

Norrenberger Islamic Fund

Managed By

Norrenberger Investment and Capital Management Limited

Financial Statement for the 8 Months Period Ended 31 December 2021

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CORPORATE INFORMATION FOR THE 8 MONTHS PERIOD ENDED 31 DECEMBER 2021

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 Audit (Chartered Accountants) 2, Montgomery Road Yaba, Lagos



UTL TRUST
MANAGEMENT SERVICES LIMITED
REPORT OF THE TRUSTEES

UTL Trust Management Services
RC4834
ED Building
47, Marina, (2nd floor) Lagos
P.O. Box 5543, Marina, Lagos
Telephone: 01-2778251, 2701
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, 2021.

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 2021 is as follows;

In Naira	31 December 2021
Net Assets attributable to Unit Holders	287,008,952

The operating result for the year ended is as follows;

In Naira	31 December 2021
Profit/ (Loss) for the year	7,032,746

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

None of the Directors of the Norrenberger Investment and Capital Management Limited held any direct beneficial interest in the units of the Fund as of 31 December 2021.

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 2021.

BY ORDER OF THE TRUSTEES

UTL Trust Management Services Limited
47, Marina, 2nd Floor, ED Building
Lagos Island
Lagos

Olufunke Aiyepola (Mrs.)
FRC/2013/NBA/00000003285
UTL Trust Management Services Limited



UTL Trust Management Services
RC4834
ED Building
47, Marina, (2nd floor) Lagos
P.O. Box 5543, Marina, Lagos
Telephone: 01-2778251, 2705
mails@utltrustees.com
www.utltrustees.com

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 TRUSTEE

UTL Trust Management Services Limited

Olufunke Aiyepola (Mrs.)

FRC/2013/NBA/00000003285

UTL Trust Management Services Limited

REPORT OF THE FUND MANAGER

Nigeria Economy

A brief highlight of some Macro-economic activities that were predominant in year 2021:

Signing of the Petroleum Industry Bill. The Petroleum Industry Bill was signed into law on August 16, 2021, the Petroleum Industry Act (PIA) is expected to drive investments in the sector and support economic growth.

Demutualization of the Nigerian Stock Exchange (NSE): The NSE, now NGX, has transitioned from a not-for-profit organization to a limited liability company that is profit-oriented and accountable to shareholders. This is in a bid to improve the efficiency of stock exchange operations. Following its demutualization, the Exchange has been listed on its platform.

CBN ban of the sale of FX to BDCs. Weekly sale of foreign exchange by the CBN will henceforth go directly to Commercial banks, the CBN governor, Godwin Emefiele, announced on a live TV broadcast.

Ban on accessibility of Cryptocurrency through banks. The Central Bank of Nigeria (CBN) sent a letter to banks and other financial institutions in February 2021, stating that trading in cryptocurrencies and enabling payment for cryptocurrency exchanges are banned.

Introduction of the eNaira. On October 25, Nigeria became the first country in Africa to introduce a digital currency, with the launch of the eNaira. It has been touted as a "game changer" that will transform commerce in the continent's largest economy.

FINANCIAL MARKET

Money Market

Due to the persistence of COVID-19 pandemic with its manifestation in diverse variants, the monetary policy unit contended with a constrained economy in recovery. Additionally, the Central Bank of Nigeria (CBN) had to deal with inflationary pressures as structural factors continued to drive up food prices, exchange rate volatility amid low crude oil production, low accretion to foreign reserves, and liquidity volatility.

To support economic growth, the Monetary Policy Committee (MPC) in 2021 maintained a static position across all policy parameters despite the high inflation rate.

Hence, for eight consecutive MPC meetings and 16 straight months, the Monetary Policy Rate (MPR), Cash Reserves Ratio (CRR) and Liquidity Ratio were retained at 11.5 percent, 11.5 percent with +100/-700 asymmetric corridor, 27.5 percent, and 30 percent, respectively. The decision was further motivated by the need to sustain the downward trend in inflation rate.

In addition, through its various schemes, the CBN supported the economy with about N1.3 trillion over the past 18 months and maintained its Loan-to-Deposit Ratio (LDR) of 65 percent to continue to expand Instrument Losses to the real sector. Consequently, the Instrument Losses to the private sector in the year expanded by 17.3 percent to N35.3 trillion as of November 2021 from N30.1 trillion in December, 2020.

Fixed Income Market

Activity in the fixed income market sustained its relatively mixed sentiment in November 2021 as market participant moved from the mid to long end of the curve, to shorter dated instruments given the unclear market direction. Monthly yields for the benchmark securities monitored declined on the short end of the curve while mid to long end maturities inched up on a month-on-month basis. Average yields on the sovereign bonds with 3-year declined by 85 bps, whilst 5-year, 10-year and 20-year maturities rose by 66 bps, 3 bps, and 2 bps, respectively.

At the Bond auction held on 17th September 2021, the DMO offered ₦150.00 billion worth of FGN FEB 2026, FGN MAR 2037 and FGN MAR 2050, with stop rates printing at 11.65%, 12.95% and 13.30%, respectively. The subscription stood at N267.15 billion, while ₦225.25 billion was allotted.

The auction had a bid to offer ratio of 1.78x. With inflation sticking to its course of moderation in October 2021, alongside a fourth consecutive quarter of positive real GDP growth in the third quarter of the year, the MPC found some comfort in existing policy decisions; hence, allowing them the leeway to retain their policy stance and adopt a wait-and-see approach to allow for a clearer view of global developments.

Accordingly, at the end of the 23rd of November MPC meeting, all policy levers were maintained, following a unanimous vote by all members of the committee.

Currency Market

The local currency traded both ways in the week preceding end of year week to close positive against the Dollar at end of trading session on Friday. The Naira appreciated marginally on both the I & E FX window and NAFEX window by +0.01% and +0.02% to close at N415.07/US\$ (previously N415.10/US\$) and N414.23/US\$ (previously N414.31/US\$) respectively. In the coming week, we expect the Naira to appreciate against the Dollar with support from the CBN given the recent inflows from the recently issued Eurobond.

According to data obtained from the CBN official website, Nigeria's foreign reserve dipped by 1.47% during the month of November to close at \$41.22 billion compared to \$41.83 billion recorded in the month of October. The recent decline in the nation's external reserve can be attributed to the intervention by the apex bank in the official forex market to stabilize the Local Currency.

Nigeria's reserve level had gained massively in the month of October, receiving an additional \$5.99 billion, through proceeds from the \$4 billion Eurobond issued by the federal government in September and a \$3.35 billion SDR allocation from the International Monetary Fund (IMF), which saw the nation's reserves surpass the \$40 billion threshold. The local currency traded both ways in the week preceding end of year week to close positive against the Dollar at end of trading session on Friday. The Naira appreciated marginally on both the I & E FX window and NAFEX window by +0.01% and +0.02% to close at N415.07/US\$ (previously N415.10/US\$) and N414.23/US\$ (previously N414.31/US\$) respectively. In the coming week, we expect the Naira to appreciate against the Dollar with support from the CBN given the recent inflows from the recently issued Eurobond.

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OUTLOOK – 2022

The projections for 2022 is driven by both the external/global developments and domestic economic conditions. The global developments considered include growth in global output, global oil market, international trade, and the impact of new variants of COVID-19.

On the other hand, fiscal spending, pre-election activities are expected to shape the domestic economic environment. Although precise forecasts are difficult, confidence construction and scenarios around forecasts give flexibility and plausibility.

In the quest to creating a competitive sector, the newly assented Petroleum Industry Act (PIA) 2021 promises several reforms. To optimize the benefits associated with the PIA, there is a need to implement its provisions properly. Ultimately, it is anticipated that reforms initiated via the PIA will help attract investments, improve efficiency and productivity, as well as maximize socio-economic outcomes associated with a high performing oil and gas industry. The central role of fuel in the daily lives of Nigerians — directly and indirectly — will cause prices to increase. According to the World Bank (2021), fuel subsidy removal will increase inflation by 2–2.5 percentage points.

The removal of subsidies on petrol will come at a cost. Tough reforms are costly, and the cost of inactions is also enormous. However, the Government must work to minimize this cost on citizens through direct and indirect interventions. Implementing subsidy reforms without complementing the policy with effective mitigation measures will only elevate economic hardships for Nigerians and could stoke social unrest as a result.

INVESTMENT OBJECTIVE

The objective of the Fund is to provide investors with the opportunity to invest in a professionally managed portfolio of Shariah Compliant Assets. The Fund Manager shall deploy active fund management tools and seek quality investible assets to optimize returns.

To achieve this aim, the Fund Manager shall determine/adjust the investment mix of the portfolio from time to time in accordance with the asset allocation guidelines stated in the Prospectus, provided that the minimum asset allocation to Shariah-compliant fixed term investments with a maturity of 1, 2 or 3 years, not exceeding 3 years, depending on the nature of asset financing, shall be 70% at all times. Material changes to the investment objective would require the Unitholders' approval.

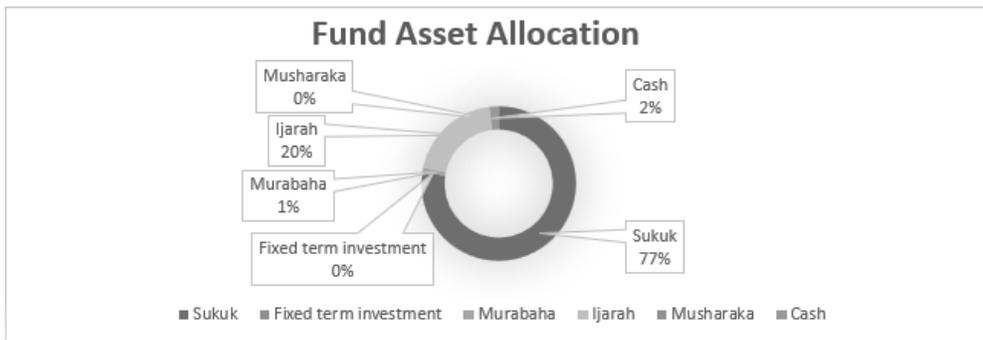
INVESTMENT STRATEGY

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).

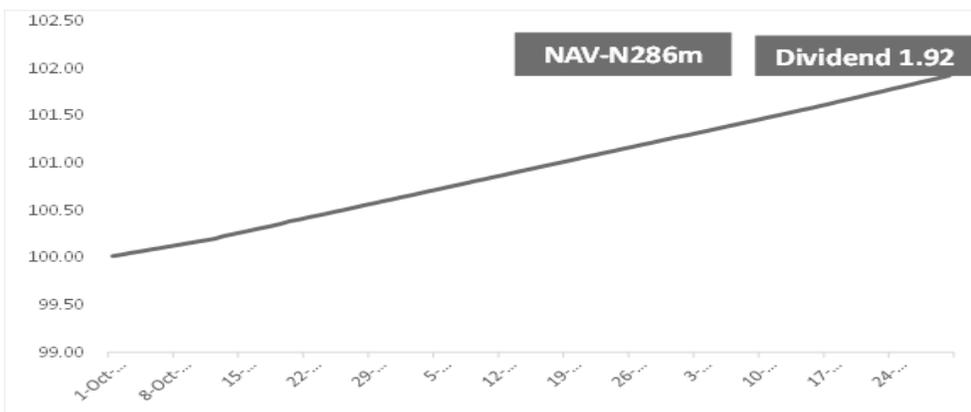
ASSET ALLOCATION

As at Dec, 31 2021, FGN Sukuk Bond accounted for 77.36% of the total Asset, the Sharia compliant instrument; Ijarah accounted for 19.71%, Murabaha 1.019% and Cash was 1.93%.



FUND PERFORMANCE

The money market and fixed income space experienced a significant recovery in the year from the sub-1% region to near double digits. The Fund Manager was able to grow the fund in terms of price and NAV and paid quarterly Dividend to esteemed unitholders.



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 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 (Group Chief Financial Officer)

FRC/2014/ICAN/0000006837



Anthony Edeh (Group Managing Director)

FRC/2015/ICAN/00000012821

Shari'ah Report for the fiscal year ended 31 December 2021

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 Advisory Committee Experts (ACE) letter of assignment, we are pleased to present our report.

During the 4th quarter ended 31 December 2021, 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 Advisory Committee Experts (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 Advisory Committee Experts (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 2021 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.



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 2021, and 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, and 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 2021, and of 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 procedures included:

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. 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 the Trustees report and other information contained therein are the responsibility of the Fund Manager.

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. We have nothing to report in this regard.

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, and for such internal control as the Fund Manager determines 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 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 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 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 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.

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/00000002994
PML Audit
Chartered Accountants
Lagos, Nigeria
25 March 2022



STATEMENT OF FINANCIAL POSITION FOR THE 8 MONTHS PERIOD ENDED 31 DECEMBER 2021

		2021
	Notes	N
ASSETS		
Cash and Cash Equivalents	7	5,175,229
Financial Assets	8	285,694,380
Other Assets	9	670,049
Total assets		<u>291,539,658</u>
LIABILITIES		
Payables and Accruals	10	4,530,705
Total liabilities		<u>4,530,705</u>
Net Asset Attributable to Unitholders		<u>287,008,953</u>
Represented by:		
Equity attributable to unitholders	12	281,214,451
Retained earnings	13	5,794,502
Net Asset Attributable to Unitholders		<u>287,008,953</u>

The financial statements were approved by the Board of Trustees on 25 March 2022 and signed on its behalf by:



 Nkiru Chime (Group Chief Financial Officer)
 FRC/2014/ICAN/000006837



 Anthony Edeh (Group Managing Director)
 FRC/2015/ICAN/0000012821

The accompanying notes form an integral part of these financial statements

Statement of Profit or Loss and Other Comprehensive Income for the 8 Months Period Ended 31 December 2021

	Notes	<u>2021</u>
		N
Investment Income	14	13,064,682
Other income	15	<u>670,049</u>
Total Income		<u>13,734,731</u>
Operating Expenses	16	4,828,162
Other expenses	17	<u>1,873,822</u>
Total expenses		<u>6,701,984</u>
Profit for the year		<u>7,032,747</u>
Other comprehensive income:		-
Total comprehensive income for the year		<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 8 Months Period Ended 31 December 2021

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

The accompanying notes form an integral part of these financial statements

Statement of Cash Flow for the 8 Months Period Ended 31 December 2021

	2021
	N
Cash flow from operating activities	
Profit before tax	7,032,747
Adjustments for:	
Impairment of financial assets	167,102
	7,199,849
Changes in working capital:	
Increase in other assets	(670,049)
Increase in account payables	4,530,705
	11,060,505
Net cash used in operating activities	
Tax paid	-
Cash flows from investing activities	
Investment in of financial asset	(285,861,482)
	(285,861,482)
Net cash generated from investing activities	
Cash flows from financing activities	
Redeemable units issued	281,214,451
Dividend paid	(1,238,245)
	279,976,206
Net cash generated from financing activities	
Net increase in cash and cash equivalents	5,175,229
Cash and cash equivalents at the beginning of the year	-
	5,175,229

The accompanying notes form an integral part of these financial statements

Note to the financial statements for the 8 months period ended 31 December 2021

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-Compliant 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 cover the 8 months period 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 2021 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 2021, 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 through 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 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 amortised 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 comprises 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.

- i) It entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- ii) 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
- iii) 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.

- a) Market risk;
- b) Liquidity risk;
- c) Price risk;
- d) 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

	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 2021

	Contractual cash flows				
	Carrying amount N	Nominal cashflow N	0 - 6 months N	6 - 12 months N	Above 1 period N
Cash and Cash Equivalents	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					
Payables 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 2021	Carrying amount N	Fair Value Measurement			Total N
		Level 1 N	Level 2 N	Level 3 N	
Financial assets at fair value through profit or loss (FVTPL):					
Cash and cash equivalent	5,175,229	5,175,229	-	-	5,175,229
FGN Sukuk Investment	230,590,340	234,507,038	-	-	
Ijarah Contracts	52,575,937	-	-	52,575,937	
Murabaha Contracts	2,695,205	-	2,695,205	-	
Other assets	670,049	-	-	670,049	670,049
Financial assets at amortized cost	-	-	-	-	-
Total Financial assets	291,706,760	239,682,267	2,695,205	53,245,986	5,845,278
Financial Liabilities at amortized cost:					
Payables and Accruals	4,530,705	4,530,705	-	-	4,530,705
Total Financial Liabilities	4,530,705	4,530,705	-	-	4,530,705

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 8 months period ended 31 December 2021

7	Cash and Cash Equivalents	2021
		₹
	Deposit with Banks	5,175,229
		5,175,229
8	Financial Assets	2021
		₹
	Cost (See note (i) below)	285,861,482
	ECL impairment charge	(167,102)
	TOTAL FINANCIAL ASSETS	285,694,380
i.	Financial assets at amortized cost	
	FGN Sukuk Investment	230,590,340
	Ijarah Contracts	52,575,937
	Murabaha Contracts	2,695,205
	At the end of the year at cost	285,861,482
9	Other Assets	2021
		₹
	Fee Income Receivable	670,049
		670,049
10	Payables and Accruals	2021
		₹
	Audit fees	700,000
	SEC advisory fee	26,413
	Sharia adviser's fee	350,000
	Management Fees	2,415,670
	Custodian fees	80,522
	Trustee fee (UTL)	297,260
	Deposit liability	660,840
		4,530,705

11 Net Asset/Basic Earning Per Unit

(a) Net asset per unit

The net asset per unit is computed using the net assets value as at reporting date divided by the 2,813,022 units in existence as at 31 December 2021.

	<u>2021</u>
	#
Net asset as at year end	<u>4,530,705</u>
No of units in issue	<u>2,813,022</u>
Net asset per unit	<u>2</u>

12 Equity attributable to Unit Holders

a) Redeemable units

Unitholders' fund	<u>281,214,451</u>
	<u>281,214,451</u>

13 Retained earnings

	<u>2021</u>
	#
Balance, beginning of the period	-
Profit for the period	7,032,747
Dividend paid	<u>(1,238,245)</u>
Balance at the end of the period (See note (i) below)	<u>5,794,502</u>

- (i) This represents the retained earnings at year ended 31 December 2021. N5,414,735 was approved by management with the Trustee's concurrence, subsequent to the year end, to be paid as dividend to the unitholders.

Notes to the financial statement for the 8 months period ended 31 December 2021

14	Investment Income	2021
		₹
	Sukuk Income	7,729,170
	Ijarah Contracts	4,963,848
	Murabah Contracts	371,664
		13,064,682

15	Other income	2021
		₹
	Other Fee Income	670,049
		670,049

16	Operating Expenses	2021
		₹
	Management fees (See note (i) below)	2,415,670
	Custodian fees (see note (ii) below)	80,522
	Trustee fees (see note (iii) below)	297,260
	Initial offer expenses	2,034,710
		4,828,162

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

(ii) 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 custodian.

(iii) This represents the initial offer cost, it is the costs, charges and expenses of and incidental to the offer including fees payable to the SEC, brokerage, printing and distribution expenses, which is borne by unitholders and offset from the other proceeds.

17	Other expenses	2021
		₹
	Redemption expenses	425,866
	SEC supervisory fees	26,414
	Bank charges	204,440
	Shariah advisers fees	350,000
	Audit fees	700,000
	Impairment of financial assets	167,102
		1,873,822

Notes to the financial statement for the 8 months period ended 31 December 2021

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
	<u>1,908,996</u>

- (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 Contigent liabilities - Litigations and claims

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