

Norrenberger Islamic Fund
Managed By

Norrenberger Investment and Capital Management Limited

Financial Statement for the Year Ended 31 December 2022

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Corporate Information for the year ended 31 December 2022

Fund Manager	Norrenberger Investment and Capital Management Limited
Directors of the Fund Manager	Mr. Ibrahim Aliyu (Chairman) Mr. Anthony Edeh (Managing Director) Mr. Andrew Nweke (Non-Executive Director) Mrs. Eniola Adedayo (Non-Executive Director) Mr. Nduka Ikeyi (Non-Executive Director) Mrs. Ifeoma Malo (Non-Executive Director)
Solicitor to the Offer	Templars 5th Floor, The Octagon 13A A.J. Marinho Drive Victoria Island, Lagos
Registered office (Fund Manager)	11 Volta Street, Off Thames Street Ministers Hill, Maitama, Abuja, Nigeria
Trustee to the Fund	UTL Trust Management Services Limited ED Building, Lagos Island 47 Marina, Lagos
Custodian to the Fund	United Bank for Africa Plc UBA House 57, Marina, Lagos Island
Registrar to the Fund	Africa Prudential Plc 220B, Ikorodu Road Palmgrove, Lagos
Fund Investment Advisory Committee	Mr. Anthony Edeh Dr. Oladipupo Tijani Dr. Abdullateef Bello Dr. Muhammad Muktar Mr. Taye Adelanwa
Independent auditors to the Fund	PML Professional Service (Chartered Accountants) 2, Montgomery Road Yaba, Lagos



UTL TRUST
MANAGEMENT SERVICES LIMITED
REPORT OF THE TRUSTEE

UTL Trust Management Services Limited
RC4834
ED Building
47, Marina, (2nd floor) Lagos
P.O. Box 5543, Marina, Lagos
Telephone: 01-2778251, 2705306.
mails@utltrustees.com
www.utltrustees.com

The Trustees are pleased in presenting their annual report together with the audited financial statements on the affairs of Norrenberger Investment and Capital Management Limited's Islamic Fund ("The Fund") for the period ended 31st December, 2022.

PRINCIPAL ACTIVITY

The principal activity of the Norrenberger Islamic Fund ("The Fund") as authorized by the Securities and Exchange Commission is to provide investors with a low-risk with stable and competitive returns through investments in a portfolio of Shariah-Compliant Assets.

During the period under review, the Fund was managed in accordance with the Investment and Securities Act 2007, the provisions of the Trust Deed, the rules and regulations of the Securities and Exchange Commission, the principles of Islamic Finance whilst taking into cognizance the prevailing market conditions for the purpose of preserving and minimizing possible losses of Unit holders funds.

Results:

The results for the period are extracted from the financial records prepared by the Fund Manager and duly audited in accordance with the provision of Section 169(2) of the Investment and Securities Act of 2007.

The Net Asset Value of the Fund as of 31 December 2022 is as follows;

In Naira	31 December 2022
Net Assets attributable to Unit Holders	317,017,535

The operating result for the year ended is as follows;

In Naira	31 December 2022
Profit for the year	27,871,483

DIRECTORS

The Directors of the Fund Manager who served on the board of the Fund during the period under review were:

Mr. Ibrahim Aliyu	Chairman
Mr. Anthony Edeh	Managing Director
Mr. Andrew Nweke	Non-Executive Director
Mrs. Eniola Adedayo	Non-Executive Director
Mr. Nduka Ikeyi	Non-Executive Director
Mrs. Ifeoma Malo	Non-Executive Director

DIRECTORS AND RELATED PARTIES' INTEREST IN THE UNITS OF THE FUND:

As of 31 December 2022, Mr. Anthony Edeh (Managing Director) of the Norrenberger Investment and Capital Limited holds 2,500 units of the Fund.

None of the directors of UTL Trust Management Services Limited has any direct or indirect beneficial interest in the units of the Fund as of 31 December 2022.



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STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Trustee's responsibilities to the Fund are as follows:

- To ensure that the basis on which the sale, issue repurchase or cancellation, as case may be, of participatory interests effected by or on behalf of the Fund is carried out in accordance with the Investment and Securities Act, SEC Rules and Regulations and the Trust Deed.
- To ensure that the selling or repurchase price or participatory interests is calculated in accordance with the Investment and Securities Act, SEC Rules and the Trust Deed.
- To carry out the instructions of the Manager unless they are inconsistent with the Investment and Securities Act, any applicable law or the Trust Deed.
- To ensure appropriate internal control systems are maintained and that records clearly identify and value of the Held Assets in trust, the ownership of each investment and the place where documents of title pertaining to each Investment are kept.
- To verify that the income accruals of the Fund are applied in accordance with the Investments and Securities Act, SEC Rules and Regulations and the Trust Deed.
- To enquire into and prepare a report on the administration of the Fund by the Manager during each annual accounting period, in which it shall be stated whether the Fund has been administered in accordance with the provisions of the Investment and Securities Act, the SEC Rules and Trust Deed.
- To enquire into and send report on the administration of the Fund to the Commission and to the Manager in good time to enable the Manager include a copy of the report in its annual report of the Fund.
- To ensure there is a legal separation of the Held assets in trust and that the legal entitlement of the Fund/Unitholders to such Held assets are assured.
- Monitoring of the activities of the Fund Manager on behalf of and in the interest of the Unitholders.
- To ensure that the management of the Fund is carried out in accordance with the Trust Deed and the Investment and Securities Act.
- To satisfy that every income statement, balance sheet or other return prepared by the Manager in terms of section 169 of the Investment and Securities Act, SEC Rules and the Trust Deed.
- To monitor entries made by the Registrar in the register.
- To ascertain that monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission.
- To exercise any voting right conferred on it as the registered holder of any investment.
- To act at all times in the interest of and for the benefit of the Unitholders.

BY ORDER OF THE TRUSTEES

UTL Trust Management Services Limited

Olufunke Aiyepola (Mrs.)

FRC/2013/NBA/00000003285

REPORT OF THE FUND MANAGER

2022 MARKET OVERVIEW

Nigeria Economy

A brief highlight of some Macro-economic activities that were predominant in year 2022

1. Nigeria's annual crude oil production dropped from an average of 1.62mb/d in 2021 to 1.38mb/d in 2022, culpable to the significant dip in Q3 2022, reflecting the slog in implementing the Petroleum Industry Act, oil theft, pipeline vandalism, and other industry challenges. This developed a gap between the country's actual production and the 2022 budget assumption of 1.88mb/d. In the third quarter of 2022, the country recorded a daily average of 1.20mb/d, lower than the daily average of 1.57mb/d in Q3 2021 and lower than the Q2 2022 production volume of 1.43mb/d. Production dropped to 972,394b/d in August and further to 937,766b/d in September, a record low for the nation. Due to this, the country could not benefit from the oil price rally in 2022 in addition to the limiting factors of the subsidy regime. Major oil price benchmarks hovered between US\$70 and US\$130 per barrel in 2022 on structural barriers to demand and supply disruptions from the Russia-Ukraine war.

2. Inflationary pressures rose to a 17-year high at the end of 2022

The consumer price index (CPI) report for the month of November 2022 released by the National Bureau of Statistics indicated that the headline inflation in Nigeria rose for the 10th consecutive month to 21.47% in November 2022 from 21.09% recorded in the previous month. This depicted its 17-year high since September 2005. The hotter-than expected inflation rate in November was largely driven by exchange rate pass-through effect and higher cost of production due to abrupt rise in energy costs. Another major culprit for the 17-year high November CPI was the flood effect, which ravaged at least 85% of states in the nation. Annual inflation for 2022 averaged 18.76%, recording the lone decline for the year in December down to 21.34%. The rising inflation was buoyed by the exchange rate pass-through effect of the Russia-Ukraine war, high energy prices, nationwide flood, and reoccurring fuel scarcity.

3. FG borrowed N6.3trn through ways and means in 10 months of 2022

The Ways and Means is a loan facility provided by the CBN to finance the government budget shortfalls. This climbed from N17.5 trillion as at the end of December 2021 to N23.8 trillion in October 2022. This portrays an increase of N6.3 trillion in 10 months. Of all the analyzed months, October recorded the highest with N957.2 billion, while the lowest for the year was in April N112.3 billion.

4. New Rules for Collective Investment Schemes (CIS):

The Securities and Exchange Commission in early 2022 released new general rules for Collective Investment Schemes prescribing that all units/securities of a collective investment scheme shall be registered by the Commission. The Rule which is on the Commission's website states that all units/securities subject to registration by the Commission may be offered through the following methods:(a) offer for subscription; (b) offer for sale; (3) Units/securities of a collective investment scheme may be registered by way of a shelf registration.

FINANCIAL MARKET

Money Market

The year 2022 saw one of the sternest monetary policies tightening by the Central Bank of Nigeria in the monetary policy rates by the monetary policy committee as it rose by 500 basis points from 11.50% in the beginning of the year to 16.5% as at the end of the year. Similarly, the cash reserve ratio rose from 27.5% to 32.5% over the year. However, the Committee retained the asymmetric corridor of +100/-700 basis points around the MPR; and retained the Liquidity Ratio at 30%.

These decisions were triggered by the elevated inflation caused due to heightened uncertainties and consequences of the Russia-Ukraine war and the resurgence of COVID-19 pandemic in major Chinese industrial cities as well as the synchronized policy responses of the major central banks.

In addition, credit to private sector increased to ₦41.58 trillion in November 2022 from ₦40.84 trillion in October. This growth can be attributed to the Loan-to-Deposit Ratio (LDR) policy of the CBN that mandated banks to lend to real sectors of the nation's economy. The reported ₦41.58trillion credit to private sector in November hit its highest in the banking industry. According to the statistics, credit to private sector opened 2022 at ₦35.18 trillion in January and crossed the ₦40 trillion frontier in August 2022 amid hike in inflation rate and severe business environment.

Fixed Income Market

In the fixed income market, selloffs dominated the bonds market in the year 2022. Yields rose across all tenors. Wide bid-offer spread plagued activities, which led to smaller trade volumes. Pocket of demand was nevertheless recorded on select maturities especially at the belly of the

Currency Market

The local currency traded to close negative against the Dollar at end of trading session on the last working day of the year. On a year-on-year basis, the Naira depreciated on both the I & E FX window and NAFEX window by 6.09% and 11.13% to close at ₦461.50/US\$ (previously ₦435/US\$) and ₦465.00/US\$ (previously ₦414.45/US\$), respectively.

According to data obtained from the CBN official website, Nigeria's foreign reserve dipped by -8.48% within the year to close at \$37.08 billion compared to \$40.52 billion recorded at the beginning of the year 2022. The decline in external reserves was linked to the weakening in oil exports attributable to the oil thefts across the oil producing areas of the Niger Delta even at a time of higher oil prices. With huge efforts towards reduction in oil thefts across the Niger delta and the rising prospects of increased overseas remittances, gross external reserves have been predicted to grow by a large extent in 2023.

OUTLOOK – 2023

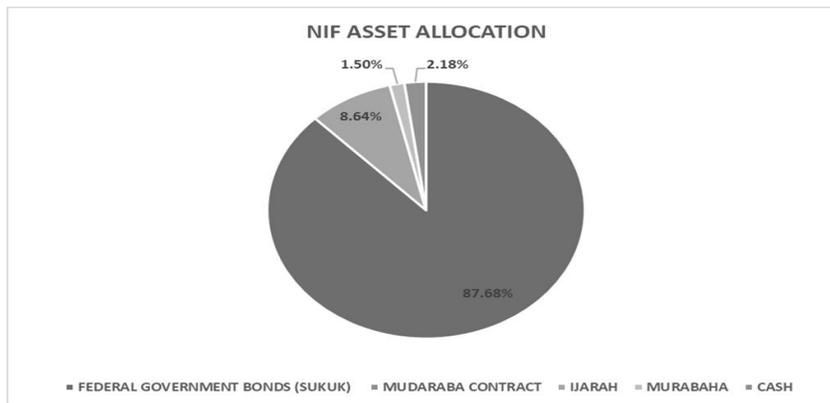
We project Nigeria’s inflation figures to remain high for most months of the years 2023 culpable rising energy prices and possible increased tensions in the food-producing regions of the country. Energy cost rose to a significant high due to the Russian-Ukraine war-induced supply chain disruption and local distortion in transport of petroleum and supply infrastructure. In accordance to the full implementation of the Petroleum Industry Act expected to take effect in 2023. The total removal of the fuel subsidy will likely drive fuel cost to record high with an expected 100% increase on its current price. The expected total removal of the fuel subsidy by mid-2023 is believed to further worsen the inflationary pressures as the major contributors to inflation are cost-push or supply driven. In addition, it is believed that structural impediments and other supply side factors should outweigh the impact of subdued demand. On the other hand, it is believed this reduction of government spending on subsidy will ease the utilization of funds in other developmental purposes by the government. In addition, the full-scale commencement of the Dangote 650,000 barrels per day refinery located in Lagos is believed to position the country’s international trade balance with an additional surplus of about ₦6.2 trillion or 28.10%. These trade surpluses are positive contributions to a nation’s Gross Domestic Product (GDP).

INVESTMENT STRATEGY

The Fund Manager plans to achieve the Fund’s investment objectives through investing in a carefully selected and well diversified portfolio of Shariah-compliant instruments and products while leveraging on the bargaining power of collective investment to earn competitive returns. The Fund’s investment objective will be achieved through a combination of various investments in Shariah-compliant securities and investment products that are approved by the Commission and permissible under Shariah principles, in varying proportions. Shariah principles generally preclude investments in businesses that deal in alcohol, adult entertainment, gambling, leisure/media, as well as investments in interest bearing debt obligations or businesses that earn interest as their primary source of income and anything else which it deems “Haram” (unlawful).

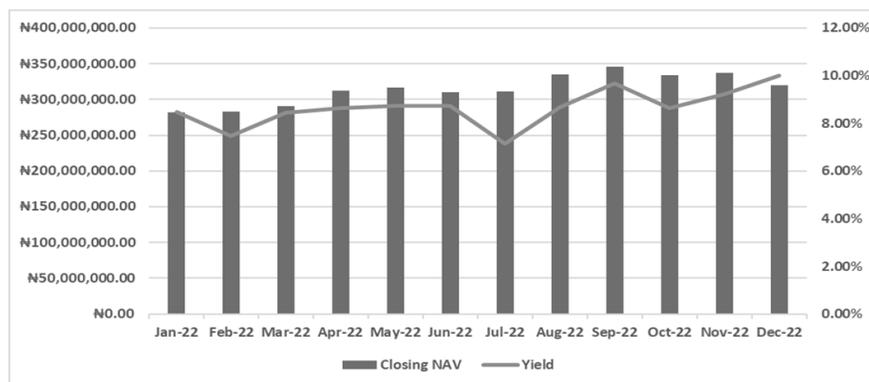
ASSET ALLOCATION

As at Dec, 31 2022, FGN Sukuk Bond accounted for 87.68%, Ijarah accounted for 8.64%, Murabaha 1.50% and Cash was 2.18% of the total Asset.



FUND PERFORMANCE

The money market and fixed income space experienced a significant recovery in the year from the low levels recorded in 2021 and early 2022. The Fund Manager was able to grow the fund in terms of price and NAV and paid quarterly Dividend to esteemed unitholders. The fund NAV grew by 12% from N286 Million at the end of December 2021 to N320 Million at the end of the year.



Tijani Oladipupo
 Fund manager

Responsibilities of the Fund Manager

The Investments and Securities Act, 2007 requires the Fund Manager to keep proper books of account and prepare annual financial statements which gives a true and fair view of the state of affairs of the unit trust scheme during the period covered by the financial statements.

In preparing the financial statements, the Fund Manager:

- selected suitable significant accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- ensured that the applicable International Financial Reporting Standards have been followed, and in the case of any material departure, that it was fully disclosed and explained in the financial statements;
- prepared the financial statements on a going concern basis; since it was appropriate to assume that the Fund shall continue to exist.

The Fund Manager 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 the Fund Manager to ensure that the financial statements comply with the applicable regulations.



Nkiru Chime (Chief Financial Officer)

FRC/2014/ICAN/0000006837



Anthony Edeh (Managing Director)

FRC/2015/ICAN/00000012821

NORRENBERGER ISLAMIC FUND

**ADVISORY COMMITTEE OF EXPERTS (“ACE”) REPORT FOR THE YEAR ENDED 31 DECEMBER 2022
TO THE BOARD AND MANAGEMENT OF UTL TRUST MANAGEMENT SERVICES LIMITED**

In the name of Allah, the Most Gracious, the Most Merciful

Praise be to Allah, and may the peace and blessings of Allah be upon our Beloved Prophet Muhammad (SAW), his family, and companions.

To the Subscribers of Norrenberger Islamic Fund (“NIF”)

Assalamu ‘alaikum warahmatullahi wabarakatuh

Per the ACE letter of assignment, we are pleased to present our report.

During the year ended 31 December 2022, we reviewed the underlying products and the contracts executed by the Fund Manager related to transactions, applications, and practices. We also undertook due diligence exercise to enable us form our opinion on the commitment of the Fund Manager to the principles and rules of the Shariah as well as offered advisory opinions, decisions, and directives.

Responsibilities of the Fund Manager

As you are aware, the Fund Manager has the primary responsibility to ensure that the Fund operates by the rules and regulation of the Securities and Exchange Commission (“SEC”) and complies with the application and principles of Islamic Law as advised regularly by the ACE whose responsibility is restricted to expression of an independent opinion based on the review of the Fund Manager’s operations and preparing timely reports based on our observations.

Scope of work of the Advisory Committee of Experts

We reviewed the contracts and agreements made by the Fund. We also reviewed various processes related to all transactions of the Fund, with customers and investors while ensuring consistency with SEC rules and others. We selected a random sample of the transactions based on the Internal Shari’ah Audit and also reviewed the feedbacks from the Shari’ah Audit, reports of field visits, the operations and applications of ACE Fatwas, and decisions issued by the Fund Manager and its Board of Directors and Investment Committee in this regard. In performing our duties, we received cooperation and understanding from all levels of management of the Fund Manager.

We planned and implemented our task to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that all transactions under the Fund did not violate the provisions of the rules and principles of the Shari’ah and whenever we found any earned income to be from non-permissible sources, we directed that such income must be transferred to charity.

Opinions of the ACE

- a. We believe that the contracts and transactions reviewed by us were conducted by the Fund Manager during the year ended 31 December 2022 and were in accordance with the rules and principles of Shari’ah.
- b. The distribution of profits on the investment accounts was in line with the bases adopted and approved by the ACE in accordance with the rules and principles of Islamic law.
- c. No gains were made from Haram (prohibited by Shariah rules) sources during the reporting period.
- d. No instances occurred in which we had to communicate correction concerning any mistakes in the processing of any transactions.

Given the above, the Advisory Committee of Experts (ACE) has confirmed the records of transactions of the Fund Manager during the period under review and wishes to state that the transactions, contracts, and obligations were Shari’ah-compliant to our satisfaction.

The Advisory Committee of Experts (ACE) wishes to thank the Board of Directors of the Fund Manager for their cooperation with us and appreciate their commitment to Islamic Fund Management Principles. The ACE prays to Almighty Allah to bring them success.

In Allah, we put our trust and He knows best.

May Allah’s mercy and blessings be upon you.

Date: January 05, 2023



Dr. Abdullateef Bello
Member Advisory Committee of Experts



Dr. Muhammad Muktar
Member Advisory Committee of Experts

Independent Auditors Report
To the Unit Holders of Norrenberger Islamic Fund

Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of Norrenberger Islamic Fund, which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as of 31 December 2022, its financial performances and its cash flows for the period then ended and comply with Investment and Securities Act, 2007, the applicable International Financial Reporting Standards (IFRSs) and in the manner required by the Financial Reporting Council of Nigeria Act 2011, Companies and Allied Matters Acts 2020 and Securities and Exchange Commission requirement and the provision of Trust Deed.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matters apply to the audit of the financial statements:

Financial asset – Impairment

There are various complexities relating to the testing and recognition of impairment on financial asset.

As a result, impairment on financial asset is considered a key audit matter due to the complexities and judgement arising from the considerations relating to the calculation, recognition in line with IFRS 9, in relation to the financial statements as a whole.

Our audit procedure:

We evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9 and its agreement with our understanding of the business and the industry in which Norrenberger Islamic Fund operates by considering the impairment charged by different funds with similar asset portfolio during the period. We also reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7 – Financial Instrument: Disclosure.

Information Other than the Financial Statements and Audit Report thereon

The Fund Manager and Trustee report and other information contained therein are the responsibility of the Fund manager and Trustee.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. From our review of other information, we have nothing to report in this

Responsibilities of the Fund Manager, Trustees' and Shari'ah Supervisory Board for the Financial Statements

The Fund Manager, Trustees and Shari'ah Supervisory Board are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Investment and Securities Act, 2007, whilst the trustee is responsible for ascertaining compliance with the provision of the Trust Deed and other relevant laws. The responsibility of the Fund Manager includes the designing, implementing and maintaining internal controls that are relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error as well as selecting and applying appropriate significant accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the Fund Managers are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, the matter related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Fund or to cease operations, has an alternative but do so.

Auditor's Responsibilities for the Audit of the Financial Statement

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, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Managers.

- Conclude on the appropriateness of Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cause significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the activities within the Fund to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with 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 brought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Section 169 of the Investment and Securities Act, 2007.

In accordance with Section 169(1) of the Investment and Securities Act, 2007, we confirm that the financial statements are in agreement with the accounting records, which have been properly kept.

In accordance with Section 169(3) of the Investment and Securities Act, 2007. We confirm that we received all of the information and explanation that were required for the purpose of the audit.

Signed:



Abiola Fajimi FCA
FRC/2012/ICAN/0000002994
PML Audit
Chartered Accountants
Lagos, Nigeria
28 March 2023



Statement of Financial Position for the Year Ended 31 December 2022

		2022	8 Months
	Notes	N	2021
		N	N
Assets			
Cash and cash equivalent	7	7,213,668	5,175,229
Financial assets	8	326,053,290	285,694,380
Other assets	9	-	670,049
Total assets		333,266,958	291,539,658
Liabilities			
Payable and accruals	10	16,249,423	4,530,705
Total liabilities		16,249,423	4,530,705
Net Asset Attributable to Unitholders		317,017,535	287,008,953
Represented by:			
Equity attributable to unitholders	12	308,113,866	281,214,451
Retained earnings	13	8,903,669	5,794,502
Net Asset Attributable to Unitholders		317,017,535	287,008,953

The financial statements were approved by the Board of Trustees on 28 March 2023 and signed on its behalf by:



Nkiru Chime (Chief Financial Officer)

FRC/2014/ICAN/0000006837



Anthony Edeh (Managing Director)

FRC/2015/ICAN/00000012821

The accompanying notes form an integral part of these financial statements

**Statement of Profit or Loss and Other Comprehensive Income for the Year
 Ended 31 December 2022**

		<u>2022</u>	<u>8 Months 2021</u>
	Notes	N	N'000
Investment Income	14	36,017,433	13,064,682
Other income	15	-	670,049
Total Income		<u>36,017,433</u>	<u>13,734,731</u>
Operating expenses	16	5,743,052	4,828,162
Other expenses	17	2,402,899	1,873,822
Total expenses		<u>8,145,951</u>	<u>6,701,984</u>
Profit for the year		<u>27,871,483</u>	<u>7,032,747</u>
Other comprehensive income:		-	-
Total comprehensive income for the year		<u><u>27,871,483</u></u>	<u><u>7,032,747</u></u>

The accompanying notes form an integral part of these financial statements

Statement of Changes In Equity For the Year Ended 31 December 2022

	31 December 2022		
	Unit holder capital balances	Retained Earnings	Total
	N	N	N
As at 1 January 2022	281,214,451	5,794,502	287,008,953
Total comprehensive income during the year	-	27,871,483	27,871,483
Transactions with unit holders:			
Issue of redeemable units	26,899,415	-	26,899,415
Units liquidated	-	-	-
Dividend distributed to members	-	(24,762,316)	(24,762,316)
As at 31 December 2022	308,113,866	8,903,669	317,017,535

	8 Months 2021		
	Unit holder capital balances	Retained Earnings	Total
	N	N	N
As at 1 January 2021	-	-	-
Total comprehensive income during the year	-	7,032,747	7,032,747
Transactions with unit holders:			
Issue of redeemable units	281,214,451	-	281,214,451
Units liquidated	-	-	-
Dividend distributed to members	-	(1,238,245)	(1,238,245)
As at 31 December 2021	281,214,451	5,794,502	287,008,953

The accompanying notes form an integral part of these financial statements

Statement of Cash Flow for the Year Ended 31 December 2022

	2022	8 Months
	N	2021
	N	N
Cash flow from operating activities		
Profit before tax	27,871,483	7,032,747
Adjustments for:		
Impairment of financial assets	-	167,102
	<u>27,871,483</u>	<u>7,199,849</u>
Changes in working capital:		
Increase in other assets	670,049	(670,049)
Increase in account payables	11,718,718	4,530,705
Net cash used in operating activities	<u>40,260,249</u>	<u>11,060,505</u>
Tax paid	-	-
Cash flows from investing activities		
Investment in of financial asset	(40,358,910)	(285,861,482)
Net cash generated from investing activities	<u>(40,358,910)</u>	<u>(285,861,482)</u>
Cash flows from financing activities		
Redeemable units issued	26,899,415	281,214,451
Dividend paid	(24,762,316)	(1,238,245)
Net cash generated from financing activities	<u>2,137,100</u>	<u>279,976,206</u>
Net increase in cash and cash equivalents	2,038,438	5,175,229
Cash and cash equivalents at the beginning of the year	5,175,229	-
Cash and cash equivalents at end of year	<u><u>7,213,667</u></u>	<u><u>5,175,229</u></u>

The accompanying notes form an integral part of these financial statements

Notes to the financial statements for the year ended 31 December 2022

1 General information

Norrenberger Islamic Fund ("the Fund") is a Unit Trust Scheme authorised and registered by Securities and Exchange Commission. The Fund's principal office is located at Norrenberger Investment and Capital Management Limited, 11 Volta Street, Off Thames Street, Ministers Hill, Maitama, Abuja.

The Fund is constituted under a Trust Deed which is executed between the Fund Manager and UTL Trust Management Services Limited and comprised of 5,000,000 units with an initial value of N100; offered to the investing public at par value.

1.1 Investment objectives

The objective of the Fund is to provide investors with the opportunity to invest in a professionally managed portfolio of Shariah Compliant Assets.

1.2 Investment policy

The policy guiding the Fund requires investing in securities according to the methodology endorsed by internationally established standards board especially those issued by recognised shariah bodies such as the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the International Islamic Fiqh Academy (IIFA).

The Fund shall be invested by the Fund Manager, in all or any of the following asset classes and in accordance with the maximum proportions specified below

a. Sukuk

These are certificates of equal value representing undivided shares in ownership of tangible assets or special investment activity. The holder of the certificate is entitled to receive periodic returns from the underlying asset. The investment tenor ranges from 3 to 5 years for State Sukuks and Corporate Sukuks respectively, while the Federal Government Sukuks spans for a tenor above 5 years. Some of the Sukuks to be considered by the Fund are:

1. Istisna: This is a contractual agreement for manufacturing of goods (or construction of projects including houses, roads and bridges) where the price is paid at the time of contract, or paid gradually in accordance with the progress or on completion of a job.

2. Mudaraba: This means an agreement between two parties wherein one party provides the capital (Capital provider/ Rab al-Mal) for the other (entrepreneur / Mudarib) to work with on the condition that the profit will be shared between them according to a pre-agreed ratio.

3. Musharaka: This means a relationship established under a contract by the mutual consent of two or more entities that provide capital, either in cash or in kind, to finance a business venture. Any profits derived from the venture will be distributed based on a pre-agreed profit-sharing ratio, however a loss will be shared on the basis of equity participation.

4. Murabaha: This is the sale of goods at the purchase price plus a margin of profit agreed upon by the parties concerned.

5. Ijara: These are contracts for the lease of certain complaint assets to customers.

b. Shariah-Complaint fixed term Investments

This represents fixed term investments with tenors of 1, 2 or 3 years, not exceeding 3 years, depending on the nature of asset financing that adhere to Shariah principles. The Fund also invest in asset-backed transactions such as real estate, lease contracts, cost-plus financing and other similar transactions

c. Cash and Other Shariah-Compliant Contracts

The Fund invest in Shariah-Complaint contracts with tenors less than 365 days that adhere to Shariah principles. Any un-invested cash is held in non-interest-bearing accounts or near cash Islamic complaint deposits.

The table below highlights the proposed asset allocation within the Fund:

Proposed Asset Class	Asset Allocation (%)
Sukuks e.g. sovereign (FGN), sub-sovereign (States) with three (3) years tenor and corporate sukuks with five (5) years tenor	Between 30% - 100%
Shariah-Compliant Fixed Term Investments (e.g. fixed term investments with tenors of 1, 2 or 3 years, not exceeding 3 years, depending on the nature of asset financing that adhere to shariah principles; asset backed transactions such as real estate, lease contracts; cost plus financing; and other similar transactions	Between 0% - 70%
Other Shariah income contracts as defined by Islamic principles and approved by the Advisory Committee of Experts ("ACE") e.g. Murabaha, Ijara(h) and other Shariah-Complaint spread transactions as may be authorized by the investment committee and approved by ACE	Between 0% - 50%
Cash maintained in Shariah-Complaint institutions and non-interest bank accounts approved by ACE	Between 0% - 15%

1.3 Investing in the fund

The Initial minimum investment is 50 units of the Fund and additional/subsequent units is issued in multiples of 10 units and payable in full upon subscription. Units shall be created, offered, and redeemed on a continuous basis throughout the life of the Fund.

1.4 Target investors

These investors include: Institutional investors such as Pension Fund Administrators, Insurance Companies, corporate entities, public sector agencies and other asset managers who seek to diversify their portfolio holdings and earn attractive returns.

1.5 Distribution option

The Fund distributes the net income to Unitholders in line with existing regulations, subject to profits realised. The income of the Fund, net of expenses, to be distributed on a quarterly basis is determined by the Fund Manager in the best interest of the Unitholders.

1.6 Reinvestment of Income

The Unitholders have the option to choose whether to be paid dividends or to reinvest their dividends in additional Units at the prevailing unit price. Unitholders who elect to have their dividends reinvested in new units shall be entitled to an issue of units that shall be equal in value to the amount they otherwise would have received in cash as dividend. Where an investor did not choose any of these options, the default is for the Fund Manager to pay dividends to the respective Unitholders.

2.0 Basis of preparation

2.1 Statement of compliance

The financial statements of the Fund as at period ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the Investment and Securities Act, 2007.

2.2 Financial period

The financial statements for the year ended 31 December 2021. There are no comparative periods for this financial statements.

2.3 Basis of measurement

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

- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial assets at fair value through other comprehensive income;

2.4 Functional and presentation currency

(i) Reporting currency

These financial statements are presented in Nigerian Naira, which is the Fund's functional currency. Except as indicated in these financial statements, financial information is presented in absolute Naira.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated to Naira at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the reporting date. Any gain or loss arising from a change in exchange rates, subsequent to the dates of the transactions is included in statement of profit or loss.

3. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgement made by the Fund Managers in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustments are discussed in note 5.

4 Changes to accounting policies

(a) Standards and interpretations effective during the year

All the applicable International Financial Reporting Standards, amendments and interpretations effective for the year ended 31 December 2022 have been adopted as applicable in these financial statements.

(b) New standards and interpretations that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are issued but not effective for annual period beginning after 1 January 2022, and have not been applied in preparing these financial statements. These standards are not expected to have a material impact on the entity in the current reporting and on foreseeable future transactions.

5.0 Significant accounting policies

Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties, and potentially give rise to different results under different assumptions and conditions. The significant accounting policies set out below have been applied in these financial statements.

5.1 Income from financial assets at amortised cost

Income from financial assets at amortised cost is recognised in profit or loss using effective return rate. The effective return rate is the rate that exactly discounts the estimated future cash payments and receipts throughout the expected life of the financial asset or liability.

Income from financial assets at amortised cost presented in the statement of profit or loss and other comprehensive income include returns on financial assets and liabilities measured at amortised cost calculated using an effective return rate basis.

5.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and Islamic deposits held in highly liquid Shariah-compliant investments that are readily convertible to known amounts of cash with an original maturity of three months or lesser which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

5.3 Financial assets

I. Recognition

Initial recognition of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

II. Classification and measurement

Financial assets are classified into one of the following measurement categories:

1. Amortised cost
2. Fair Value through Other Comprehensive Income (FVOCI)
3. Fair Value through Profit or Loss (FVTPL) for trading related assets

The Fund classifies all of its financial assets based on the asset's contractual cash flow characteristics and business model. The classification of a financial asset is made at the time it is initially recognised, namely when the entity becomes a party to the contractual provisions of the instrument.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

III. Subsequent measurement at amortised cost

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

Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss, (FVTPL)), or recognised in other comprehensive income (FVTOCI).

For debt instruments, the FVTOCI classification is mandatory for certain assets unless the fair value option is elected. Whilst for equity investments, the FVTOCI classification is an election.

IV. Fair value measurement

The following are the ways under which the fair value of financial assets are measured.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, financial assets in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Statement of Profit or Loss and Other Comprehensive Income.

b) Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets cash flows represent payments that are solely payments of principal and interest. The Company does not have any Fair Value through Other Comprehensive Income.

c) Financial assets measured at fair value through profit or loss (FVTPL)

Financial asset measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch that would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income.

V. Impairment of financial assets

In line with IFRS 9, the Company assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;

The Company adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

• Stage 1

Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of weighted method.

• Stage 2

When a financial instrument experiences a significant increase in credit risk subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss of over the remaining estimated life of the financial assets.

• Stage 3

Financial instruments that are considered to be in default are included in this stage. Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

5.4 Financial liabilities

Financial liabilities comprise of trade and other payables

Recognition

Financial liability is recognised in the financial statement when the Company has an obligation in the financial liability contract.

Classification and measurement

Financial liabilities are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

a) Financial liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are other payables.

b) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities accounted for at fair value through profit or loss fall into two categories: Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the Statement of Profit or Loss and Other Comprehensive Income.

5.5 De-recognition of financial instruments

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognized in other comprehensive income is recognized in the profit or loss.

5.6 Other assets

Other assets consist of receivables carried at amortised cost less any accumulated impairment losses. Prepayments are amortised on a straight-line basis to the profit or loss.

5.7 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. Trade and other payables are not usually remeasured, as the obligation is known with a high degree of certainty and settlement is short-term.

5.8 Redeemable units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has only one class of redeemable units in issue. The redeemable units provide investors with the right to require redemption for stock at a value proportionate to the investor's shares in the Fund's net assets at the time of redemption and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the fund to repurchase or redeem that instrument for

cash or another financial asset is classified as equity if it meets all the following conditions.

- It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The fund's redeemable units meet these conditions and are classified as equity. All transactions relating to the issue and redemption of redeemable units as well as distributions to holders of redeemable units are recognised in equity.

5.9 Distribution to unitholders

Distribution to unitholders are recognised upon declaration and approval by the Board of Directors of the Fund.

5.10 Revenue recognition

- Gains/(losses) on sale of investments are recorded at the date at which the transaction takes place.
- Income from investments in sukuks certificates, term deposit receipts, musharakah, ijarah and mudarabah is recognised on an accrual basis.

5.11 Fund operating fees and expenses

Direct expenses including Fund Manager incentive fee relating to the operation of the Fund are charged to the statement of profit or loss during the period to which they relate.

All other costs and operating expenses associated with operations of the Fund, including fees payable to the Trustee, Custodian, Auditors and the Registrars are recognised as expense when incurred.

6 Financial Risk Management

Introduction and Overview of Fund's Risk Management

Financial risk management is carried out through internal control process adopted by the Fund Manager and adherence to the investment restrictions as stipulated in the prospectus.

The Fund has exposure to the following financial risks.

- Market risk;
- Liquidity risk;
- Price risk;
- Credit risk;

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, equity prices, foreign exchange rates and credit spreads will affects the Fund's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Management of market risk

The Fund's strategy for the management of market risk is driven by the Fund's investment objectives and policy

	2022				
	Carrying amount N	Projected Interest N	0 - 6 months N	6 - 12 months N	Above 1 period N
Financial assets	326,053,290	144,476,417	17,743,372	17,494,138	109,238,907
	326,053,290	144,476,417.2	17,743,371.5	17,494,138.5	109,238,907.1

	2021				
	Carrying amount N	Projected Interest N	0 - 6 months N	6 - 12 months N	Above 1 period N
Financial assets	285,694,380				
	285,694,380	-	-	-	-

(b) Price risk

Price risk arises mainly from the uncertainty about future prices of Shariah-compliant investments. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements.

Management of price risk

The Fund Manager manages the risk of unfavourable changes in prices by continuous monitoring of the performance and risk profile of the Shariah-compliant investment portfolio.

The price risk is managed through diversification and selection of Shariah-compliant securities and other financial instruments within specified limits according to the Deeds.

(c) Liquidity risk

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

Management of liquidity risk

The Norrenberger Islamic Fund liquidity risk is managed on a daily basis by the Portfolio Manager in accordance with policies and procedures governing the fund management.

The asset allocations are carefully and appropriately structured to ensure that the Fund is liquid at all times and it has enough cash or cash equivalent that can be converted to cash immediately without any loss in the value when there is a new investment opportunity to exploit or an obligation to fulfil.

The Manager manages this risk by maintaining sufficient level of Islamic liquid assets to meet anticipated payments and cancellations of the units by unit holders. Islamic liquid assets comprise cash at bank, Islamic deposits with licensed financial institutions and other instruments.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated returns payments and excluding the impact of netting agreements:

Gross nominal (undiscounted) maturities of financial assets and liabilities

Liquidity GAP Analysis (Asset - Liability Matching)

At 31 December 2022

	Contractual cash flows				
	Carrying amount	Nominal cashflow	0 - 6 months	6 - 12 months	Above 1 period
	N	N	N	N	N
Cash and cash equivalent	7,213,668	7,213,668	7,213,668	-	-
FGN Sukuk Investment	294,615,188	294,615,188	-	-	294,615,188
Ijarah contracts	28,670,375	28,670,375	-	-	28,670,375
Murabaha contracts	2,767,727	2,767,727	-	2,767,727	-
Other assets	-	-	-	-	-
	333,266,959	333,266,959	7,213,668	2,767,727	323,285,563
Financial liabilities					
Payable and accruals	16,249,423	16,249,423	16,249,423	-	-
	16,249,423	16,249,423	16,249,423	-	-
Gap (assets - liabilities)	317,017,535	317,017,535	(9,035,755)	2,767,727	323,285,563
Cummulative liquidity gap	317,017,535	317,017,535	(9,035,755)	2,767,727	323,285,563

Liquidity GAP Analysis (Asset - Liability Matching)

At 31 December 2021

	Contractual cash flows				
	Carrying amount	Nominal cashflow	0 - 6 months	6 - 12 months	Above 1 period
	N	N	N	N	N
Cash and cash equivalent	5,175,229	5,175,229	5,175,229	-	-
FGN Sukuk Investment	230,590,340	230,590,340	230,590,340	-	-
Ijarah contracts	52,575,937	52,575,937	52,575,937	-	-
Murabaha contracts	2,695,205	2,695,205	2,695,205	-	-
Other assets	670,049	670,049	-	-	-
	291,706,760	291,706,760	291,036,711	-	-
Financial liabilities					
Payable and accruals	4,530,705	4,530,705	4,530,705	-	-
	4,530,705	4,530,705	4,530,705	-	-
Gap (assets - liabilities)	287,176,055	287,176,055	286,506,006	-	-
Cummulative liquidity gap	287,176,055	287,176,055	286,506,006	-	-

(d) Credit risk

Credit risk refers to the risk that an issuer or counterparty will default on its contractual obligation resulting in financial loss to the Fund.

Generally, credit risk or default risk is the risk of loss due to the issuer's non-payment or untimely payment of the investment amount as well as the returns on investment.

Management of credit risk

Credit risk is managed by performing continuous fundamental credit research and analysis to ascertain the creditworthiness of its issuer. In addition, the Fund Manager imposes a minimum rating requirement as rated by either local and/or foreign rating agencies and manages the duration of the investment in accordance with the objective of the Fund.

The settlement terms of the proceeds from the creation of units receivable from the Manager are governed by the Securities and Exchange Commission's Guidelines on Unit Trust Funds.

Fair value

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- ** Level 1: Quoted (unadjusted) prices in active markets for identical instrument.
- ** Level 2: Valuation technique based on observable inputs.
- ** Level 3: Valuation techniques using significant unobservable inputs.

There have been no transfers between fair value levels during the reporting period. Also, for some financial instruments of which their fair value cannot be obtained with certain degree of reliability or that their carrying amount mimics (or reflects) fair value are all stated at their carrying amount.

Fair value hierarchy measurement

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value. We classified the Fund's financial instruments into the three levels prescribed under the accounting standards.

At 31 December 2022	Carrying amount	Fair Value Measurement			Total
		Level 1	Level 2	Level 3	
	N	N	N	N	N
Financial assets at fair value through profit or loss (FVTPL):					
Cash and cash equivalent	7,213,668	7,213,668	-	-	7,213,668
FGN Sukuk Investment	294,615,188	234,507,038	-	-	
Ijarah contracts	28,670,375	-	-	28,670,375	
Murabaha contracts	2,767,727	-	2,767,727	-	
Other assets	-	-	-	-	-
Financial assets at amortized cost:	-	-	-	-	-
Total Financial assets	333,266,959	241,720,706	2,767,727	28,670,375	7,213,668
Financial Liabilities at amortized cost:					
Payable and accruals	16,249,423	16,249,423	-	-	16,249,423
Total Financial Liabilities	16,249,423	16,249,423	-	-	16,249,423

Other risks applicable to the Fund are;

- i) Operational risk;
- ii) Shariah status reclassification risk;
- iv) Capital risk.

(i) Operational risk

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 rest with the Investment and Risk Management Committee. They ensure the following are achieved:

- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Ethical and business standards
- Risks mitigation plans

(ii) Shariah status reclassification risk

This risk refers to the risk of a possibility that the currently held sukuk or Islamic money market instruments or Islamic deposits invested by the Fund may be declared as Shariah non-compliant by the relevant authority or the Shariah Adviser. If this occurs, the Manager will take the necessary steps to dispose of or withdraw such fixed income instruments or money market instruments or deposits.

(iii) Capital risk.

The capital of the Fund is represented by equity consisting of unit holders' capital and retained earnings. The amount of equity can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders and benefits for other stakeholders and to maintain a strong capital base to support the development of the Shariah-compliant investment activities of the Fund.

Notes to the financial statement for the year ended 31 December 2022

		8 Months	
7 Cash and cash equivalent	2022	2021	
	₹	₹	
Deposit with banks	7,213,668	5,175,229	
	7,213,668	5,175,229	
		8 Months	
8 Financial assets	2022	2021	
	₹	₹	
Cost (See note (i) below)	326,053,290	285,861,482	
ECL impairment charge	(0)	(167,102)	
Total Financial asset	326,053,290	285,694,380	
i. Financial assets at amortized cost			
FGN Sukuk Investment	294,615,188	230,590,340	
Ijarah contracts	28,670,375	52,575,937	
Murabaha contracts	2,767,727	2,695,205	
At the end of the year at cost	326,053,290	285,861,482	
		8 Months	
9 Other assets	2022	2021	
	₹	₹	
Fee income receivable	-	670,049	
	-	670,049	
		8 Months	
10 Payables and Accruals	2022	2021	
	₹	₹	
Audit Fees	500,000	700,000	
SEC advisory fee	167,006	26,413	
Sharia adviser's fee	175,000	350,000	
VAT payable	141,802	-	
Management fees	1,264,270	2,415,670	
Custodian fees	42,142	80,522	
Trustee fee (UTL)	84,285	297,260	
Unallocated contributions	13,676,664	-	
Other professional fee	198,254	660,840	
	16,249,423	4,530,705	

11 Net Asset/Basic Earning Per Unit

(a) Net asset per unit

	2022	8 Months
	₹	2021
	₹	₹
Net asset as at year end	16,249,423	4,530,705
No of units in issue	3,082,201	2,813,022
Net asset per unit	5	2

The net asset per unit is computed using the net assets value as at reporting date divided by the 3,082,201 units in existence as at 31 December 2022.

	2022	8 Months
	₹	2021
	₹	₹
12 Equity attributable to Unit Holders		
Redeemable units		
Unitholders' fund	308,113,866	281,214,451
	308,113,866	281,214,451

	2022	8 Months
	₹	2021
	₹	₹
13 Retained earnings		
Beginning of the year	5,794,502	-
Profit for the year	27,871,483	7,032,747
Dividend paid	(24,762,316)	(1,238,245)
End of the year	8,903,669	5,794,502

Notes to the financial statement for the year ended 31 December 2022

	2022	8 Months 2021
	₹	₹
14 Investment Income		
Sukuk income	27,395,543	7,729,170
Ijarah contracts	8,020,236	4,963,848
Murabah contracts	601,655	371,664
	36,017,433	13,064,682

	2022	8 Months 2021
	₹	₹
15 Other income		
Other fee income	-	670,049
	-	670,049

	2022	8 Months 2021
	₹	₹
16 Operating expenses		
Management fees (See note (i) below)	5,205,954	2,415,670
Custodian fees (see note (ii) below)	175,627	80,522
Trustee fees (see note (iii) below)	361,470	297,260
Initial offer expenses	-	2,034,710
	5,743,052	4,828,162

(i) This represents management fee, it is an annual fee of 1.50% of the Net asset Value, accruable daily and payable annually in arrears to the fund managers.

(ii) This represents Custodian fee, it is an annual fee of 0.05% of the Net asset value, accruable daily and payable annually in arrears to the custodian.

(iii) This represents Trustee fee, it is an annual fee of 0.10% of the Net asset value, accruable daily and payable annually in arrears to the Trustees.

	2022	8 Months 2021
	₹	₹
17 Other expenses		
Redemption expenses	-	425,866
SEC supervisory fees	629,461	26,414
Bank charges	255,189	204,440
Other professional fees	316,626	-
Shariah advisers fees	700,000	350,000
Dividend expense	-	-
Audit fees	500,000	700,000
Impairment of financial assets	1,621	167,102
	2,402,899	1,873,822

Notes to the financial statement for the year ended 31 December 2022

18 Related parties

- (i) Related parties: Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes the Fund Manager and other key contracts.

Unit holding of related parties

	Units
Mr. Nduka Ikeyi	2,500
Norrenberger Investment and Capital Management Limited	1,906,496
	<hr/>
	1,908,996
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- (ii) Other key contracts

Trustees

The Fund appointed UTL Trust Management Services Limited, a trusteeship Company in Nigeria to provide administrative services to the fund. Under the Fund Trust Deed

19 Contingent liabilities - Litigations and claims

The Fund was not involved in any litigation during the year under review.