investment management of the Fund is undertaken by the ValuAlliance Asset Management investment team led by the Chief Investment Officer. The investment process is overseen by a team of experienced members with broad experience of operating in Nigeria. The Investment Committee members are as follows:

Name	Representing
a) Mr. Richard Kramer	ValuAlliance Asset Management Limited
b) Mr. Cyril Odu	ValuAlliance Asset Management Limited
c) Mr. Sam Oniovosa*	ValuAlliance Asset Management Limited
c) Mr. Femi Akinsanya	Independent Member
d) Mr. Ayodeji Wuraola	Leadway Capital & Trusts Limited
e) Mrs. Eno Atoyebi**	ValuAlliance Asset Management Limited
f) Mr. Funso Doherty***	ValuAlliance Asset Management Limited

*Alternate member of the Investment Committee.

**Appointment effective June 2017.

***Resignation effective August 2017.

ECONOMIC REVIEW

The Fund Manager provides a review of the macroeconomic and financial market events that occurred during the period under review (1st July 2017 – 30th June 2018) to provide a context for the performance of the Value Fund.

2017 witnessed the broadest synchronized global growth upsurge since 2010 as 120 economies which represent three quarters of the world GDP, recorded growth. This growth was also largely sustained into the first half of 2018. The growth recorded was supported by pick up in investments particularly in advanced economies, increased manufacturing in Asia, improved trade, and commodity prices.

In the United States, the US Fed increased the benchmark interest rate by 75bps to 1.5% during the period under review, on the back of firmer readings on inflation, declining unemployment statistics and an overall increase in business and consumer confidence.

Growth in the Eurozone was supported by diminished political risks, with successful elections in countries like Germany, Netherlands and France. The United Kingdom however witnessed weakened external demand with the prolonged uncertainty of the Brexit strategy and implementation dampening its outlook.

Oil producing emerging market economies benefitted from the recovery in oil prices and an overall improved outlook for oil prices. As reported by the United States Energy Information Agency, the price of Brent Crude appreciated by c. 65%, closing at \$77.44/b in June 2018. A key driver of the recovery in oil prices was the successful implementation of the Declaration of Cooperation for production through 2017 led by OPEC and Russia, whereby production was adjusted down by 1.8 mb/d. Production declines in some countries such as Angola, Libya, Venezuela etc. also contributed to the recovery of oil prices.

In the domestic market, the Nigerian National Bureau of Statistics ("NBS") estimated real GDP growth in 2017 at 0.83%. The first and second quarter of 2018 recorded GDP growth of 1.95% and 1.50% respectively, with the growth recorded supported by slowing inflation, stable naira against the dollar and an overall improved foreign exchange reserve among other factors.

Elevated oil prices and stable oil production supported Government revenue during the period under review. According to data from OPEC, the average crude oil production of Nigeria stood at c.1.75mb/d during the period under review, ranging between 1.63mb/d and 1.8mb/d. External reserves as reported by the Central Bank of Nigeria ("CBN"), closed at c. \$47.78bn in June 2018, up by c.58% from June 2017

The establishment of an "Investors and Exporters" FX window on April 21, 2017, continues to have a pronounced impact on foreign exchange liquidity. Total inflows through the window as reported by the FMDQ OTC, was c. \$30.7bn during the period under review.

Year-on-year headline inflation recorded its seventeenth consecutive slow down since January 2017, closing at 11.23% in June 2018. Month on Month inflation however came under pressure during Q2 2018, with the NBS reporting inflation at 0.83%, 1.09% and 1.24% for April, May and June respectively.

The Monetary Policy Committee ("MPC") voted to maintain the Monetary Policy Rate ("MPR"), Cash Reserve Ratio ("CRR") and Liquidity Ratio at 14%, 22.5% and 30% respectively during the period under review. Yields on fixed income instruments decreased significantly across all tenors. As reported by the FMDQ OTC, Yields for Treasury Bills for 91, 182 and 364 days, closed June 2018 at 12.79%, 13.07% and 13.90% respectively compared to 19.53%, 20.48% and 22.05% a year ago. FGN Bond yields witnessed a similar trend with 2, 5 and 10-year tenors closing the period at 12.61%, 13.51% and 14.00% compared 16.56%, 16.12% and 16.19% for June 2017.

The Nigerian Stock Exchange All Share Index (“NSE ASI”), which commenced the period under review at 33,117.48 points, closed at 38,278.55 points, recording a year on year appreciation of 15.58%. Performance was led by the banking and consumer goods sector indices, which recorded year on year appreciation of 19.62% and 16.64% respectively. Insurance, Industrial and Oil & Gas indices also recorded year on year appreciations of 9.13%, 3.96% and 0.02% respectively.

During the period under review, the Nigerian Stock Exchange reported total domestic and foreign participation in the equity market at c. N3.2trn, a c. 119% increase relative to the previous year. Foreign participation in the equity market was reported at c. N1.6trn, approximately 49% of the reported total participation. This also represented a c. 132% increase relative to the previous period.

The Fund

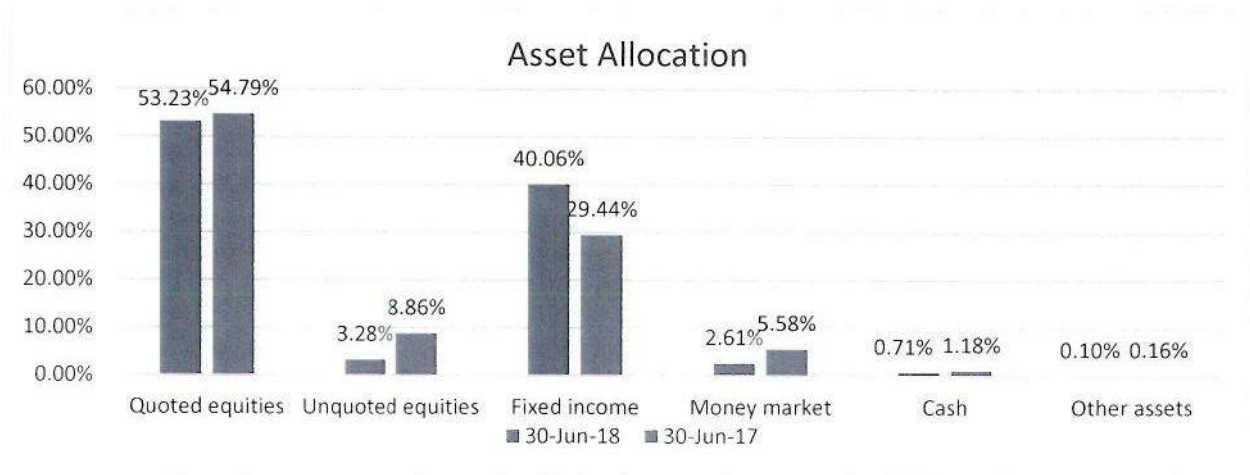
The ValuAlliance Value Fund (“Value Fund”), formerly called the SIM Capital Alliance Value Fund, which commenced operations on the 30th of June 2011 with a Net Asset Value (“NAV”) per unit of ₦100 after deductions of the Initial Public Offer expenses, is a closed end collective investment scheme registered and regulated by the Securities & Exchange Commission. The issued and paid up capital of the Fund is ₦3,209,678,600 made up of 32,096,786 units of ₦100 each.

The Value Fund commenced the year under review, its 7th financial year, with a NAV per unit of ₦ 150.9998. During the period, a distribution to note holders of ₦10.00/unit was made for the financial year ended 30th June 2017. The NAV per unit of the Value Fund closed at ₦ 171.3152 as at 30th June 2018 (net of all fees and expenses).

Fund Activity

In view of some of the macroeconomic themes earlier outlined, the Fund Manager in Q3 2017, reduced its holdings in Guaranty Trust Bank Plc and Stanbic IBTC Holdings Plc which had recorded significant appreciation and had exceeded their concentration limits, with the proceeds of the sales invested in fixed income securities. The Fund also fully exited its holdings in MTN Nigeria Limited in accordance with an earlier directive from the Securities & Exchange Commission.

As at 30th June 2018, equity investments accounted for 56.51% of gross asset value. Fixed income securities, money market instruments, cash equivalents and other assets (dividend and interest receivables) accounted for the balance of 43.49% of gross asset value. The chart below summarizes the mix of the portfolio as at 30th June 2018, relative to the previous year:



VALUALLIANCE VALUE FUND

Financial Statements
For the year ended 30 June 2018

Fund Performance

The Fund achieved a year on year total return (net of all fees and expenses) of 20.08% in its 7th financial year. The total return is determined by comparing the closing net asset value as at 30th June 2018 (₦171.3152) plus distributions made during the year (₦10.00) with the opening net asset value (₦150.9998). This performance results in a 127.15% return since inception of the Fund and a 7-year CAGR of 12.43%. To date, the Value Fund has made a total distribution of ₦1.79bn (₦55.83/unit).

Financial Year End (6-year)	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13
Opening Net Asset Value (₦'000)	4,846,606	4,071,286	4,337,135	4,883,958	4,249,314	3,617,609
Closing Net Asset Value (₦'000)	5,498,666	4,846,606	4,071,286	4,337,135	4,883,958	4,249,314
Net Income (₦'000)	1,044,248	1,141,399	229,842	(31,715)	434,620	845,175
Distributions (₦'000)**	417,258,218	320,968	320,968	320,968	320,968	264,478
Net Asset Value/Unit	171.32	151.00	126.84	135.13	152.16	132.39
Earnings/Unit	32.53	35.56	7.16	(0.99)	13.54	26.33
Distribution/Unit**	13.00	10.00	10.00	10.00	10.00	8.24
Total Return (Net of fees & expenses)	20.08%	26.93%	1.27%	-4.62%	21.16%	24.20%

**Distribution & Distribution/Unit for 30 June 2018 is proposed and subject to shareholder approval

Conclusion

In Q2 2018, elevated oil prices and stable domestic production continued to support oil revenues and the Federal Government's ("FG") finances. Yields on Government securities continued to moderate across all tenors, driven by the slowing inflation rate and sustained demand levels.

Looking forward into H2 2018, the interest rate hikes in the United States and expected CBN action to manage increased money supply on the back of the expected increase in spending may translate to an increase in the yield curve. The 2019 elections, increased insecurity to lives, property, crops and livestock, may also have material implications to business confidence, activity and ultimately the domestic capital markets. Furthermore, there remain key risks to global economic growth, such as the increasing trade tensions, which could significantly undermine business and financial market sentiment, affecting global investment and trade. These factors combined present downside risks to domestic economic growth and activity.

The Fund Manager believes the increased uncertainty will offer attractive entry opportunities in both the listed and unlisted equity markets for long-term value investors and will seek to take advantage of this by selectively increasing the Fund's equity exposure. Additionally, we will continue to review the existing holdings of the Fund and will potentially trade out of equity positions that are determined to be trading close to intrinsic value or at a premium to intrinsic value. The Fund will also seek to diversify the fixed income portfolio both from an issue type as well as maturity profile perspective.

Auditors

The Auditors, Deloitte & Touche, have indicated their willingness to continue in office as auditors. In accordance with Section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004, a resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

.....
Company Secretaries

**ALSEC NOMINEES
Company Secretary**

St Nicholas House
(10th & 13th Floors)
Catholic Mission Street
Lagos, Nigeria

TRUSTEES' REPORT

The Trustees present their annual report for the year ended 30 June, 2018.

Principal Activity

The principal activity of this Fund is to achieve long-term capital growth by investing in listed Nigerian equities which the Fund Manager has identified as being undervalued and offering above average growth potential and any other securities as approved by the Securities & Exchange Commission from time to time. The Fund may also invest in fixed income securities.

Operating Results

The results for the year which are set out on the following pages, have been duly audited in accordance with section 169 (1) of the Investments and Securities Act CAP 124 LFN 2007, Section 354 (1) of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Trust Deed establishing the Fund.

Directors

The Directors of ValuAlliance Asset Management Ltd who served during the year under review are:

Mr. Richard Kramer (American)	- Chairman
Mr. Olufunso Doherty	- Managing (Resigned with effect from August 31, 2017)
Mrs. Eno Atoyebi	- Executive (Appointed with effect from June 29, 2017)
Mr. Cyril Odu	- Director
Mr. Sam Oniovosa	- Alternate

Responsibilities of the Fund Manager

The Investment and Securities Act, 2007 requires ValuAlliance Asset Management Ltd to keep proper books of account and prepare annual financial statements, which give a true and fair view of the state of affairs of the Fund during the period covered by the financial statements. ValuAlliance Asset Management Ltd is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable ValuAlliance Asset Management Ltd to ensure that the financial statements comply with the Companies & Allied Matters Act, CAP C20, LFN 2004, the Trust Deed, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph. ValuAlliance Asset Management Ltd is also responsible for taking any reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Trustees:

The responsibilities of the Trustees as provided by the Securities and Exchange Commission (SEC)'s Rules and Regulations pursuant to the Investment and Securities Act, are as stated below:

- Monitoring the activities of ValuAlliance Asset Management Ltd on behalf of and in the interest of unit holders;
- Safe-keeping documents relating to the investments by the Fund;
- Monitoring of the Register of unit holders;
- Ascertaining the profitability rationale for the investment decision making of ValuAlliance Asset Management Ltd;
- Ascertaining compliance with the provisions of the Trustee Investment Act, CAP T22 LFN 2004, the Investment and Securities Act, 2007, and the Trust Deed by ValuAlliance Asset Management Ltd;
- Ascertaining that monthly and other periodic returns/ reports relating to the Fund are sent by ValuAlliance Asset Management Limited to the Commission.

VALUALLIANCE VALUE FUND

*Financial Statements
For the year ended 30 June 2018*

Stanbic IBTC Bank Plc was appointed Custodian to the Fund effective July 2011 consequent to new Rules issued by SEC and has since had responsibility for custody of the funds and certain documents relating to investments by the Fund.

Opinion

The Trustees are of the opinion that the Fund was administered and managed in line with the provisions of the Trust Deed and the Investment and Securities Act, 2007.

By Order of the Trustees

A handwritten signature in black ink, appearing to be 'L. O. Ojo', written in a cursive style.

Leadway Capital & Trusts Limited

INDEPENDENT AUDITOR'S REPORT To the Unit holders of ValuAlliance Value Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ValuAlliance Value Fund** which comprise the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, the notes to the financial statements and a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of **ValuAlliance Value Fund** as at 30 June 2018 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), Companies and Allied Matters Act, CAP C20 LFN 2004, the Investment and Securities Act CAP S124 LFN 2007, 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 Fund 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 Fund Manager are responsible for the other information. The other information comprises the Fund Manager's Report and Trustees' 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 misstated.

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 regard.



Responsibilities of the Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), Companies and Allied Matters Act, CAP C20 LFN 2004, the Investment and Securities Act CAP S124 LFN 2007, and the Financial Reporting Council of Nigeria Act No 6, 2011 and for such internal control as the Fund Manager 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 Fund Manager are responsible for assessing the Fund'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 Fund Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of 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 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 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's 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 Fund'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 Fund 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 Fund's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Fund Manager 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 the Fund Manager 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.

Deloitte.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Fund has kept proper books of account, so far as appears from our examination of those books.
- iii) The Fund's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

No contravention of any section of the Investment and Securities Act CAP S124 LFN 2007, was brought to our notice during the audit of the financial statements for the year ended 30 June, 2018.



For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
27 September, 2018

Engagement Partner: Joshua Ojo
FRC/2013/ICAN/00000000849



STATEMENT OF PROFIT OR LOSS

	Note	30-Jun 2018 N'000	30-Jun 2017 N'000
Interest income	3	334,014	222,362
Dividend income	4	181,981	158,446
Net gains from financial instruments at fair value through profit or loss	5	579,745	817,283
Other income	6	51,308	100,546
Total revenue		1,147,048	1,298,637
Fund manager's fees		(53,221)	(40,994)
Trustees fees		(3,726)	(2,870)
Custodian fees		(5,320)	(7,663)
Registrar's fees		(483)	(483)
Audit fees		(4,500)	(4,500)
Loss on disposal of Euro Bonds		-	(3,692)
Exchange Loss		(4,483)	-
Other operating expenses	7	(11,958)	(8,902)
		(83,691)	(69,104)
Net operating income before Fund Manager's incentive fees		1,063,357	1,229,533
Fund Manager's incentive fees	22	(969)	(70,515)
Net operating income		1,062,388	1,159,018
Withholding tax expense	8	(18,140)	(17,619)
Profit after tax		1,044,248	1,141,399

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 N'000	2017 N'000
Profit for the year	18	1,044,248	1,141,399
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net losses from financial assets classified as available-for-sale	17	(31,993)	(45,112)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification adjustment relating to available for sale financial assets disposed during the year	17	(39,228)	-
Other comprehensive income net of tax		(71,221)	(45,112)
Total comprehensive income for the year		973,027	1,096,287

STATEMENT OF FINANCIAL POSITION

	Note	30-Jun 2018 N'000	30-Jun 2017 N'000
ASSETS			
Cash and Bank balances	9	39,404	58,052
Due from other financial institutions	10	144,082	275,621
Financial assets at fair value through profit or loss	11	2,939,981	2,705,170
Available-for-sale financial assets - Unquoted Equities	12	181,361	437,382
Available-for-sale financial assets - Fixed Income Securities	13	2,212,599	1,453,388
Other assets	14	5,723	7,750
TOTAL ASSETS		5,523,150	4,937,363
LIABILITIES			
Payables and accruals	15	24,484	90,757
TOTAL LIABILITIES		24,484	90,757
EQUITY			
Share capital	16	3,209,679	3,209,679
Share premium	16	1,827	1,827
Other reserves	17	(82)	71,139
Retained earnings	18	2,287,242	1,563,961
TOTAL EQUITY		5,498,666	4,846,606
TOTAL LIABILITIES & EQUITY		5,523,150	4,937,363

The financial statements were approved by the Fund Managers on 20th September, 2018 and signed on its behalf by:



Richard Kramer

Director

FRC/2014/ICAN/00000004909



Eno Atoyebi

Executive Director

FRC/2017/ICAN/00000017680



Samuel Oniovosa

Chief Financial Officer

FRC/2013/ICAN/00000004911

STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital N'000	Share premium N'000	Available for sale revaluation reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 July 2016		3,209,679	1,827	116,251	743,529	4,071,286
Other comprehensive income for the year		-	-	(45,112)	-	(45,112)
Profit for the year		-	-	-	1,141,399	1,141,399
Dividend paid		-	-	-	(320,967)	(320,967)
Balance as at 30 June 2017		3,209,679	1,827	71,139	1,563,961	4,846,606
Other comprehensive income for the year		-	-	(71,221)	-	(71,221)
Profit for the year		-	-	-	1,044,248	1,044,248
Dividend paid		-	-	-	(320,967)	(320,967)
Balance as at 30 June 2018		3,209,679	1,827	(82)	2,287,242	5,498,666

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS

	Note	30-Jun 2018 N'000	30-Jun 2017 N'000
Cash flows from operating activities			
Profit for the year		1,044,248	1,141,399
Adjustments for:			
Dividend income	4	(181,981)	(158,446)
Net gain from financial instruments at fair value through profit or loss	5	(579,745)	(817,283)
		282,522	165,670
Movement in working capital:			
Net (Increase) / decrease in other assets		2,027	(7,264)
Net increase / (decrease) in payables and accruals		(66,273)	72,690
Net (increase)/ decrease in financial assets at fair value through profit or loss		344,935	(253,142)
Net decrease in available-for-sale financial assets		(574,412)	(1,412,929)
Net decrease/ (increase) in held to maturity investments		-	1,333,074
Cash generated from/ (used in) operations		(11,201)	(101,901)
Dividend received		181,981	157,960
Net cash generated by operating activities		170,780	56,059
Cash flows from financing activities			
Dividend paid	18	(320,967)	(320,967)
Net cash used in financing activities		(320,967)	(320,967)
Net decrease in cash and cash equivalents		(150,187)	(264,908)
Cash and cash equivalents at start of year		333,673	598,581
	10.1	183,486	333,673

NOTES TO THE FINANCIAL STATEMENTS**1.1 General information**

ValuAlliance Value Fund ('The Fund') (Formerly SIM Capital Alliance Value Fund) is a closed-end unit Trust Scheme established by a Trust Deed dated 6 April, 2010 and the supplemental Trust Deed dated 5 February, 2013. It is under the management of ValuAlliance Asset Management Limited with Leadway Capital and Trusts Limited as the Trustees. It commenced business on 1 July 2011. The units of the Fund are listed on the Nigerian Stock Exchange

Principal Activities

The principal activity of the Fund is to achieve long-term capital growth by investing in listed and unlisted Nigerian equities which the Fund Manager has identified as being undervalued and offering above average growth potential and any other securities as approved by the Securities and Exchange Commission from time to time. The Fund may also invest in fixed income securities.

1.2 Going concern

These financial statements have been prepared on a going concern basis. Neither the Trustees nor the Fund manager have any intention or need to reduce substantially the operations of the Fund. The Fund manager and the Trustees believe that the going concern assumption is appropriate for ValuAlliance Value Fund as the Fund's investment objectives are feasible.

1.3 Asset Allocation

1.3.1 As at the report date, the Fund's exposure to Zenith Bank Plc, Guaranty Trust Bank Plc and Okomu Oil Palm stood at 5.93%, 5.42% and 5.25% respectively. This was due to capital appreciation.

In accordance with clause 8.5.8 of the Trust Deed, the Fund Manager notes that the Fund's investment in each security did not exceed 5% of the Fund's value at the time the investment was made.

1.3.2 Fund's holding in MTN Nigeria Linked Notes ("MTNN")

In November 2016, the Fund Manager received a directive from the Securities & Exchange Commission ("the Commission") instructing the Fund to wind down its position in MTNN by the 30th of June 2017, following the commission's determination that investment in MTNN does not comply with the Fund's asset allocation as contained in clause 8.4 of the Trust Deed.

MTNN had been fully disposed of as at 30th June 2018.

2.1 Basis of preparation**A Statement of Compliance**

The financial report of the Fund is a general purpose financial report which has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). International Financial Reporting Standards (IFRS) are Standards and Interpretations adopted by the International Accounting Standards Board (IASB). The financial statements were authorized for issue by the Board of Directors of the Fund on 21 September, 2018.

NOTES TO THE FINANCIAL STATEMENTS**B Basis of Measurement**

The financial statements have been prepared based on IAS 1 and investments of the Fund are measured in accordance with IAS 32 & 39.

C Functional and Presentation Currency

These financial statements are presented in Naira which is the company's functional currency. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand.

D Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.2 Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Fund and to all periods presented in the financial report.

A Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities resulting from foreign currency transactions are subsequently translated at the spot rate at reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different to those at which they were initially recognized or included in a previous financial report, are recognized in the income statement in the period in which they arise.

Translation differences on non-monetary items, such as derivatives measured at fair value through profit or loss, are reported as part of the fair value gain or loss on these items.

Translation differences on non-monetary items measured at fair value through equity, such as equities classified as available-for-sale financial assets, are included in the available-for-sale reserve in equity.

B Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

Interest income and expense presented in the statement of comprehensive income include:

- interest on financial assets measured at amortised cost calculated on an effective interest basis.

C Fair value changes

- i Net gains from financial instruments at fair value through profit or loss
Net gains from financial instruments at fair value through profit or loss comprises gains less losses relating to trading assets and includes all realized and unrealized fair value changes during the year on financial instruments categorised as being at fair value through profit or loss.
- ii Net gains from financial instruments classified as available-for-sale
Net gains from financial assets classified as available-for-sale comprises gains less losses relating to unrealized fair value changes during the year from unquoted equity investments. This is reported under the other comprehensive income and accumulated under the heading of investments revaluation reserve

D Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission expense including account servicing fees, Fund Manager fees, Trustees fees, custodian fees, registrar fees, Fund Manager's incentive fees etc., are recognized as the related services are performed.

E Dividend distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's unit holders is accounted for as a deduction from retained earnings. A proposed dividend is recognised as a liability in the period in which it is approved by the annual general meeting of unit holders.

F Dividend income

Dividend income is recognized when the right to receive income is established. Usually, this is the ex-dividend date for equity securities. Dividends may be reflected as a component of net trading income, net income from other financial instruments at fair value through profit or loss or other operating income based on the underlying classification of the equity investment.

G Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Investment committee of the Fund that makes strategic decisions.

H Financial assets and Financial Liabilities**i Recognition of Financial Assets**

All financial assets and liabilities are initially recognized on the trade date at which the company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

A financial asset or financial liability is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue.

ii Classification and initial recognition of financial assets

Financial assets at fair value through profit or loss are recognised initially on the trade date, which is the date that the Fund becomes a party to the contractual provisions of the instrument. Other financial assets are recognised on the date they are originated.

Financial assets at fair value through profit or loss are recognised initially at fair value, with transaction costs recognised in profit or loss. Financial assets not at fair value through profit or loss are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are either Held-for-Trading or designated as being at Fair value through Profit or Loss.

A financial asset is Held-for-Trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- On initial recognition it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of short-term profit taking

The Fund designates certain financial assets as being at fair value through profit or loss when the assets are managed, evaluated and reported internally on a fair value basis.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Fund has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Financial assets classified as available-for-sale

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

The Fund has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value at the end of each reporting period because the directors consider that fair value can be reliably measured. Fair value is determined in the manner described in note H (VII). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in

NOTES TO THE FINANCIAL STATEMENTS

other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables, bank balances and cash and Due from other financial institutions) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

iii De-recognition of financial assets

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

iv Classification and initial recognition of financial liabilities

Financial liabilities are initially measured at fair value, plus transaction costs, except for those financial liabilities classified as fair value through profit or loss, which are initially recognized at fair value. All financial liabilities are measured at amortized cost using the effective interest rate method except when specifically designated by the Fund as being at fair value through profit or loss.

v De-recognition of financial liabilities

The Fund derecognizes financial liabilities when, and only when its obligations are discharged, cancelled or expire.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

vi Identification and measurement of impairment for loans and receivables

At each reporting date the Fund assesses whether there is objective evidence that financial assets carried at amortized cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

Objective evidence that financial assets are impaired can include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The lender, for economic or legal reasons relating to the issuer's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets,
- Although the decrease cannot yet be identified with the individual financial assets in the portfolio, including: adverse changes in the payment status of borrowers in the portfolio; national or local economic conditions that correlate with defaults on the assets in the portfolio

If there is objective evidence that an impairment loss on financial assets measured at amortized cost 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

The Fund 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 Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it 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 recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

vii Valuation of financial instruments

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active,

NOTES TO THE FINANCIAL STATEMENTS

a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. For unquoted equities instruments, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is similar; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs.

- the likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgment may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;
- selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and
- judgment to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective. When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used, and this could result in a material adjustment to the carrying amount of financial instruments measured at fair value.

I Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

J Provisions

NOTES TO THE FINANCIAL STATEMENTS

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Fund from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Fund recognizes any impairment loss on the assets associated with that contract.

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Fund; or present obligations that have arisen from past events but are not recognized because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

K Taxation

The Fund is domiciled in Nigeria. Under the current income tax laws of Nigeria, the Fund is liable to withholding tax on certain income. Such income or gains are recorded gross of withholding taxes in the statement of profit or loss. Withholding taxes are shown as a separate item in the statement of profit or loss.

L Payables and accruals

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.3 a. Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017

The following amendments to IFRSs became mandatorily effective in the current period. The amendments generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application. They do not have any impact on the accounting policies, financial position or performance of fund in the current financial year.

- Amendments to IAS 7 Disclosure Initiative;
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses; and
- Amendments to IFRS 12 included in Annual Improvements to IFRS Standards 2014-2016 Cycle.

NOTES TO THE FINANCIAL STATEMENTS

IFRS	Effective Date	Subject of standard/amendment
Amendments to IAS 7 Disclosure Initiative;	1 January 2017	The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.
Amendments to IFRS 12 included in the 2014-2016 Annual Improvements Cycle	(Effective for annual periods beginning on or after 1 January 2017)	The 2014-2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017. See details below for a summary of the other amendments included in this package that are not yet effective.

IFRS 12

Standard	Subject of Amendment	Details
Disclosure of Interests in Other Entities	'Clarification of the scope of the Standard	IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments apply retrospectively.

b. New and revised IFRSs that are not mandatorily effective (but allow early application)

- i. IFRS 9 Financial Instruments;
- ii. IFRS 15 Revenue from Contracts with Customers and related Clarifications;
- iii. IFRS 16 Leases
- iv. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

NOTES TO THE FINANCIAL STATEMENTS

- v. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- vi. Amendments to IAS 40 Transfers of Investment Property;
- vii. Annual Improvements to IFRS Standards 2015-2017 Cycle; and
- viii. IFRIC 22 Foreign Currency Transactions and Advance Consideration.

The IASB has also issued Amendments to IFRS 4 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts', which is effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments

(Effective for annual periods beginning on or after 1 January 2018)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at

NOTES TO THE FINANCIAL STATEMENTS

FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

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

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a period which ended on 17 October 2014. The project is under re-deliberation at the time of writing."

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

An entity may early apply the earlier versions of IFRS 9 instead of the 2014 version if the entity's date of initial application of IFRS 9 is before 1 February 2015. The date of initial application is the beginning of the reporting period when an entity first applies the requirements of IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.

The Fund Manager is yet to determine IFRS 9's full impact and intends to adopt the Standard in the next financial year.

IFRS 15 Revenue from Contracts with Customers

(Effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

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

As suggested by the title of the new revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, if IFRS 9 is early adopted).

As mentioned above, the new revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new revenue Standard introduces a 5-step approach to revenue recognition and measurement:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Far more prescriptive guidance has been introduced by the new revenue Standard:

NOTES TO THE FINANCIAL STATEMENTS

- Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.
- Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or at a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.
- When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue – that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
- When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

Extensive disclosures are also required by the new Standard.

In April 2016, the IASB issued Clarifications to IFRS 15 in response to feedback received by the IASB|FASB Joint Transition Resource Group

- Identifying performance obligations: by providing illustrative factors for consideration in assessing whether the promised goods or services are distinct.
- Principal versus agent considerations: by clarifying that an entity should assess whether it is a principal or agent for each distinct good or service on the basis of whether it controls the goods or services before they are transferred to the customer.
- Licensing application guidance: in determining whether the licence grants customers a right to use the underlying intellectual property

IFRS 16 Leases

(Effective for annual periods beginning on or after 1 January 2019)

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the following lease Standard and Interpretations upon its effective date:

- 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."

NOTES TO THE FINANCIAL STATEMENTS**Identification of a lease**

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

- a) the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- b) the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

Lessor accounting

In contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosures are also required by the new Standard.

Due to the prominence of leasing transactions in the economy, many entities across different industries will be affected by IFRS 16. In some cases, the changes may be substantial and may require changes to the existing IT systems and internal controls. Entities should consider the nature and extent of these changes.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an

NOTES TO THE FINANCIAL STATEMENTS

entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to opening retained earnings (or other component of equity as appropriate).

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

(Effective for annual periods beginning on or after 1 January 2018)

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - (i) the original liability is derecognised;
 - (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transitional provisions apply.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business as defined in IFRS 3.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business, between an entity and its

NOTES TO THE FINANCIAL STATEMENTS

associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of these amendments has been deferred indefinitely by the IASB pending conclusion of its research project on the equity method. Early application of these amendments is permitted and the IASB has decided that amendments should apply prospectively.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

NOTES TO THE FINANCIAL STATEMENTS

Annual Improvements to IFRSs 2015 – 2017 Cycle

The Annual Improvements include amendments to a number of IFRSs, which have been summarised below.

Standard	Subject of Amendment	Details
IFRS 3 and IFRS 11		
IFRS 3 – Business Combinations IFRS 11 – Joint Arrangements	Re-measurement of previously held interests in joint operations over which control is now obtained	The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation in which it previously participated but did not have joint control, the entity does not remeasure previously held interests in that business.
IAS 12		
Income Taxes	Recognition of income tax consequences of dividends	The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

NOTES TO THE FINANCIAL STATEMENTS

IAS 23

Borrowing Costs	Outstanding specific borrowing on qualifying asset ready for intended use or sale	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows <i>generally</i> when calculating the capitalisation rate on general borrowings.
-----------------	---	---

These amendments must be applied for annual periods beginning on or after 1 January 2019. Early application is permitted and should be disclosed.

c. IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 #’000	30-Jun 2017 #’000
3 Interest income		
Interest on bonds	89,714	108,776
Interest on treasury bills	232,101	95,784
Interest on short term placements	12,199	17,802
	334,014	222,362
4 Dividend income		
Listed securities	163,367	144,747
Unlisted securities	18,614	13,699
	181,981	158,446
5 Gain/(loss) from financial instruments at fair value through profit or loss		
Access Bank Plc	21,342	73,135
Continental Reinsurance Plc	58,732	3,672
Custodian & Allied Plc	42,474	(18,359)
Diamond Bank Plc	4,512	(23,982)
FCMB Plc	13,950	(5,250)
FBN Holdings Plc	82,597	48,736
Fidelity Bank	51,441	(1,559)
Guaranty Trust Bank Plc	42,016	120,192
Okomu Oil Palm	105,569	78,284
Presco Plc	6,347	114,251
Seplat Petroleum Dev. Co. Plc	69,375	50,625
Stanbic IBTC Holdings	89,067	181,540
Total Nigeria Plc	(46,130)	64,641
UAC of Nigeria Plc	(48,493)	(12,910)
UBA Plc	33,060	77,140
Zenith Bank Plc	53,886	67,127
Net fair value changes	579,745	817,283
6 Other Income		
Gain on disposal of available for sale financial assets	39,228	-
Gain on disposal of Fair Value Through Profit or Loss Asset	12,080	-
Exchange Gain	-	100,546
	51,308	100,546

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 N'000	30-Jun 2017 N'000
7 Other operating expenses		
Listing fees to Nigerian Stock Exchange	1,072	1,072
Domiciliary and other fees to CSCS	447	447
VAT on fees	3,338	2,802
Brokerage Fees	1,467	933
Stamp Duties	268	190
NSE & CSCS Fees	2,142	759
Sitting Allowance	200	-
Dividend Payment Expense	288	288
Nominees Fees - MTN	157	-
Audit Recoverable Expenses	171	171
AGM Advert Cost	741	741
Deficit on Maturity of Bonds	-	3
Bank Charges	1,667	1,496
	11,958	8,902
8 Withholding Tax expense		
Withholding Tax on interest income earned	514	1,774
Withholding Tax on dividend income earned	17,626	15,845
	18,140	17,619
9 Bank balances		
Bank balance	39,404	58,052
Bank balance of the Fund represents balance in the Call account with Stanbic IBTC Bank Plc which qualify for recognition as cash & cash equivalents in accordance with IAS 7. The call account is an interest earning account with Stanbic IBTC Bank Plc.		
	30-Jun 2018 N'000	30-Jun 2017 N'000
10 Due from other financial institutions		
Union Bank Plc	144,082	275,621
This amount represents monies invested in various Nigerian banks. The tenors of the placements vary between 30 to 90 days and at different rates.		
	30-Jun 2018 N'000	30-Jun 2017 N'000
10.1 Cash and cash equivalent		
Bank balance	39,404	58,052
Due from other financial institutions	144,082	275,621
	183,486	333,673

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 N'000	30-Jun 2017 N'000
11 Financial assets at fair value through profit or loss		
Investment in quoted equity instruments:		
Access Bank Plc	210,367	189,025
Continental Reinsurance Company Plc	133,110	74,378
Custodian & Allied Plc	170,902	128,428
Diamond Bank	33,955	29,444
FCMB Plc	32,700	18,750
FBN Holdings Plc	207,471	124,874
Fidelity Bank	119,509	68,068
Guaranty Trust Bank Plc	299,587	362,030
Okomu Oil Palm	289,835	184,266
Presco Plc	238,023	231,676
Seplat	243,750	174,375
Stanbic IBTC Holdings	205,189	356,596
Total	138,390	184,520
UACN Plc	89,922	138,415
UBA	199,500	166,440
Zenith Bank Plc	327,771	273,885
	2,939,981	2,705,170

Quoted equity securities are securities that are traded on the Nigerian Stock Exchange. These securities which were identified as undervalued with an above average growth potential when purchased, are carried at fair value with fair value changes recorded in the statement of profit or loss.

	30-Jun 2018 N'000	30-Jun 2017 N'000
12 Financial Assets Available for Sale - Unquoted Equity Securities		
Investment in unquoted equity securities:		
MTN Nigeria linked notes	-	218,719
Friesland Campina WAMCO Nigeria Plc	181,361	218,663
	181,361	437,382

Unquoted equity securities are classified as available for sale. Differences in fair valuation of available-for-sale securities are reported in the investments revaluation reserve.

Unquoted equity securities are carried at fair value as required by IAS 39. Fair value is determined as the latest transaction price at which the most recent trade on the Over the Counter platform was carried out. The Fund Manager believes this captures the fair value of these holdings at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 N'000	30-Jun 2017 N'000
12.1 Gain or Losses on Financial Assets Classified as Available for Sale		
Balance as at 1 July - Unquoted Equities	437,381	522,953
Additions /(disposals) during the year	(179,491)	-
Net gain/(loss) arising on revaluation of available-for-sale financial assets - Unquoted Equities	(37,301)	(85,572)
Cumulative (Gain)/Loss reclassified to profit or loss on sale of available for sale financial assets	(39,228)	-
Balance at 30 June - Unquoted Equities	181,361	437,381

13 Financial Assets Available for Sale - Fixed Income Securities

Eurobonds	350,662	189,475
Treasury bills	1,433,931	929,979
Federal Government of Nigeria Bonds	360,851	236,702
Lagos State Government Bonds 7 years (14.5%)	67,155	97,232
	2,212,599	1,453,388

Available for Sale - Fixed Income Securities of the Fund as at the reporting date consist of Treasury bills issued by the Federal Government of Nigeria as short-term debt instruments and Bonds. The Treasury bills are discounted debt securities purchased through licensed institutions (majorly banks). The interest earned on the treasury bills are tax free and payable upfront in form of discount on the bills. The Treasury Bills bought from the primary and secondary markets have tenors of 365 days or less.

The Fund holds bonds issued by Federal Government of Nigeria, Lagos State Government and Eurobonds issued by Nigerian Corporates. Coupon for all bonds held by the Fund are paid bi-annually. While principal for the FGN Bonds and Eurobonds held by the Fund is to be repaid at maturity, the Lagos State Government Bond is an amortizing bond, with a portion of principal repaid semi-annually.

	30-Jun 2018 N'000	30-Jun 2017 N'000
13.1 Gain or Losses on Financial Assets Classified as Available for Sale		
Balance at 1 July (Fixed Income Securities)	1,453,388	-
Additions /(disposals) during the year	753,903	1,412,928
Net fair value change during the year	5,308	40,460
Balance at 30 June - Fixed Income Securities	2,212,599	1,453,388

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 N'000	30-Jun 2017 N'000
14 Other assets		
Dividend receivable from: Stanbic IBTC Holdings	-	486
Dividend receivable from: Seplat	5,723	-
Interest Receivable from: Federal Government of Nigeria Bonds	-	7,264
	5,723	7,750
15 Payables & accruals		
Due to Fund Manager	13,860	11,228
Trustee fees payable	1,951	1,465
Custody fees payable	1,464	1,350
Audit fees	4,500	4,500
VAT on fees payable	1,089	928
Fees in relation to dividend payment	-	288
Annual Registers Fees	-	483
Incentive Fee Payable	1,620	70,515
	24,484	90,757

These account balances represent fees payable to entities that rendered various services to the Fund during the year. They are unpaid portion of cost of services rendered. The fees are computed monthly. The fee due to the Trustees is payable semi-annually while that of the Fund Manager is payable quarterly. The Custodian Fees is payable quarterly based on the term of the safe custody agreement. Financial liabilities of the Fund are measured at amortised cost except when specifically designated as being at fair value through profit or loss.

	30-Jun 2018 N'000	30-Jun 2017 N'000
16 Share capital		
Authorised, issued and fully paid:		
32,096,786 units of N100 each	3,209,679	3,209,679
Premium on issue of units	1,827	1,827
Net proceeds from sale of units	3,211,506	3,211,506

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 N'000	30-Jun 2017 N'000
17 Other Reserves		
At 1 July	71,139	116,251
Net gain/(loss) arising on revaluation of available-for-sale financial assets - Unquoted Equities (Note 12.1)	(37,301)	(85,572)
Net gain/(loss) arising on revaluation of available-for-sale financial assets - Fixed Income Securities (Note 13.1)	5,308	40,460
Cumulative (Gain)/Loss reclassified to profit or loss on disposal of available for sale financial assets (Note 12.1)	(39,228)	
At 30 June	(82)	71,139
18 Retained earnings		
At 1 July	1,563,961	743,529
Profit for the year	1,044,248	1,141,399
Dividend payment	(320,967)	(320,967)
At 30 June	2,287,242	1,563,961

19 Tax matters for unit holders' attention

The Fund Manager reported in the Financial Statements for year-end June 2017 that it had undertaken a tax review of the accounting records of the funds for the financial year 2012 -2015. It was also noted that there remains uncertainty around the interpretation of the status of the Collective Investment Scheme in Nigeria due to the different tax laws and in some instances within the same law.

Due to this uncertainty, it is still unclear the extent of tax liability, if any, the Fund may be exposed to, as this will be based on the determination of the appropriate tax framework for Collective Investment Schemes. Consequently, no provision has been made in these financial statements.

20 Use of estimates and judgments**(a) Key sources of estimation uncertainty****Determining fair values**

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgments in applying the Fund's accounting policies**Valuation of financial instruments**

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

NOTES TO THE FINANCIAL STATEMENTS

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted 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 for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using valuation techniques or obtains market values of the assets in OTC markets. Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length. The Fund uses widely recognized valuation models for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity investments.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments the Fund uses proprietary valuation models, which usually are developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over the counter securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of

NOTES TO THE FINANCIAL STATEMENTS

counterparty default and selection of appropriate discount rates. The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
30-Jun-18				
Financial assets at fair value				
Equity investments	2,939,981	181,361	-	3,121,342
Debt Securities	-	2,212,599	-	2,212,599
	2,939,981	2,393,960	-	5,333,941
Financial liabilities at fair value				
Securities sold short	-	-	-	-
<i>In thousands of Naira</i>				
30-Jun-17				
Financial assets at fair value				
Equity investments	2,705,170	437,382	-	3,142,552
Debt Securities	-	1,453,388	-	1,453,388
	2,705,170	1,890,770	-	4,595,940
Financial liabilities at fair value				
Securities sold short	-	-	-	-

21 Financial risk management**(a) Introduction and overview**

The Fund has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

The note presents information about the Fund's exposure to each of the above risks, the Funds objectives, policies and processes from measuring and managing risk and the funds management of capital

Risk management framework

The Fund's investment portfolio comprises listed and unlisted equity and debt securities including Government issued bonds and treasury bills.

(b) Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a

NOTES TO THE FINANCIAL STATEMENTS

financial loss to the Fund. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, balances due from brokers and receivables from reverse repurchase agreements. For risk management reporting purposes the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

(i) Management of credit risk

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting the credit standards set out in the Fund's investment strategy document. The Fund's exposure to the corporate bonds sector will be restricted to investment grade issues. High yield issues will be considered provided sufficient compensation for additional risk is obtainable. Overall, the Fund will not allocate more than 10% of the portfolio to any one issuer.

Credit risk is monitored on a weekly basis by the investment manager in accordance with policies and procedures in place. The balances held in instruments that are exposed to credit risk are measured against the asset value of the portfolio to ensure it is within the limits. If it is found to be outside of the limit steps are taken to bring the holding in line with policy. In addition, on an annual basis, credit rating of the financial institutions the Fund invests in, is assessed to ensure the rating is investment grade. The Fund's credit risk is monitored on a regular basis by the investment committee. Where the credit risk is not in accordance with the investment policy or guidelines of the Fund, the investment manager is obliged to rebalance the portfolio within 30 to 90 days of each determination that the portfolio is not in compliance with the stated investment parameters.

(ii) Exposure to credit risk

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that a financial instrument cannot be purchased or sold without a significant concession in price because of the market's potential inability to efficiently accommodate the desired trading size.

(i) Management of liquidity risk

The Fund's policy and the investment manager's approach to managing liquidity is to ensure the Fund uses position limits to ensure that the Fund is not overly exposed to any single security particularly those considered to be illiquid.

(ii) Maturity analysis for financial liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments.

NOTES TO THE FINANCIAL STATEMENTS

In thousands of Naira	Carrying amount	(outflow)	Gross nominal inflow/ outflow	Less than 1 month	3 months	3 months to 1 year
30-Jun-18						
Balances due to:						
Fund Parties	17,275	-	-	17,275	-	-
Other payables	7,209	-	-	7,209	-	-
	24,484	-	-	24,484	-	-
30-Jun-17						
Balances due to:						
Fund Parties	14,043	-	-	14,043	-	-
Other payables	76,714	-	-	76,714	-	-
	90,757	-	-	90,757	-	-

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Management of market risk

The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The Fund's market positions are monitored on a regular basis by the Investment Committee.

(ii) Interest rate risk

The Fund is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

The distribution of the Fund's fixed income portfolio is shown below:

Tenor	2018		2017	
	% of Net Assets	Weighted Yield (%)	% of Net Assets	Weighted Yield (%)
< 1 Year	31.42%	13.45%	1.19%	20.11%
1 - 3 Years	5.72%	11.49%	7.68%	13.87%
> 3 Years	3.10%	7.23%	3.12%	13.85%

NOTES TO THE FINANCIAL STATEMENTS

(iii) Equity price risk

The Fund's policy for concentration of its investment portfolio profile is as follows:

Equity investments listed on the Nigerian stock exchange	Up to 85% of net assets
Unlisted equity investments	Up to 20% of net assets
Unlisted open-ended investment funds	Up to 0% of net assets

The internal procedures require the investment manager to manage price risk on a daily basis. The Fund's procedures require price risk to be monitored on a regular basis by the Investment Committee.

Where the price risk is not in accordance with the investment policy or guidelines of the Fund, the Portfolio manager is required to rebalance the portfolio within 60 days of the determination of such occurrence.

The following table sets out concentration of the investment assets and liabilities of the Fund.

	2018 % of net assets	2017 % of net assets
Equity investments:		
Quoted equity investments	53.47%	55.82%
Unlisted equity investments	3.30%	9.02%
Total equity investments	56.77%	64.84%
Total debt securities	40.24%	29.99%
Total investment assets	97.01%	94.83%
Total investment liabilities	(0.00)	(0.00)

The investment manager further monitors concentration of risk based on counterparties and industries. The Fund's equity investments are concentrated in the following industries:

	2018 %	2017 %
Banking sector	29.62%	32.19%
Building materials	0.00%	0.00%
Oil & Gas	6.92%	7.27%
Breweries	0.00%	0.00%
Conglomerates	1.63%	2.80%
Food and beverages	3.28%	4.43%
Real Estate	0.00%	0.00%
Road transport	0.00%	0.00%
Insurance	5.50%	4.11%
Foreign listing	0.00%	0.00%
Maritime	0.00%	0.00%
Agric	9.56%	8.42%
Telecommunications	0.00%	4.43%
Others	0.00%	0.00%
	56.51%	63.65%

NOTES TO THE FINANCIAL STATEMENTS

No exposure to an individual issuer exceeded 10% of the net assets attributable to the unit holders respectively.

No impairment losses have been recognised for the years presented relating to listed equities classified as Fair value through profit or loss and unlisted equities investments classified as being available-for-sale investments. For more information see note 12.1 on Available-for-sale investments.

At 30 June 2018, it is estimated that an increase of 10% in value of unquoted equity investments would result in an immediate credit to other comprehensive income of N18.1million, while a decrease of 10% in the value of unquoted equity investments would result to an immediate charge to other comprehensive income of N18.1 million.

It is also estimated that at 30 June 2018 an increase of 10% in quoted equity prices would result in an immediate credit to Profit or loss of N294.0million, while a decrease of 10% in quoted equity prices would result to an immediate charge to Profit or loss of N294.0million.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities with financial instruments either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Investment Committee. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- contingency plans;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective.

The Fund Manager's and investment committee's assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via ad-hoc discussions with the service providers.

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2018 N'000	30-Jun 2017 N'000
22 Fund Manager's incentive fees		
Opening net asset(audited)	4,846,606	4,071,286
Closing NAV before incentive fees	5,499,635	4,917,121
Dividend paid during year	320,967	320,967
Growth in NAV %	20.10%	28.66%
Excess above 20%	0.10%	8.66%
Return in excess of 20% benchmark (N)	4,847	352,573
Current year incentive fee payable	969	70,515
Incentive fee due to Fund Manager	969	70,515
Closing net asset after incentive fee (audited)	5,498,666	4,846,606

- 22.1 The Fund Manager is entitled to an incentive fee of 20% of the total return in excess of 20% of the Fund's net asset value per annum. Total return is determined based on growth in NAV. For the FYE June 2018, the Fund has achieved a total return of 20.10%. Incentive Fee has been determined to be N0.969m for this financial year.

23 Segment information

The Investment Committee of the Fund manager makes the strategic resource allocations on behalf of the Fund.

The Committee considers the business along the lines of asset classes stated in the Trust Deed, which are managed by the investment manager. These classes are cash represented by call deposit; money market represented by due from other financial institutions and loans and receivable; fixed income securities represented by available-for sale – Fixed Income Securities; unquoted equities represented by available-for-sale – Unquoted Equity Securities; and quoted equities represented by fair value through profit or loss.

The reportable operating segments derive their income by seeking investments to achieve targeted returns commensurate with an acceptable level of risk within each portfolio. These returns consist of interest, dividends and gains on the appreciation in the value of investments.

NOTES TO THE FINANCIAL STATEMENTS

The segment information for the reportable segments is as follows

For the year ended 30 June 2018

	Cash	Money	Fixed	Unquoted	Quoted	Total
	N'000	Market	Income	Equities	Equities	
	N'000	N'000	N'000	N'000	N'000	N'000
Interest income	1,275	10,924	321,815	-	-	334,014
Dividend Income	-	-	-	18,614	163,367	181,981
Fair value gain/loss	-	-	5,308	(76,529)	579,745	508,524
Transaction cost	-	-	-	-	(5,544)	(5,544)
Withholding taxes	(127)	(387)	-	(1,289)	(16,337)	(18,140)
Total net segment income	1,148	10,537	327,124	(59,204)	721,231	1,000,835
Total segment assets	39,404	144,082	2,212,599	181,361	2,939,981	5,517,427
Total segment liabilities	-	-	-	-	-	-

For the year ended 30 June 2017

	Cash	Money	Fixed	Unquoted	Quoted	Total
	N'000	Market	Income	Equities	Equities	
	N'000	N'000	N'000	N'000	N'000	N'000
Interest income	3,609	14,193	204,560	-	-	222,362
Dividend Income	-	-	-	13,699	144,747	158,446
Fair value gain/loss	-	-	40,460	(85,572)	817,284	772,172
Transaction cost	-	-	-	-	(3,378)	(3,378)
Withholding taxes	(355)	(1,419)	-	(1,370)	(14,475)	(17,619)
Total net segment income	3,254	12,774	245,020	(73,243)	944,178	1,131,983
Total segment assets	58,052	275,621	1,453,388	437,382	2,705,170	4,929,613
Total segment liabilities	-	-	-	-	-	-

There were no transactions between reportable segments.

The Fund's Management fees and other administrative expenses are not considered to be segment expenses. A reconciliation of total segmental income to net operating profit/(loss) is provided as follows:

	2018	2017
	N'000	N'000
Total net segment income	1,000,835	1,131,983
Other Income	51,308	100,546
Fair Value Gain/Loss from AFS	31,993	45,112
Reclassification adjustment relating to available for sale financial assets disposed during the year	39,228	
Other fees and expenses	(79,116)	(136,241)
Operating profit/(loss)	1,044,248	1,141,399

The Fund's other asset are not considered to be segment assets and are managed by the administration function.

NOTES TO THE FINANCIAL STATEMENTS

Reportable segments' assets are reconciled to total assets as follows.

	2018	2017
	N'000	N'000
Segment assets for reportable segments	5,517,427	4,929,613
Other assets	5,723	7,750
Total assets	5,523,150	4,937,363

The Fund's accrual and payables are not considered to be segment liabilities.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2018	2017
	N'000	N'000
Segment liabilities for reportable segments:		
Accruals and payables	24,484	90,757

The Fund is domiciled in Nigeria. All of the Fund's income from investments is from entities incorporated in countries other than Nigeria.

24 Related parties and other key contracts

A number of transactions were entered into with related parties of The Fund in the normal course of business. The volume of related-party transactions and outstanding balances at the year-end are as follows:

Fund manager and other parties

The Fund is managed by ValuAlliance Asset Management Limited, formerly SIM Capital Alliance Limited, an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. Under the Trust deed, the Fund manager receives a management fee at an annual rate of 1% of the net assets value. In addition, the Fund Manager earns an incentive fee of 20% of the excess of return for the year over 20% (see note 22).

The Trustees, Leadway Capital and Trusts Limited, under the Trust deed receives 0.07% of net asset value of the Fund per annum as Trustees' fee.

Under the safe custody agreement, the Custodian, Stanbic IBTC Bank Plc, receives a fee of 0.125% of the value of securities in its custody if the value of securities is between Nil and N5 billion; a fee of 0.10% if the value of securities is between N5 billion and N10 billion and a fee of 0.075% if the value of securities exceeds N10 billion.

The fees earned by the Fund Manager and other parties to the Fund during the year are disclosed on the face of the statement of profit or loss. The amounts payable as at the end of year on these fees to these related parties are disclosed in note 15.

Unit holding

One of the requirements of the Securities and Exchange Commission of Nigeria, regarding collective investment schemes is for the Fund manager to invest 5% of the offer size. ValuAlliance Asset Management Limited complied with this law by virtue of their investment in the Value Fund.

NOTES TO THE FINANCIAL STATEMENTS

Stanbic IBTC Pension Managers Limited is an investor in the Value Fund, whilst Stanbic IBTC Bank Plc provides custodian and banking services to the Value Fund.

26 Events after the end of the reporting period

Subsequent to the end of the reporting period, the Fund manager proposed a dividend of N13 each on the 32,096,786 units of N100 each issued capital as at 30 June 2018. There are no other post balance sheet events that required disclosure in these financial statements.

27 Approval of financial statements

The financial statements were approved by the board of directors of the Fund Manager and authorised for issue on *26th* September 2018.

