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SIM CAPITAL ALLIANCE VALUE FUND

ANNUAL REPORTS AND FINANCIAL STATEMENTS
30 June 2017

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CORPORATE INFORMATION

Names of Directors of the Fund Manager	Mr. Richard Kramer (American) Chairman Funso Doherty Cyril Odu Sam Oniovosa (Alternate)
Registered office	8th Floor C& C Towers, Plot 1684 Sanusi Fafunwa Street Victoria Island Lagos
Auditors	Akintola Williams Deloitte (Chartered Accountants) Civic Towers Plot GA 1 Ozumba Mbadiwe Avenue, Victoria Island, Lagos
Bankers	Stanbic IBTC 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 Plc Stanbic IBTC Place Walter Carrington Crescent Victoria Island Lagos
Company Secretary	Alsec Nominees Limited 10/13th floors St. Nicholas House Catholic Mission House Ikoyi, Lagos

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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.

Auditors
The Auditors, Akintola Williams Deloitte, 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

ALSEC NOMINEES LIMITED
Company Secretaries

ALSEC NOMINEES
Company Secretary

St Nicholas House
(10th/13th Floors)
Catholic Mission House
P. O. Box 53123, Ikoyi
Lagos, Nigeria

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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:

Richard L Kramer

Mr. Richard Kramer
FRC/2013/ICAN/00000004909

Mr. Funso Doherty
FRC/2014/ICAN/00000010302

FUND MANAGERS REPORT

The Fund Manager presents their annual report on the affairs of SIM Capital Alliance Value Fund financial statements and auditor's report therein for the year ended 30 June 2017.

Legal form and principal activity

The Fund is licensed by the Securities & Exchange Commission 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 will pursue the 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 will also invest in fixed income securities 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 2017.

	2017 ₦'000	2016 ₦'000
Net operating income before taxation	1,159,018	243,960
Withholding tax expense	(17,619)	(14,118)
Profit after taxation transferred to retained earnings	1,141,399	229,842

The Fund intends to make a distribution of N10 per unit for the year ended 30 June 2017. If approved by the unitholders, the proposed total distribution for the year will amounts to N320,967,860.

Unit Capital Holdings

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

Analysis Shareholding:

Unit range analysis as at 30 June 2017	No of subscribers	% Holdings	Number of Holdings
0 - 1,000,000	16	11.45	3,673,859
1,000,000 - 5,000,000	7	88.55	28,422,927
5,000,000 - 10,000,000	-	-	-
	23	100	32,096,786

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	ACA Holdings Limited
b)	Mr. Cyril Odu	ACA Holdings Limited
c)	Mr. Femi Akinsanya	Independent Member
d)	Mr. Ayo Wuraola	Leadway Capital & Trusts
e)	Mr. Funso Doherty	ValuAlliance Asset Management Limited

ECONOMIC REVIEW

The Fund Manager provides a review of the macroeconomic and financial market events that occurred during the period under review (1st July 2016 – 30th June 2017) to provide a context for the performance of the Value Fund.

The period under review was quite challenging for emerging market economies like Nigeria, that continue to adjust structurally to lower commodity prices. As reported by the United States Energy Information Agency, the price of Brent crude declined by c. 2%, closing at $47.08/b in June 2017. The Organization of the Petroleum Exporting Countries ("OPEC") in its meeting held on 30 November 2016, clinched a landmark deal to cut output by 1.2mb/d effectively reducing OPEC supply to 32.5mb/d, with non-OPEC countries expected to contribute c. 600kb/d to the output cut, with the expectation that these cuts would lead to a reduction in the global supply glut, as well as support price stability. Following this, oil prices surged, consistently trading above $50/b levels from December 2016 to March 2017. Prices began to recede from the high of $55.9/b on the back of increased production levels from shale producers like the United States of America, with OPEC in its June 2017 report admitting that US shale and tight oil producers had become more capable of producing at marginal breakeven prices.

During the period under review, growth in the European Union was supported by quantitative easing and a weaker Euro. The European Central Bank is expected to continue its asset purchases throughout 2017. The Brexit vote in the United Kingdom introduced economic uncertainties that may have broader implications for trade and financial relations in the European Union over the medium-term.

On 20th January 2017, Donald Trump was elected as the 45th president of the United States of America. Markets generally reacted positively to his election in anticipation of a pro-business bias, and while he has broadly outlined his domestic policy stance, which includes simplifying taxes, building infrastructure such as roads, bridges etc. and lowering government spending, specific details on policy implementation are yet to be fully disclosed.

In the domestic market, the Nigerian National Bureau of Statistics ("NBS") estimated real GDP growth in 2016 at -1.51%. The NBS reported real GDP growth in Q1 2017 at -0.52%; with Q2 2017 recording positive signs of economic recovery such as slowing inflation rates, stable naira against the dollar and improving foreign exchange reserves among other factors.

Government revenue was challenged during the period under review due to frequent disruptions to oil production. According to data from OPEC, the average crude oil production of Nigeria stood at 1.54mb/d during the period under review, ranging between 1.44mb/d and 1.73mb/d. This was due to disruptions in production following vandalization of key infrastructure such as

Forcados, Qua Iboe and the Chevron operated Escravos pipeline. Towards the end of the period, there was some respite in the attacks on production facilities, resulting in improvement in production.

As reported by the Central Bank of Nigeria ("CBN"), external reserves closed at c. $30.29bn in June 2017, up by c.14.9% from June 2016 on the back of relatively stable oil prices and an improvement in production in the first half of 2017, following reduced disruptions to export infrastructure in the Niger Delta region.

The CBN took a number of actions during the period to improve dollar liquidity. On June 20 2016, in an attempt to liberalize the exchange rate, the CBN implemented a new foreign exchange rate framework, resulting in a c.43% devaluation of the Naira. The attempted liberalization of the exchange rate did not have the desired effect, further widening the disparity between the official rate and the parallel rate. This led to the establishment of an "Investors and Exporters" FX window on April 21 2017, with the following being permitted transactions on this window: portfolio flows, income flows (interest and dividends payments) and transactions in services (except for airline tickets). This was further complemented by the CBN increasing the frequency of special FX interventions, and mopping up significant Naira liquidity through its open market operations. These interventions led to a narrowing of the spreads between the official and parallel rates, but the market remains fragmented, with a number of reference rates still in existence.

Year-on-year headline inflation which closed at 16.1% in June 2016, came under significant pressure during the period under review. The NBS attributed the surge in inflation to the effects of the rising cost of energy and imports on the back of the increased pressure on the Naira witnessed during the period.

In Q3 2016, the Monetary Policy Committee ("MPC") voted to increase the Monetary Policy Rate ("MPR") to 14% from 12%. The cash reserve ratio ("CRR") and liquidity were maintained at 22.5% and 30% respectively during the period under review. Yields on fixed income instruments increased significantly across all tenors and remain elevated. Yields for Treasury Bills for 91, 182 and 364 days, closed June 2017 at 19.53%, 20.48% and 22.05% respectively compared to 9.55%, 10.08% and 13.18% a year ago. FGN Bond yields witnessed a similar trend with 2, 5 and 10 year tenors closing the period at 16.56%, 16.12% and 16.19% compared 13.4%, 13.93% and 14.12% for June 2016.

The Nigerian Stock Exchange All Share Index ("NSE ASI"), which commenced the period under review at 29,597.79 points closed at 33,117.48 points, recording a year on year appreciation of 11.89%. The performance was driven by the banking and consumer goods sector indices, recording year on year appreciation of 33.18% and 8.03% respectively. Oil & Gas, Insurance and Industrial indices recorded year on year diminution of 0.26%, 1.56% and 10% respectively.

During the period under review, the performance of the NSE ASI was a story of two halves. In the first half, July 2016 to December 2016, the NSE ASI recorded a diminution in value of 9.20%, with all indices declining from their opening value. However, from January 2017 to June 2017, the NSE ASI recorded an appreciation of 23.23%, largely driven by increased foreign participation following the introduction of the I&E FX window. The Nigerian Stock Exchange ("NSE") reported that total foreign participation in H2 2016 and H1 2017 was N248bn and N430bn respectively, an increase 73.24%.

The Fund

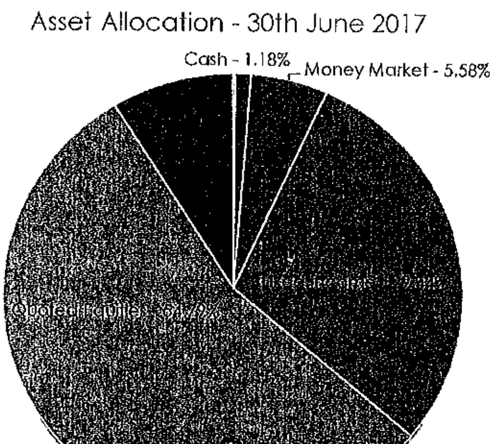
The SIM Capital Alliance Value Fund ("Value Fund") which commenced operations on the 30th of June 2011 with a Net Asset Value ("NAV") per unit of ₦100 after deductions of the Initial Public Offer expenses, is a closed end collective investment scheme registered and regulated by the Securities & Exchange 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 6th financial year, with a NAV per unit of ₦ 126.8440. During the period, a distribution to note holders of ₦10.00/unit was made for the financial year ended 30th June 2016. The NAV per unit of the Value Fund closed at ₦ 150.9995 as at 30th June 2017 (net of all fees and expenses).

Fund Activity

In view of the macroeconomic themes earlier outlined, the Fund Manager favored listed equity securities over fixed income securities and sought buying opportunities in line with the value investing philosophy of the Fund. The Fund initiated positions in Total Nigeria Plc and Okomu Oil Palm Plc. The Fund also increased its holdings in Access Bank Plc. The Fund took advantage of the high interest rate environment, by re-investing proceeds from maturing fixed income securities at higher yields, increasing the portfolio's weighted yield on its fixed income investments. The Fund also exited some of its holdings in Eurobond securities, that included; Fidelity Bank, Diamond Bank and First Bank.

As at 30th June 2017, equity investments accounted for 63.65% of gross asset value. Fixed income securities, money market instruments and cash equivalents accounted for the balance of 36.35% of gross asset value. The chart below summarizes the mix of the portfolio as at 30th June, 2017:



Fund Performance

The Fund achieved a year on year total return (net of all fees and expenses) of 26.93% in its 6th financial year. The total return is determined by comparing the closing net asset value as at 30th June 2017 (₦150.9995) plus distributions made during the year (₦10.00) with the opening net asset value (₦126.8440). This performance results in a 96.83% return since inception of the

Fund and a 6 year CAGR of 11.95%. To date, the Value Fund has made a total distribution of ₦1.47bn (₦45.83/unit).

Financial Year End	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12
Opening Net Asset Value (₦'000)	4,071,286	4,337,135	4,883,958	4,249,314	3,617,609	3,209,679
Closing Net Asset Value (₦'000)	4,846,606	4,071,286	4,337,135	4,883,958	4,249,314	3,617,609
Net Income (₦'000)	1,141,399	229,842	(31,715)	434,620	845,175	415,633
Distributions (₦'000)**	320,968	320,968	320,968	320,968	264,478	243,615
Net Asset Value/Unit	151.00	126.84	135.13	152.16	132.39	112.71
Earnings/Unit	35.56	7.16	(0.99)	13.54	26.33	12.95
Distribution/Unit	10.00	10.00	10.00	10.00	8.24	7.59
Total Return (Net of fees & expenses)	26.93%	1.27%	-4.62%	21.16%	24.20%	12.71%

***Distribution for 30 June 2017 is proposed and subject to shareholder approval*

Conclusion

In Q2 2017, macroeconomic sentiment improved, but the Nigerian economy continues to face macro headwinds. There remains urgent need for additional policies and reform, such as; further deregulation of key sectors that include the foreign exchange market, downstream sectors (PMS and Kerosene) and power sector. There is also need to increase infrastructure investment (transportation and power), strengthen the oil & gas sector through increased private sector investment, provide a sustainable solution to militancy actions, and diversify the productive base of the economy.

The Fund Manager is of the view that Nigeria still offers a strong secular outlook, driven by long-term fundamentals that include; population and demographics, efforts at structural diversification of the economy, maturing democracy, improving rule of law, urbanization and formalization of the economy.

Based on the longer-term fundamentals, we believe equity investments continue to offer attractive value for longer-term investors. We will therefore continue to seek out these opportunities in listed and unlisted equity securities guided by our value philosophy. We 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 where further potential is considered limited in light of current prices.

TRUSTEES' REPORT

The Trustees present their annual report for the year ended 30 June 2017.

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 and 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 the Fund Manager who served during the year under review are:

Mr. Richard Kramer (American) - Chairman
Mr. Funso Doherty - Managing
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 of the activities of ValuAlliance Asset Management Ltd on behalf on behalf of and in the interest of unitholders,
- Safe-keeping documents relating to the investments of the Fund;
- Monitoring the Register of unit holders;
- Ascertaining the profitability rationale for the investment decision making of the Fund Manager;

- 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 Ltd to the Commission.

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 investment by the Fund.

OPINION:

The Trustees are of the opinion that the Fund was administered and managed in line with provisions of the Trust Deed and the Investment and Securities Act, 2007. Increase in Trustee fee approved at the Annual General Meeting of December 17, 2013 has been notified to the Commission and a Supplemental Deed is under process by the Commission for approval.

BY ORDER OF THE TRUSTEES

Leadway Capital and Trusts Limited

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Akintola Williams Deloitte
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of SIM Capital Alliance Value Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SIM Capital Alliance Value Fund** which comprise the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, 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 **SIM Capital Alliance Value Fund** as at 30 June 2017 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.

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Responsibilities of the Fund Manager for the Financial Statements
The Fund Manager are 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.

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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.

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, was brought to our notice during the audit of the financial statements for the year ended 30 June, 2017.

For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
08 September, 2017

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

STATEMENT OF PROFIT OR LOSS

	Note	30-Jun 2017 N'000	30-Jun 2016 N'000
Interest income	3	222,362	252,277
Dividend income	4	158,446	127,188
Net gains/(loss) from financial instruments at fair value through profit or loss	5	817,283	(237,322)
Other Income	6	100,546	166,652
Total revenue		1,298,637	308,795
Fund Manager's fees		(40,994)	(38,290)
Trustees fees		(2,870)	(2,680)
Custodian fees		(7,663)	(7,976)
Registrars fees		(483)	(483)
Audit fees		(4,500)	(4,500)
Loss on Disposal of Euro Bonds		(3,692)	-
Other operating expenses	7	(8,902)	(10,906)
		(69,104)	(64,835)
Net operating income before Fund Manager's incentive fees		1,229,533	243,960
Fund Manager's incentive fees	22	(70,515)	-
Net operating income		1,159,018	243,960
Withholding Tax expense	8	(17,619)	(14,118)
Profit after tax		**1,141,399**	**229,842**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	30-Jun 2017 N'000	30-Jun 2016 N'000
Profit for the year	19	1,141,399	229,842
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net losses from financial assets classified as available-for-sale		(45,112)	(128,871)
Items that may be reclassified subsequently to profit or loss:			
Reclassification adjustment relating to available for sale financial assets disposed during the year	18	-	(45,853)
Other comprehensive income net of tax		(45,112)	(174,724)
Total comprehensive income for the year		1,096,287	55,118

STATEMENT OF FINANCIAL POSITION

	Note	30-Jun 2017 N'000	30-Jun 2016 N'000
ASSETS			
Cash and Bank balances	9	58,052	393,246
Due from other financial institutions	10	275,621	205,335
Financial assets at fair value through profit or loss	11	2,705,170	1,634,745
Available-for-sale financial assets - Unquoted Equities	12	437,382	522,953
Available-for-sale financial assets - Fixed Income Securities	13	1,453,388	-
Held-to-maturity investments	14	-	1,333,074
Other assets	15	7,750	-
TOTAL ASSETS		**4,937,363**	**4,089,353**
LIABILITIES			
Payables and accruals	16	90,757	18,067
TOTAL LIABILITIES		**90,757**	**18,067**
EQUITY			
Share capital	17	3,209,679	3,209,679
Share premium	17	1,827	1,827
Other reserves	18	71,139	116,251
Retained earnings	19	1,563,961	743,529
TOTAL EQUITY		**4,846,606**	**4,071,286**
TOTAL LIABILITIES & EQUITY		**4,937,363**	**4,089,353**

The financial statements were approved by the Fund Managers on 25 August, 2017 and signed on its behalf by:

Richard L. Kramer

Richard Kramer
Director
FRC/2013/ICAN/00000004909

Funso Doherty
Managing Director
FRC/2014/ICAN/000000010302

Samuel Oniovosa
Chief Financial Officer
FRC/2013/ICAN/00000004911

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital	Share premium	Available for sale revaluation reserve	Retained earnings	Total
	N'000	N'000	N'000	N'000	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				1,141,400	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**
Balance at 1 July 2015	3,209,679	1,827	290,975	834,654	4,337,135
Other comprehensive income for the year	-	-	(174,724)	-	(174,724)
Profit for the year				229,842	229,842
Dividend paid	-	-	-	(320,967)	(320,967)
Balance as at 30 June 2016	**3,209,679**	**1,827**	**116,251**	**743,529**	**4,071,286**

STATEMENT OF CASH FLOWS

	Note	30-Jun 2017 N'000	30-Jun 2016 N'000
Cash flows from operating activities			
Profit for the year		1,141,399	229,842
Adjustments for:			
Dividend income	4	(158,446)	(127,188)
Net loss from financial instruments at fair value through profit or loss	5	(817,283)	237,322
		165,670	**339,976**
Movement in working capital:			
Net (Increase) / decrease in other assets		(7,264)	8,103
Net increase / (decrease) in payables and accruals		72,690	(2,246)
Net (increase)/ decrease in financial assets at fair value through profit or loss		(253,142)	(571,748)
Net decrease in available-for-sale financial assets		(1,412,929)	78,140
Net decrease/ (increase) in held to maturity investments		1,333,074	653,814
Cash (used in) / from generated operations		(101,901)	506,039
Dividend received		157,960	127,188
Net cash generated by operating activities		**56,059**	**633,227**
Cash flows from financing activities			
Dividend paid	19	(320,967)	(320,967)
Net cash used in financing activities		(320,967)	(320,967)
Net decrease in cash and cash equivalents		(264,908)	312,260
Cash and cash equivalents at start of year		598,581	286,321
Cash and cash equivalents at the end of year	10.1	**333,673**	**598,581**

NOTES TO THE FINANCIAL STATEMENTS

1.1 General information

SIM Capital Alliance Value Fund ('The 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 SIM Capital Alliance 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 Guaranty Trust Bank Plc, Stanbic IBTC Holding Plc and Zenith Bank Plc stood at 7.33%, 7.22% and 5.55% 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.
Although the Fund took steps to comply with the Commission's directive, the Fund's holding in MTNN remained unsold as at the 30th of June 2017. The Fund Manager has communicated this to the Commission.

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 August, 2017.

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 categorized 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 are 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.

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 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.
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;

NOTES TO THE FINANCIAL STATEMENTS

- 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, 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

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.

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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 New standards and amendments that will be effective for reporting period that begin 1 January 2016

A number of standards, interpretations and amendments thereto, had been issued by the IASB which are effective but do not impact on these consolidated financial statements as summarised in the table below:

IFRS	Effective Date	Subject of standard/amendment
IFRS 14 Regulatory Deferral Accounts	1-Jan-16	IFRS 14 specifies the accounting for regulatory deferral account balances that arise from rate-regulated activities. The Standard is available only to first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs who recognised regulatory deferral account balances under their previous GAAP. IFRS 14 permits eligible first-time adopters of IFRSs to continue their previous GAAP rate-regulated accounting policies, with limited changes, and requires separate presentation of regulatory deferral account balances in the statement of financial position and statement of profit or loss and other comprehensive income.
		Disclosures are also required to identify the nature of, and risks associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances. This standard does not impact on the financial statements as the Fund does

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		not provide services subject to rate regulation and in addition, the group has applied IFRS 1 in prior year when converting to IFRS.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	Effective for annual periods beginning on or after 1 January 2016	The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	Effective for annual periods beginning on or after 1 January 2016	The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances: a) when the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined, the

NOTES TO THE FINANCIAL STATEMENTS

		revenue that is to be generated might be an appropriate basis for amortising the intangible asset; or b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. Based on the assessment, it was noted that none of its intangible assets or property, plant and equipment are being amortised or depreciated based on revenue.
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	Effective for annual periods beginning on or after 1 January 2016	The amendments bring bearer plants, which are used solely to grow produce, into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. For the purpose of bringing bearer plants from the scope of IAS 41 into the scope of IAS 16 and therefore enabling entities to measure them at cost subsequent to initial recognition or at revaluation, a definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as a living plant that: i. is used in the production or supply of agricultural produce; ii. is expected to bear produce for more than one period; and iii.has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under IAS 41 while bearer plants are accounted for under IAS 16.
Equity Method in Separate Financial Statements (Amendments to IAS 27)	Effective for annual periods beginning on or after 1 January 2016	The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at cost, in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9), or using the equity method as described in IAS 28

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		Investments in Associates and Joint Ventures
Disclosure Initiative (Amendments to IAS 1)	Effective for annual periods beginning on or after 1 January 2016	The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. Disclosure Initiative (Amendments to IAS 1) makes the following changes: i. Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply. ii Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss. iii. Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Effective for annual periods beginning on or after 1 January 2016	The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. Investment Entities: The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a

NOTES TO THE FINANCIAL STATEMENTS

		subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value. It also states that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity. In addition, when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries. In addition, an investment entity measuring all of its subsidiaries at fair value must provide the disclosures relating to investment entities as required by IFRS 12.

Annual Improvements to IFRSs 2012 - 2014 Cycle
(Effective for annual periods beginning on or after 1 January 2016, except as detailed below).
The Annual Improvements include amendments to a number of IFRSs, which have been summarised below

Standard	**Subject of amendment**	**Details**
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes in methods of disposal.	The amendment introduces specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendment clarifies that such a change is considered as a continuation of the original plan of disposal and accordingly an entity should not apply paragraphs 27-29 of IFRS 5 regarding changes to a plan of sale in those situations.
IFRS 7 Financial Instruments: Disclosures (with consequential amendments to IFRS 1)	(i) Servicing contracts (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements	The amendment provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. Also, the amendment clarifies that the offsetting disclosures are not specifically required for all interim periods. However, the disclosures may need to be included in the condensed interim financial statements to satisfy the requirements in IAS 34 Interim Financial Reporting.

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IAS 19 Employee Benefits	Discount rate: regional market issue	The amendment clarifies that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The basis for conclusions to the amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level which is consistent with the currency in which the benefits are to be paid. For currencies for which there is no deep market in such high-quality bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency should be used.
IAS 34 Interim Financial Reporting	Disclosure of information 'elsewhere in the interim financial report'.	The amendment clarifies the requirements relating to information required by paragraph 16A of IAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendment requires that such information to be included either in the interim financial statements or incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 New and revised IFRSs in issue that are not mandatorily effective (but allow early application) for the year ended 30 June 2017

The Fund has not applied the following new and revised IFRSs that have been issued but are not yet effective:

i. IFRS 9 Financial Instruments;
ii. IFRS 15 Revenue from Contracts with Customers;
iii. Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
iv. IFRS 16 Leases
v. Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
vi. Amendments to IAS 7 Additional disclosure on changes in financing activities
vii. Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
viii. Amendments to IFRS 4 upon applying IFRS 9

2.4.1 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.

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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 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 comment period which ended on 17 October 2014. The project is under redeliberation 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2.4.2 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:

- 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 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.

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

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

2.4.4 IFRS 16 Leases

IFRS 16 Leases was issued, it specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Effective date of this standard is 1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

2.4.5 Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

IAS 12 Income Taxes was amended to clarify the following aspects: Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Effective date of the amendment is 1 January, 2017

2.4.6 Amendments to IAS 7 Additional disclosure on changes in financing activities

IAS 7 was amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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

IFRS 2 was amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.
Effective date is 1 January 2018

		30-Jun 2017 ₦'000	30-Jun 2016 ₦'000
3	**Interest income**		
	Interest on bonds	108,776	141,952
	Interest on treasury bills	95,784	47,636
	Interest on short term placements	17,802	62,689
		222,362	**252,277**
4	**Dividend income**		
	Listed securities	144,747	103,716
	Unlisted securities	13,699	23,472
		158,446	**127,188**

NOTES TO THE FINANCIAL STATEMENTS

		30-Jun 2017 ₦'000	30-Jun 2016 ₦'000
5	**Gain/(Loss) from financial instruments at fair value through profit or loss**		
	Access Bank Plc	73,135	9,683
	Continental Reinsurance Plc	3,672	13,770
	Custodian & Allied Plc	(18,359)	697
	Diamond Bank Plc	(23,982)	(45,352)
	FCMB Plc	(5,250)	9,261
	FBN Holdings Plc	48,736	(65,142)
	Fidelity Bank	(1,559)	(19,745)
	Guaranty Trust Bank Plc	120,192	(10,903)
	Okomu Oil Palm	78,284	300
	Presco Plc	114,251	4,553
	Seplat Petroleum Dev. Co. Plc	50,625	(3,773)
	Stanbic IBTC Holdings	181,540	17,515
	Total Nigeria Plc	64,641	-
	UAC of Nigeria Plc	(12,910)	(144,581)
	UBA Plc	77,140	18,259
	Zenith Bank Plc	67,127	(21,870)
		817,283	**(237,322)**
6	**Other Income**		
	Gain on disposal of available for sale financial assets	-	356
	Cummulative gain reclassified from equity on disposal of available for sale	-	45,853
	Exchange gain	100,546	118,844
	Others	-	1,599
		100,546	**166,652**
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	2,802	2,672
	Others operating expenses	4,581	6,715
		8,902	**10,906**
8	**Withholding tax expense**		
	Withholding tax on interest income earned	1,774	3,834
	Withholding tax on dividend income earned	15,845	10,284
		17,619	**14,118**

NOTES TO THE FINANCIAL STATEMENTS

		30-Jun 2017 ₦'000	30-Jun 2016 ₦'000
9	**Bank balances**		
	Bank balance	**58,052**	**393,246**

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 2017 ₦'000	30-Jun 2016 ₦'000
10	**Due from other financial institutions**		
	Access Bank Plc	-	205,335
	Union Bank Plc	275,621	-
		275,621	**205,335**

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 2017 ₦'000	30-Jun 2016 ₦'000
10.1	**Cash and cash equivalent**		
	Bank balance	58,052	393,246
	Due from other financial institutions	275,621	205,335
		333,673	**598,581**

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2017 N'000	30-Jun 2016 N'000
11 Financial assets at fair value through profit or loss		
Investment in quoted equity securities:		
Access Bank Plc	189,025	82,370
Continental Reinsurance Company Plc	74,378	105,570
Custodian & Allied Plc	128,428	134,853
Diamond Bank Plc	29,444	53,426
FCMB Plc	18,750	24,000
FBN Holdings Plc	124,874	76,138
Fidelity Bank Plc	68,068	69,627
Guaranty Trust Bank Plc	362,030	241,839
Okomu Oil Palm Plc	184,266	6,238
Presco Plc	231,676	117,425
Seplat Plc	174,375	123,750
Stanbic IBTC Holdings Plc	356,596	175,056
Total Nigeria Plc	184,520	-
UACN Plc	138,415	128,395
UBA Plc	166,440	89,300
Zenith Bank Plc	273,885	206,758
	2,705,170	**1,634,745**

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

	30-Jun 2017 N'000	30-Jun 2016 N'000
12 Financial Assets Available for Sale – Unquoted Equity Securities		
Investment in unquoted equity securities:		
MTN Nigeria linked notes	218,719	319,082
Friesland Campina WAMCO Nigeria	218,663	203,871
	437,382	**522,953**

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.

		30-Jun 2017 N'000	30-Jun 2016 N'000
12.1	**Gain or Losses on Financial Assets Classified as Available for Sale - Unqouted Equity Securities**		
	Opening balance - 1 July	522,953	775,817
	Additions /(Sales) during the year	-	(78,140)
	Net fair value change during the year	(85,572)	(174,724)
	Fair value at 30 June	437,381	522,953
13	**Financial Assets Available for Sale - Fixed Income Securities**		
	Eurobonds	189,475	-
	Treasury bills	929,979	-
	Federal Government of Nigeria Bonds	236,702	-
	Lagos State Government Bonds 7 years (14.5%)	97,232	-
		1,453,388	-

During the financial year, the Fund sold a significant amount of Eurobonds which had been categorized as held to maturity assets. This led to the held to maturity portfolio being tainted resulting in the reclassification of financial assets initially classified in held to maturity to available for sale in line with IAS 39.

Available for Sale - Fixed Income Securities of the Fund as at the reporting date consist mainly of Treasury bills issued by the Federal Government of Nigeria as short-term debt instruments. 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 also 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 2017 N'000	30-Jun 2016 N'000
13.1	**Gain or Losses on Financial Assets Classified as Available for Sale - Fixed Income Securities**		
	Opening balance - 1 July		
	Additions /(Sales) during the year	1,493,848	-
	Net fair value change during the year	40,460	-
	Fair value at 30 June	**1,453,388**	**-**
14	**Held to Maturity Investments**		
	Eurobonds	-	364,458
	Treasury bills	-	198,907
	Federal Government of Nigeria Bonds	-	632,069
	Lagos State Government Bonds 7 years (14.5%)	-	137,640
		-	**1,333,074**

NOTES TO THE FINANCIAL STATEMENTS

		30-Jun ₦'000	30-Jun ₦'000
15	**Other assets**		
	Dividend receivable from: Stanbic IBTC Holdings	486	-
	Interest Receivable from: Federal Government of Nigeria Bonds	7,264	-
		7,750	**-**
16	**Payables & accruals**		
	Due to Fund Manager	11,228	9,509
	Trustee fees payable	1,465	1,261
	Custody fees payable	1,350	1,905
	Audit fees	4,500	4,500
	VAT on fees payable	928	892
	Fees in relation to Dividend Payment	288	
	Annual Registers Fees	483	-
	Incentive Fee Payable	70,515	-
		90,757	**18,067**

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 revised fee terms 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 2017 N'000	30-Jun 2016 N'000
17	**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**
18	**AFS Revaluation Reserves**		
	At 1 July	116,251	290,975
	Net gain/(loss) arising on revaluation of available-for-sale financial assets - Unquoted Equities	(85,572)	(128,871)
	Net gain/(loss) arising on revaluation of available-for-sale financial assets - Fixed Income Securities	40,460	
	Cumulative (gain)/loss reclassified to profit or loss on sale of available for sale financial assets	-	(45,853)
	At 30 June	**71,139**	**116,251**

NOTES TO THE FINANCIAL STATEMENTS

	30-Jun 2017 N'000	30-Jun 2016 N'000
19 Retained earnings		
At 1 July	743,529	834,654
Profit for the year	1,141,399	229,842
Dividend payment	(320,967)	(320,967)
At 30 June	**1,563,961**	**743,529**

20 Tax matters for Unit holders' attention

During the financial year, following a letter from the FIRS notifying of its intention to conduct a full-scale tax audit exercise of the Fund's financial records from 2013 to 2015, the Fund Manager engaged the services of a tax consultant to conduct a tax review of the accounting records of the Fund from financial years 2012 to 2015 as well as provide an opinion on the taxability of the Fund.

In its report, the tax consultant opined that there remains uncertainty around the interpretation of the tax status of Collective Investment Schemes ("CIS") in Nigeria, and particularly for the CIS that have the legal status of unincorporated entities (e.g. Trusts). This is because of the differing provisions across different tax laws, and in some instances within the same law. While some tax provisions deem such CIS as pass-through entities for tax purposes, other provisions deem them as taxable entities.

Due to this uncertainty, it is 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 CIS. Consequently, no provision has been made in these financial statements.

The Fund Manager, through the tax consultant, continues to engage with the FIRS on this matter. Additionally, engagements with the FIRS on the tax status of CIS in general, is ongoing at the industry level.

21 Use of estimates and judgments

(a) Key sources of estimation uncertainty

(i) 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

(i) 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:

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

NOTES TO THE FINANCIAL STATEMENTS

- 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 simpler 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 may 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 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:

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	Level 1	Level 2	Level 3	Total
30-Jun-17				
Financial assets at fair value				
Equity investments	2,705,170	437,382	-	3,142,552
	2,705,170	**437,382**	**-**	**3,142,552**
Financial liabilities at fair value				
Securities sold short	-	-	-	-
	-	-	-	-

In thousands of Naira	Level 1	Level 2	Level 3	Total
30-Jun-16				
Financial assets at fair value				
Equity investments	1,634,745	522,953	-	2,157,698
	1,634,745	**522,953**	**-**	**2,157,698**
Financial liabilities at fair value				
Securities sold short	-	-	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

22 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.

(i) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

In thousands of Naira	Carrying amount	(outflow)	Gross nominal inflow/ outflow	Less than 1month	3 months	3months to 1 year
30-Jun-17						
Balances due to:						
Fund Parties	14,050	-	-	14,050	-	-
Other payables	76,707	-	-	76,707	-	-
	90,757	-	-	**90,757**	-	-

In thousands of Naira	Carrying amount	(outflow)	Gross nominal inflow/ outflow	Less than 1month	3 months	3months to 1 year
30-Jun-16						
Balances due to						
Fund Parties	12,675	-	-	**12,675**	-	-
Other payables	5,392	-	-	**5,392**	-	-
	18,067	-	-	**18,067**	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS

(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:

	30-Jun-2017		30-Jun-2016	
Tenor	**% of Net Assets**	**Weighted Yield (%)**	**% of Net Assets**	**Weighted Yield (%)**
< 1 Year	19.19%	20.11%	25.34%	12.76%
1 - 3 Years	7.68%	13.87%	5.22%	14.38%
> 3 Years	3.12%	13.85%	7.06%	13.46%

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 investment 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.

	30-Jun 2017 % of gross assets	**30-Jun 2016 % of gross assets**
Equity investments:		
Quoted equity investments	54.79%	39.98%
Unlisted equity investments	8.86%	12.79%
Total equity investments	63.65%	52.76%
Total debt securities	29.44%	32.60%
Total investment assets	93.08%	85.36%
Total investment liabilities	(0.00)	(0.00)

NOTES TO THE FINANCIAL STATEMENTS

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

	2017 % of gross assets	**2016 % of gross assets**
Banking sector	**32.19%**	**24.91%**
Building materials	**0.00%**	**0.00%**
Oil & Gas	**7.27%**	**3.03%**
Breweries	**0.00%**	**0.00%**
Conglomerates	**2.34%**	**3.14%**
Food and beverages	**4.43%**	**4.99%**
Real Estate	**0.00%**	**0.00%**
Road transport	**0.00%**	**0.00%**
Insurance	**4.57%**	**5.88%**
Foreign listing	**0.00%**	**0.00%**
Maritime	**0.00%**	**0.00%**
Agric	**8.42%**	**3.02%**
Telecommunications	**4.43%**	**7.80%**
Others		
	63.65%	**52.76%**

No exposure to any individual issuer or sector exceeded 10% and 35% of the net assets attributable to the unit holders.

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

At 30 June 2017, 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 N43.74 million, while a decrease of 10% in the value of unquoted equity investments would result to an immediate charge to other comprehensive income of N43.74 million.

It is also estimated that at 30 June 2017 an increase of 10% in quoted equity prices would result in an immediate credit to Profit or loss of N270.52 million, while a decrease of 10% in quoted equity prices would result to an immediate charge to Profit or loss of N270.52 million.

(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 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.

	30-Jun 2017 N'000	30-Jun 2016 N'000
23 Fund Manager's incentive fees		
Opening net asset(audited)	4,071,286	4,337,135
Closing NAV before incentive fees	4,917,116	4,071,286
Dividend paid during year	320,967	320,967
Growth in NAV %	28.66%	1.27%
Excess above 20%	8.6600%	-
Return in excess of 20% benchmark (N)	352,573	-
Incentive fee due to the Fund Manager	70,515	-
Incentive fee charged to P or L (Note 23.1)	70,515	-
Closing net asset after incentive fee (audited)	**4,846,601**	**4,071,286**

23.1 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 2017, the Fund has achieved a total return of 28.66%. Incentive Fee has been determined to be N70.515m for this financial year.

24 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.

NOTES TO THE FINANCIAL STATEMENTS

These returns consist of interest, dividends and gains on the appreciation in the value of investments.

The segment information for the reportable segments is as follows

For the year ended 30 June 2017

	Cash	Money Market	Fixed Income	Unquoted Equities	Quoted Equities	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Interest income	3,609	14193	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	2,705,171	4,929,614
Total segment liabilities	-	-	-	-	-	-

For the year ended 30 June 2016

	Cash	Money Market	Fixed Income	Unquoted Equities	Quoted Equities	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Interest income	-	62,689	189,588	-	-	252,277
Dividend Income	-	-	-	23,472	103,716	127,188
Fair value gain/loss	-	-	-	(174,724)	(237,322)	(412,046)
Transaction cost	-	-	-	-	(5,438)	(5,438)
Withholding taxes		(3,834)	-	(1,257)	(9,027)	(14,118)
Total net segment income	-	58,855	189,588	(152,509)	(148,071)	(52,137)
Total segment assets	393,246	205,335	1,333,074	522,953	1,634,745	4,089,353

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 net segmental income to net operating profit is provided as follows.

	30-Jun 2017	30-Jun 2016
	N'000	N'000
Total net segment income	1,152,979	(32,581)
Withholding taxes	(17,619)	(14,118)
Other Income	100,546	166,652
Fair Value Gain/Loss from AFS	45,112	174,724
Other fees and expenses	(139,619)	(64,835)
Operating profit	1,141,399	229,842

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

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

NOTES TO THE FINANCIAL STATEMENTS

	2017	2016
	N'000	N'000
Segment assets for reportable segments	4,929,614	4,089,353
Other assets	7,750	-
Total assets	4,937,364	4,089,353

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

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

	2017	2016
	N'000	N'000
Segment liabilities for reportable segments:		
Accruals and payables	90,757	18,067

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

25 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 23).

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 0.075% of the value of securities in its custody over N10 billion in addition to a fee of 0.10% of the value of the securities up to N10 billion and another of 0.125% of the value of securities up to N5 billion per annum.

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 of these related parties is disclosed in note 16.

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 N10 each on the 32,967,860 units of N100 each issued capital as at 30 June 2017. 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 25 August, 2017.