

## **SFS FIXED INCOME FUND**

**Financial Statements for the year ended 31 December, 2023  
Together with the Report of the Fund Manager and the Auditor's Reports**

**STERLING PARTNERS & CO  
Chartered Accountants**

# **SFS FIXED INCOME FUND: ANNUAL REPORTS & ACCOUNTS YEAR ENDED 31 DECEMBER, 2023**

## **Table of Contents**

	<b>Page</b>
Corporate Information	2
Report of the Fund Manager	3
Report of the Trustees	11
Certification of Accounts by the Directors of the Fund Manager	14
Report of the Independent Auditors	15
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Net Assets Attributable to Unit Holders	19
Statement of Cash Flows	20
Notes to the Financial Statements	21

# **SFS FIXED INCOME FUND: ANNUAL REPORTS & ACCOUNTS YEAR ENDED 31 DECEMBER, 2023**

## **Corporate Information as at 31 December, 2023**

### **Fund Manager**

SFS Capital Nigeria Limited  
287, Ajoye Adeogun Street  
Victoria Island  
Lagos  
Nigeria

### **Directors of the Fund Manager**

Dr. Layi Fatona (Chairman)  
Dr. Yemi Kale  
Mr. Yemi Gbenro  
Mr. Patrick Ilodiana (Managing Director/CEO)  
Mr. Dimeji Sonowo (Executive Director)

### **Registrars**

United Securities Limited  
10, Amodu Ojikutu Street  
Victoria Island, Lagos

### **Custodian**

Stanbic-IBTC Bank Plc  
Walter Carrington Crescent  
Victoria Island, Lagos

### **Trustees**

STL Trustees Limited  
Plot 183 Moshood Olugbani Street  
Victoria Island 106104, Lagos

### **Bankers**

Stanbic-IBTC Bank Plc  
Walter Carrington Crescent  
Victoria Island, Lagos

### **Auditors**

Sterling Partners & Co.  
Terrace E, Ikomi Highrise  
3, Babatola Close, WEMABOD Estate  
Off Obafemi Awolowo Way  
Ikeja, Lagos, Nigeria.  
Email: [sterlingauditorsikeja@gmail.com](mailto:sterlingauditorsikeja@gmail.com)

# SFS FIXED INCOME FUND: ANNUAL REPORTS & ACCOUNTS YEAR ENDED 31 DECEMBER, 2023

## Report of the Fund Manager for the year ended 31 December, 2023

### ECONOMIC REVIEW 2023

The domestic economy pressed on with growth in 2023, posting +3.46% (year-on-year) in real terms in Q4 2023; despite various economic headwinds that cocktailed to paint a concerning picture from the lens of the average investor.

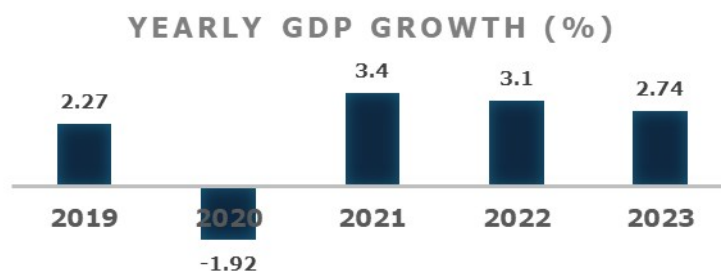
Comparison to the same period in 2022 (Q4 2022: +3.52%) and Q3 2023 (+2.54%) is a pointer at sustained economic recovery. A notable driver of growth in Q4 2023 was the services sector.

### QUARTERLY GDP GROWTH (Q1 2022 – Q4 2023)



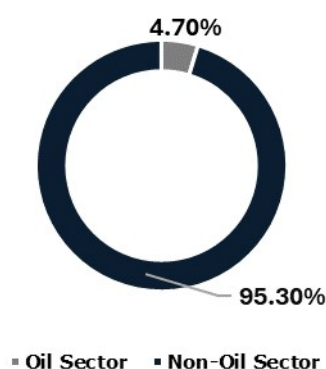
Source: National Bureau of Statistics (NBS)

### ANNUAL GDP GROWTH (2019 – 2023)

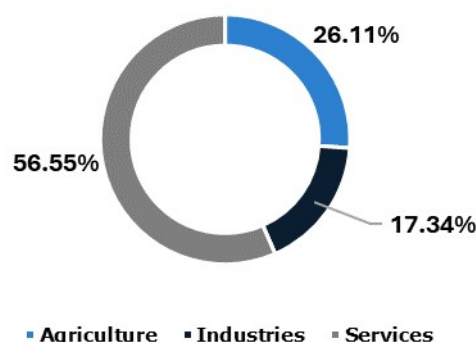


Source: National Bureau of Statistics (NBS)

### CONTRIBUTION OF OIL AND NON-OIL SECTORS



### CONTRIBUTION TO REAL GDP Q4 2023



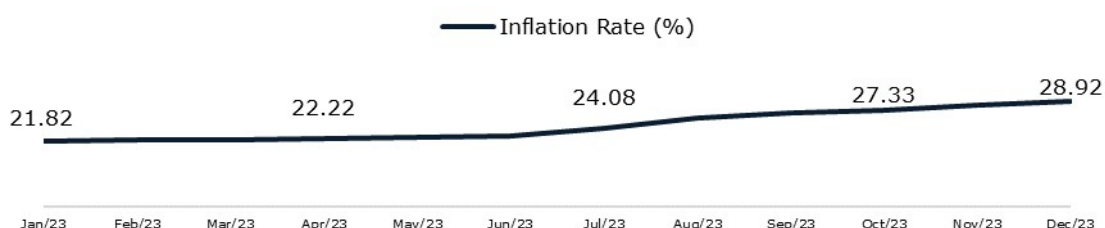
## NON-OIL SECTOR

The Non-Oil sector contributed 95.30% to Nigeria's GDP in Q4 2023, weaker than 95.66% recorded in Q4 2022. Growth was mainly driven by Financial Services, Agriculture (crop production), Trade and Construction among others.

## OIL SECTOR

The Oil sector contributed 4.70% to the GDP in Q4 2023 and expanded by 12.11% year-on-year in Q4 2023; an increment of 25.50% compared to Q4 2022. Growth improved by 12.96% compared to Q3 2022 (-0.85%). Data from the National Bureau of Statistics revealed that Nigeria's oil production in Q4 2023 logged 1.55 million barrels per day (mbpd) compared to 1.34mbpd in Q4 2022.

## INFLATION RATE % (JANUARY 2023 – DECEMBER 2023)



Source: National Bureau of Statistics (NBS), SFS Capital

Inflation has continued to press upwards in 2023, with the Consumer Price Index (CPI) culminating at a growth of 28.92% in December 2023. Food inflation remained a key driver of inflation in 2023. Costly imports due to unfavorable exchange rates and weak FX policies, and fuel scarcity in relation to transportation and production costs also continued to impact inflation adversely over the year.

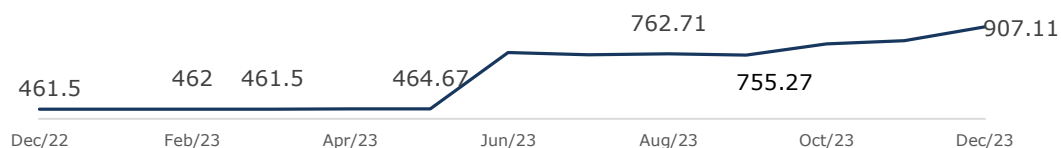
## I&E FX WINDOW

The Investor and Exporters' (I&E) FX window introduced in April 2017, is one of the strategic instruments projected to support and stabilise the Naira against other currencies.

As at 31<sup>st</sup> January 2023, the naira closed the month unchanged against the dollar as it exchanged for ₦461.50/\$. Though FX scarcity persisted, the exchange rate improved slightly to close Q1 2023 at ₦461.38/\$. However, FX scarcity and the wane of the naira carried on into the year and by the half year mark, the exchange rate had deteriorated to log ₦769.25/\$.

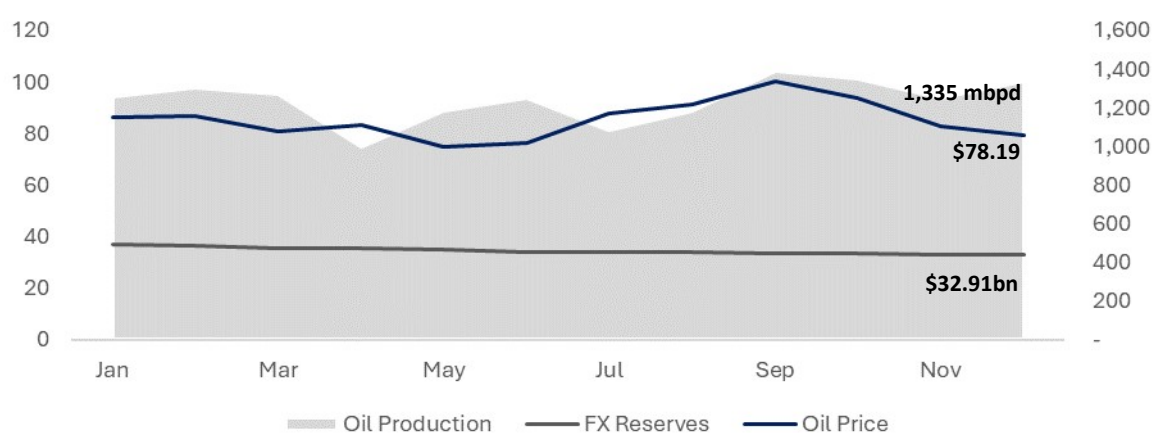
The new administration set out to unify exchange rates on multiple windows. A new Monetary Policy Committee (MPC) team was also appointed. The team began releasing a slew of circulars over the course of the year in a bid to shore up the value of the naira and rein in inflation. However, despite the Monetary Policy Committee's efforts to bring about exchange rate stabilization, the year ended with the naira exchanging for the dollar at a rate of ₦907.11/\$ on the NAFEM Window compared to ₦461.50/\$ as at end of Q4 2022, a 97% deterioration.

## I&E FX WINDOW RATES (USD/NGN)



Source: FMDQ, SFS Capital Research

## BRENT PRICE, OIL PRODUCTION & NIGERIA'S FX RESERVES (January 2023 – December 2023)



Source: Central Bank of Nigeria, OPEC, SFS Capital Research

Oil Production – in thousands of barrels per day

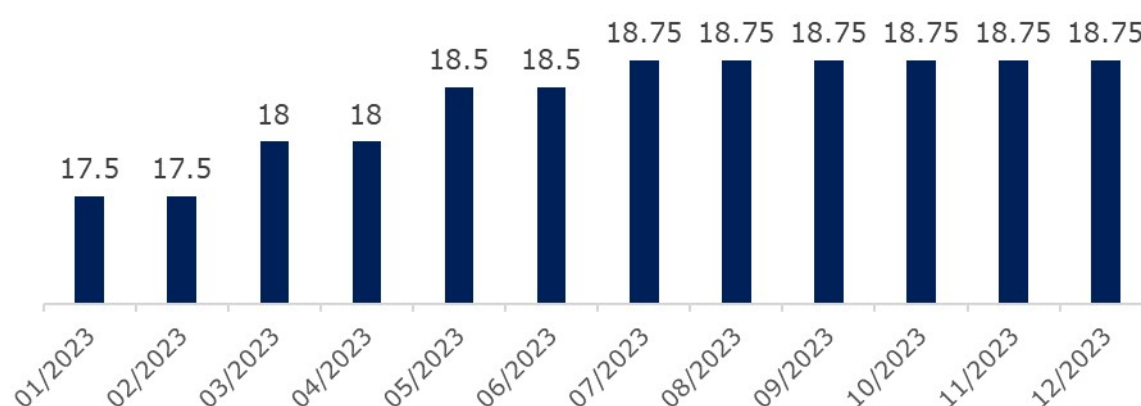
FX Reserves – US\$ Billion (bn)

Oil Price – Brent Crude US\$ per barrel

Having ended 2022 at \$82.58 per barrel (pb), Brent crude dipped to a low of \$73.31pb for the year in March 2023, accelerated to a peak of \$101.76pb in September 2023 and closed 2023 at \$79.4pb. In similar fashion, the price of Bonny Light, Nigeria's oil variant dipped to \$71.39pb in May 2023 but rose to \$98.41pb in September 2023 and ended the year at \$78.19pb.

However, the upswings in oil prices were not observed in the country's accounts as FX reserves which opened 2023 at circa. US\$37.07bn had further contracted to US\$32.91bn in December 2023 with dollar remittances from oil contracting. Though some succor is expected as domestic oil production seems to have ramped up over the year (December: 1,335mbpd, April: 999mbpd as per the OPEC Monthly Oil Report), the nation's dependence on imported goods (including refined oil) remains excessive, which bodes adversely for the naira.

## **MONETARY POLICY RATE % (January 2023 – December 2023)**



*The MPR was adjusted upwards to 18.75% in July 2023*

The Monetary Policy Rate is the rate at which the CBN lends to other banks. The rate rose consistently in H1 2023 but remained flat in H2 2023. The newly appointed MPC team continued to monitor the landscape in 2023. Thus, the other parameters were also retained as follows:

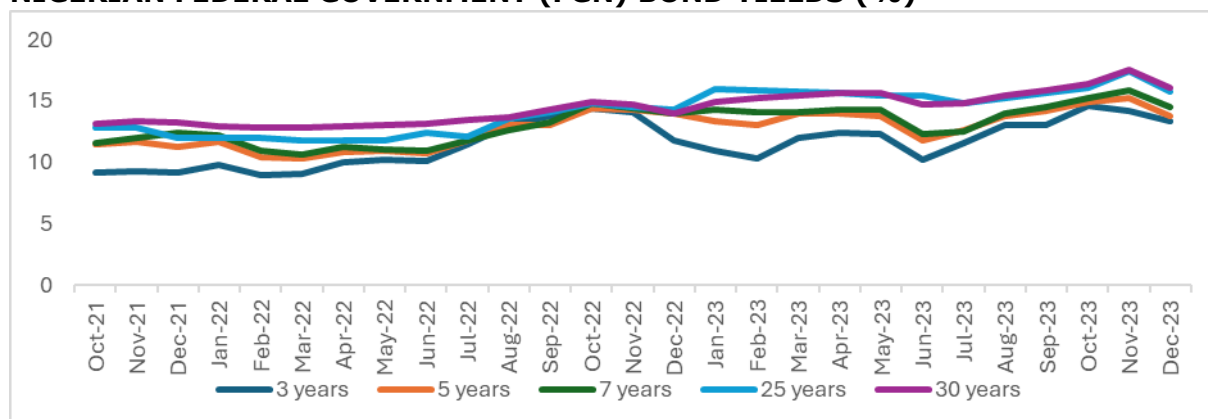
1. The Asymmetric Corridor remained within +100/-300bps.
2. The Cash Reserve Ratio remained at 32.5%.
3. The liquidity Ratio remained at 30%.

## **FIXED INCOME MARKET REVIEW**

In 2023, Commercial Paper issuances by 56 Nigerian companies significantly exceeded the ₦1 trillion mark, as adoption of the instrument continued to grow to bridge short-term working requirements by firms in various sectors. MTN remained the largest issuer with its ₦302.9bn CP, followed by Dangote Cement (₦221.28bn). Other notable issuers include Flour Mills (₦150.97bn), Nigerian Breweries (₦116.49bn), Sterling Bank (₦47.86bn), Dufil Prima Foods (₦47.19bn), FSDH Merchant Bank (₦46.08bn), Stanbic IBTC Capital (₦37.11bn), Julius Berger Nigeria (₦30bn), FBN Quest Merchant Bank (₦29.42bn) and Mixta Real Estate (₦28.94bn).

There were at least 5 corporate bond issuances in the year, raising circa. ₦147bn. Both FCMB Group (₦46.69bn) and Flour Mills (₦46bn) raised about half of the total, with other issuers being Structured Secure Commodities SPV Limited, LFZC Funding SPV PLC, Niger Delta Exploration & Production PLC and Green Liquefied Natural Gas Limited. River Jamieson SPV Limited, backed by the Edo State Government was also in the market to raise ₦31bn. High leverage and poor IGR continued to adversely impact debt sustainability of states, with the undesired effect of fewer state bond issuances over the course of the year.

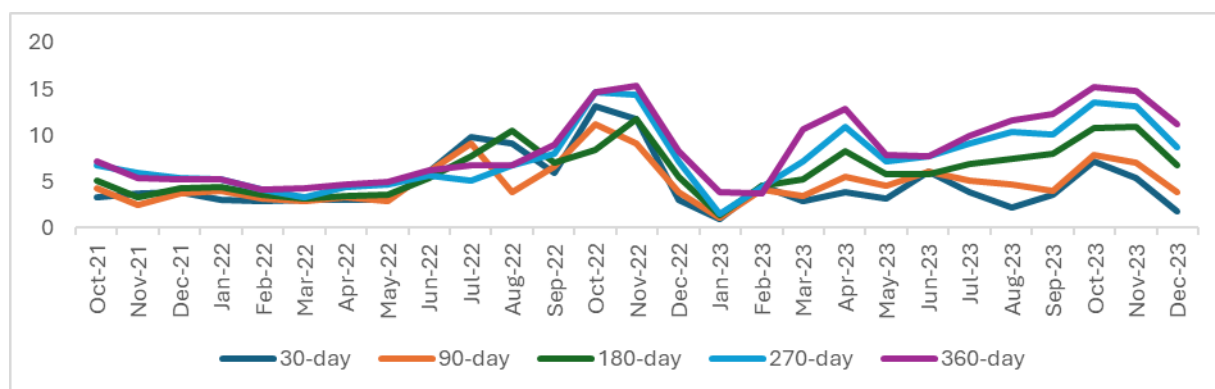
## NIGERIAN FEDERAL GOVERNMENT (FGN) BOND YIELDS (%)



Source: FMDQ

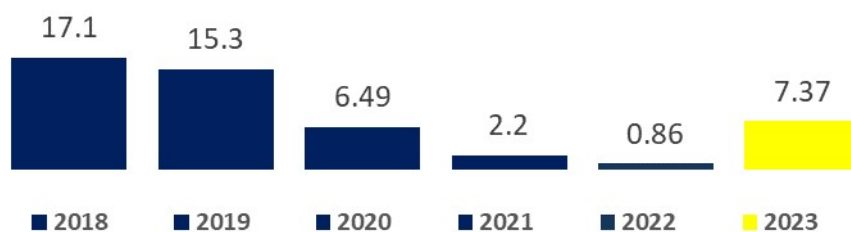
H1 and H3 2023 were characterized by rising bond yields, while yields adjusted downwards in H2 and H4. Treasury bill yields had a similar disposition, rising in the 1<sup>st</sup> and 3<sup>rd</sup> quarters but dipping in the 2<sup>nd</sup> and the final quarter of 2023. Treasury instrument yields took in market news and developments like the emergence of a new administration. However, it is noteworthy that investors seemingly had a lower appetite for fixed income instruments and a larger appetite for equities in the 2<sup>nd</sup> half of 2023.

## NIGERIA TREASURY BILL YIELDS (%)



Source: FMDQ

## VALUE OF OMO AUCTIONS (₦'TN)



Source: Bloomberg, FMDQ, SFS Capital Research



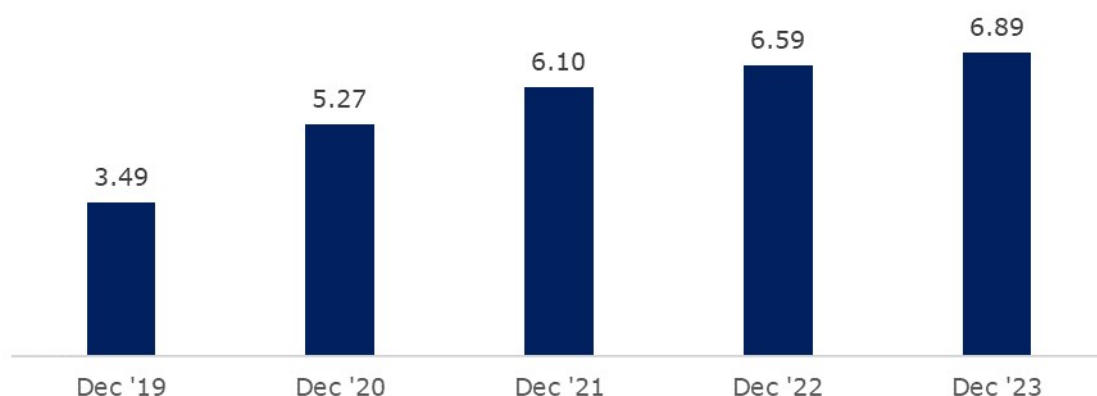
OMO auctions continued to plummet, following the recent high of 2018. In 2022, OMO auctions further shrank to ₦860bn, the lowest in six years. However, data from the CBN revealed a reversal in this trend in 2023, with a notable spike.

## FUND PERFORMANCE

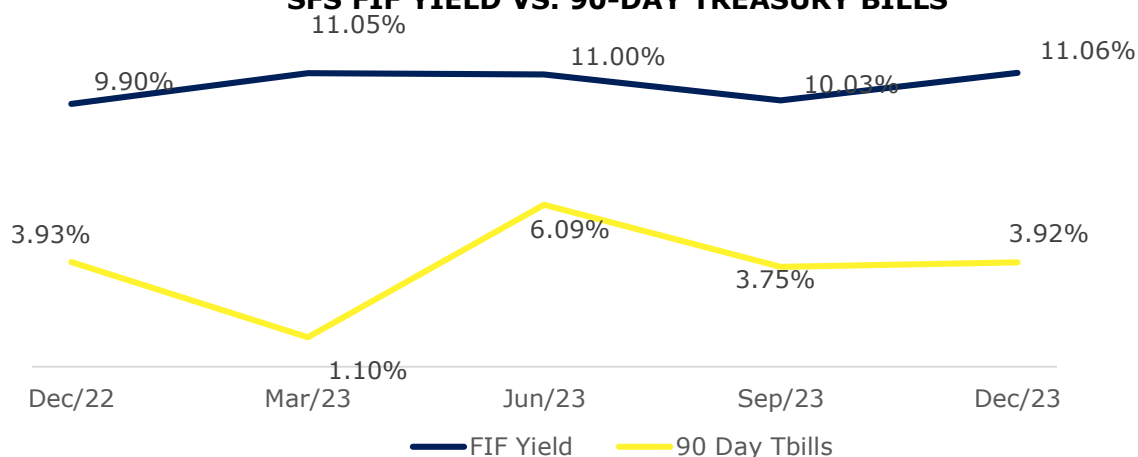
The SFS Fixed Income Fund ("SFS FIF") continues to grow and deliver value to its investors, with 2023 following the trend. The Net Asset Value ("NAV") of the fund grew by 5% in 2023, to close the year at ₦6.89 billion. The Fund continues to accrue competitive returns for its investors, as the yield on the fund as at the end of Q4 2023 was 11.06%, which was 714 basis points higher than the 90-day NTB (+3.92%).

The Fund generated interest revenue of ₦832.13m in 2023; 12% higher than ₦741.56m the previous year largely driven by investment on bank placements, and supported by investments in bonds. However, administrative costs pushed expenses up by 6% to ₦113bn in 2023, while the PBT accelerated by 13% to ₦719.06m, year on year. Investments in Federal Government bonds helped to drive the total assets up by 7% to ₦7.13bn, while liabilities grew by circa 150% to ₦240.44m due to higher accrued fees.

### SFS FIXED INCOME FUND NAV (N'BN)



### SFS FIF YIELD VS. 90-DAY TREASURY BILLS



## FORECAST

According to the International Monetary Fund (IMF), the global economy is expected to grow by 3.1% in 2024, 0.2% stronger than the previous estimate. The IMF also projects that the Nigerian economy remains on course for growth at a rate of 3.0% in 2024, though -0.1% lower than the

prior report. Economic growth of 3.46% y-o-y in Q4 2023 lends credence to economic resilience, underscoring the IMF's expectation of a strong showing by the domestic economy in 2024.

Oil kicked off Q4 2023 at \$99.33pb, significantly ahead of the \$75pb estimate in the 2023 budget and averaged \$86.83pb over the quarter. Brent crude remains resilient above \$80pb in 2024. While this bodes well for our reserves, the inability to meet oil production quotas continues to prevent the Federal Government from maximizing oil revenues and this is set to persist given weak policies. It is also noteworthy that the subsidy has been unofficially reinstated, given stability in pump prices despite volatility on the foreign scene, which further impacts revenue. Worse still, most states, given their weak IGRs remain heavily reliant on the Federal Government support. In the month of January 2024, the states got another N351.70bn in FAAC allocations. Given the non-compliant status of many states which limits investment of Pension Funds in same and their high debt profiles, states are expected to remain reliant on the Federal Government, leaving a large chunk of economic activity and growth to the private sector.

The 2024 budget which proposes N16.96tn in revenues and N26.01tn in total expenditure (deficit: N9.05tn) is being assessed in terms of practicality by the public. The government expects to fund the deficit through domestic and foreign borrowings, multilateral and bilateral loans and proceeds of privatization. Worse still, given the downgrade of the country's ratings by Moody's, borrowing internationally to fund the budget has become a herculean task, pushing the Federal Government deeper into the domestic capital market with the associated potential effects of higher rates due to higher demand.

The exchange rate continues to spike, with the naira exchanging for the dollar at rates in excess of N1600/\$ in March 2024. The newly appointed MPC has released a slew of circulars directing banks to sell off their excess dollars and potentially increasing the capitalization of BDCs. The apex bank is also cracking down hard on crypto exchanges in a bid to slow down the astronomical rate of exchange rate growth. While some short-term succour has been experienced via the policies and interventions, it is noteworthy that the country remains largely import dependent, thus continually placing demand pressure on the dollar with very few exports to generate dollar inflows. In a separate development, the MPC hiked the MPR by 400bps to 22.75%. This was aimed at reining in inflation.

CPI growth continues to trend upwards, rising to 29.90% in January 2024 from 28.92% in December 2023 and 22.79% in June 2023. With the recent uptick in inflation, rate hikes on the domestic landscape could persist in the near term.

One of the benefits of the Fund is that it can play across the entire breadth of the yield curve, which gives the fund manager flexibility to reorganize the portfolio in response to changing market realities.

The SFS FIF is still expected to outperform its peers and its benchmark significantly.

SFS continues to follow a bar-bell strategy, buying long-tenor instruments to get higher yields, while also maintaining a stock of short-term securities to ensure that liquidity is guaranteed to investors.

## **SFS FIXED INCOME FUND: ANNUAL REPORTS & ACCOUNTS YEAR ENDED 31 DECEMBER, 2023**

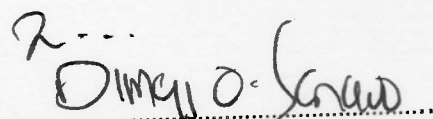
### **STATEMENT OF FUND MANAGER'S RESPONSIBILITIES**

This statement, which should be read in conjunction with the Auditor's report, is made with a view to setting out for Unit holders, the responsibilities of the Fund Manager with respect to the financial statements.

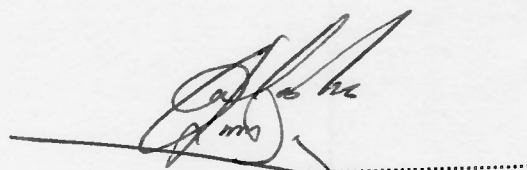
The Fund Manager is responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Fund and the results of its operations for the year. The responsibilities include ensuring that:

- i. The appropriate internal controls are established both to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- ii. The Fund keeps accounting records which disclose the reasonable accuracy of the financial position of the Fund and which ensure that the financial statements comply with the requirements of the Investments and Securities Act and relevant Securities and Exchange Commission circulars;
- iii. The Fund has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed and;
- iv. The financial statements are prepared on a going concern basis unless it is presumed that the Fund will not continue in business.

The Fund manager further asserts that nothing has come to its attention to indicate that the Fund will not remain a going concern for at least twelve months from the date of these financial statements.

  
.....  
Dimeji Sonowo  
Executive Director

**4<sup>th</sup> March, 2024**

  
.....  
Patrick Ilodiana  
Managing Director

# **SFS FIXED INCOME FUND: ANNUAL REPORTS & ACCOUNTS YEAR ENDED 31 DECEMBER, 2023**

## **Report of the Trustees**

The Trustees present their report on the affairs of the SFS Fixed Income Fund, together with the audited financial statements for the year ended 31<sup>st</sup> December 2023.

**Principal activity:** The principal activity of the SFS Fixed Income Fund ('The Fund') is the pooling of funds from individual members of the public and companies and the investment of such funds in fixed income securities and money market securities as determined by the Fund Manager in accordance with the Trust Deed.

During the year under review, the Fund was administered in accordance with the Trustees Investment Act, CAP T22 LFN, 2004, the Investments and Securities Act, 2007 and the provisions of the Trust Deed, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph ("Applicable Regulations"), taking into cognisance the prevailing market conditions as well as preserving of (and minimising possible losses to) Unitholders' funds.

**Results:** The results for the year have been duly audited in accordance with Section 169(1) of the Investments and Securities Act 2007, and the Trust Deed establishing the Fund.

**Returns:** The Fund Manager made a return of 11.06% per ₦1.11 for the period.

**Directors:** The Directors of the Fund Manager who served on the Board of the Fund Manager during the period under review and up to the date of approving these financial statements were:

- Dr. Layi Fatona (Chairman)
- Mr. Patrick Ilodiana (Managing Director)
- Mr. Yemi Gbenro
- Dr. Yemi Kale
- Mr. Dimeji Sonowo (Executive Director)

**Directors' and related parties' interest in the units of the Fund:** None of the Directors of STL Trustees Limited has any direct or indirect beneficial interest in the units of the Fund.

**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 give a true and fair view of the state of affairs of the unit trust scheme during the period covered by the financial statements.

In our opinion, the Fund Manager has in preparing the

financial statements:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- ensured that the applicable accounting standards have been followed, and in the case of any material departure, that it was fully disclosed and explained in the financial statements; and
- 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 was 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 Trustees Investment Act, CAP T22 LFN, 2004, the Investments and Securities Act, 2007, and the provisions of the Trust Deed, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph ("Applicable Regulations").

The Fund Manager is also responsible for maintaining adequate financial resources to meet its commitments and to manage the risks to which the Fund is exposed.

***Responsibilities of the Trustee:***

The responsibilities of the Trustee as provided by Securities and Exchange Commission's Rules and Regulations made pursuant to the Investments and Securities Act, 2007 are as stated below:

- Monitoring of the activities of the Fund Manager and the custodian on behalf of and in the interest of the Unit Holders;
- Ensuring that the Custodian takes into custody all of the scheme's assets and holds it in trust for the holders in accordance with the Trust Deed and the Custodial Agreement;
- Monitoring the register of Unitholders or contributors;
- Ascertaining the Fund Manager's compliance with the Applicable Regulations;
- Ascertaining that the monthly and other periodic returns/reports relating to the Fund are sent by the Fund Manager to the Commission;
- Taking all steps and executing all documents which are necessary to secure acquisitions or disposals properly made by the Fund Manager in accordance with the Trust Deed and Custodial Agreement;
- Exercising any right of voting conferred on it as the registered holder of any investment and/or forward to the fund manager within a reasonable time all notices of meetings, reports, circulars, proxy solicitations and any other document of a like nature for necessary action;
- Ensuring that fees and expenses of the fund is within the prescribed limits; and
- Acting at all times in the interest and for the benefit of unit holders of the scheme.

**Administration of the Fund:**

The Fund was administered in accordance with the Applicable Regulations, taking into cognisance the prevailing market conditions as well as the goal of preserving and minimising possible losses to Unitholders' funds.

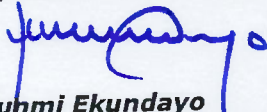
**Charitable donations:**

The Fund did not make any charitable donations during the period. (2023: nil)

**Auditors:**

Messrs Sterling Partners & Co, having indicated their willingness to continue in office, shall do so in accordance with Section 169(1) of the Investments and Securities Act, 2007.

**By Order of the Trustees**



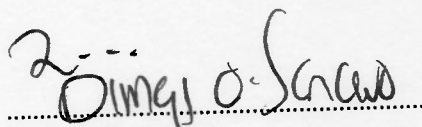
**Fuhmi Ekundayo**  
**FRC/2014/NBA/00000006946**  
**Managing Director**  
**STL Trustees Limited**  
**Lagos, Nigeria**

**SFS FIXED INCOME FUND: ANNUAL REPORTS & ACCOUNTS  
YEAR ENDED 31 DECEMBER, 2023**

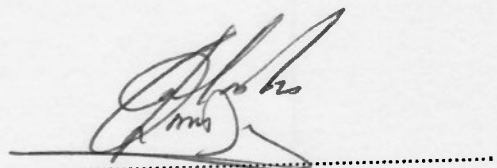
**Certification of Accounts by Directors of the Fund Manager**

We hereby certify the accounts and that neither the Fund Manager nor any other person acting on its behalf has:

- i. Transferred units to another person for sale, resale or subsequent transfer to the Fund Manager for sale or resale; or
- ii. Acquired or disposed of investments for account of the Trust otherwise than through a recognized Stock Exchange or Over-the-counter market except where such investments consist of money market instruments or cash deposits; or
- iii. Disposed of units to another person for a price lower than the current offered price; or
- iv. Acquired units for a price higher than the current bid price.



**Dimeji Sonowo**  
**Executive Director**  
**4<sup>th</sup> March, 2024**



**Patrick Ilodiana**  
**Managing Director**



## **INDEPENDENT AUDITOR'S REPORT**

To the unit holders of SFS Fixed Income Fund

### **Report on the Financial Statements**

We have audited the accompanying financial statements of SFS Fixed Income Fund ("The Fund"), which comprise the statement of financial position as at 31<sup>st</sup> December, 2023, the statement of comprehensive income, statement of changes in net assets attributable to unit holders, and statement of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, as set out on pages 14 to 28.

### **Opinion**

In our opinion, these financial statements gives a true and fair view of the financial position of SFS Fixed Income Fund ("The Fund") as at 31<sup>st</sup> December, 2023 and of the Fund's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, 2020 the Financial Reporting Council of Nigeria Act 2011 and relevant circulars and guidelines issued by the Securities and Exchange Commission.

### **Fund Manager's Responsibility for the Financial Statements**

The Fund Manager is responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act, 2011 and relevant Circulars and guidelines issued by the Securities and Exchange Commission and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility as Auditors is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### **Going Concern**

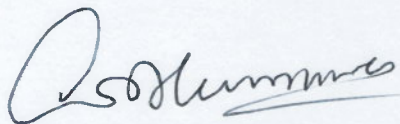
The Fund's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to wind up the Fund or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the Fund's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Fund's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Fund's ability to continue as a going concern.

### **Report on Other Legal and Regulatory Requirements**

#### ***Compliance with the Requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria.***

In our opinion, proper books of accounts have been kept by the Fund, so far as appears from our examination of those books and the Fund's statement of financial position and statement of comprehensive income are in agreement with the books of account.



**Akinnuwesi O. Israel, FCA**  
**FRC/2014/ICAN/00000007060**  
**For: Sterling Partners & Co**  
**Chartered Accountants**  
**Lagos, Nigeria.**

**4<sup>th</sup> March, 2024**



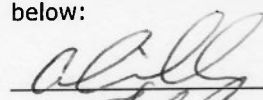
**SFS FIXED INCOME FUND**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2023**

	Notes	2023 N'000	2022 N'000
<b>Income</b>			
Interest Income	6	831,831	741,559
Other Income		297	-
<b>TOTAL INCOME</b>		<b>832,128</b>	<b>741,559</b>
 Administrative expenses	7	35,515	30,392
Managers fees		67,437	66,706
Trustees fees		3,372	3,335
Custodian fees		6,744	6,671
<b>TOTAL EXPENSES</b>		<b>113,068</b>	<b>107,103</b>
 <b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>719,060</b>	<b>634,456</b>
 Income tax expenses	8	-	-
 <b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>719,060</b>	<b>634,456</b>
 <b>OTHER COMPREHENSIVE INCOME:</b>			
Net gain/(loss) on available for sale financial assets		-	-
 <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>-</b>
 <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>719,060</b>	<b>634,456</b>
  <b>Unit price at 31 December (₦)</b>		<b>1.11</b>	<b>1.1</b>
 <b>Earnings yield at 31 December</b>		<b>11.06%</b>	<b>9.90%</b>

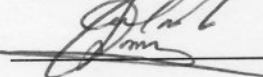
**SFS FIXED INCOME FUND**  
**Statement of Financial Position**  
**As at 31 December 2023**

	Note	2023 N'000	2022 N'000
<b>ASSETS</b>			
Cash and cash equivalents	9	41,431	287,424
Investment Securities	10	6,958,059	6,387,174
Other Receivables		127,231	10,630
<b>TOTAL ASSETS</b>		<b>7,126,721</b>	<b>6,685,228</b>
<b>LIABILITY</b>			
Other liabilities	11	240,443	98,985
<b>TOTAL LIABILITIES</b>		<b>240,443</b>	<b>98,985</b>
<b>NET ASSET ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>6,886,278</b>	<b>6,586,243</b>
<b>REPRESENTED BY</b>			
Equity attributable to unit holders	12	3,501,172	3,920,197
Accumulated surplus	13	3,385,106	2,666,046
<b>UNIT HOLDERS' FUNDS</b>		<b>6,886,278</b>	<b>6,586,243</b>

These financial statements were approved by the Board of Directors of the Fund Managers on 4th March, 2024 and signed on behalf of the board of directors by the directors listed below:

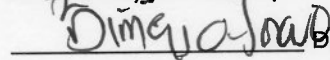


Yemi Gbenro (Director of the Fund Manager)



Patrick Ilodiana (Managing Director of the Fund Manager)

Additionally certified by:



Dimeji Sonowo (Executive Director of the Fund Manager)

**SFS FIXED INCOME FUND****Statement of Changes in Net Assets Attributable to Unitholders****For the year ended 31 December 2023**

	<b>Note(s)</b>	<b>2023 N'000</b>	<b>2022 N'000</b>
<b>Reserves:</b>			
<b>Balance, beginning of year</b>		2,666,046	2,031,590
Profit for the year		719,060	634,456
		<b>3,385,106</b>	<b>2,666,046</b>
<b>Equity:</b>			
<b>Contributions and redemption by unit holders</b>			
Subscription, beginning of year		3,920,197	4,035,762
Subscription during the period (At Par)		918,285	1,218,014
Redemption of units by unit holders during the year		(1,337,309)	(1,333,579)
<b>Balance, end of year</b>		<b>3,501,172</b>	<b>3,920,197</b>
<b>Total Unitholders' funds at year end</b>		<b>6,886,278</b>	<b>6,586,243</b>

**SFS FIXED INCOME FUND**  
**Statement of Cash Flows**  
**For the year ended 31 December 2023**

	<b>Note(s)</b>	<b>2023 N'000</b>	<b>2022 N'000</b>
<b>Cash flows from operating activities:</b>			
Profit before income tax		719,060	634,456
<i>Adjustment for:</i>			
Fair value changes on equities		-	-
		<b>719,060</b>	<b>634,456</b>
Changes in operating assets/liabilities			
Other Assets		(116,664)	(9,595)
Other creditors		141,520	(27,763)
<b>Net cashflows from operating activities</b>		<b>743,916</b>	<b>597,098</b>
Cashflows from Investing activities:			
Purchase of Investments (at cost)		(570,885)	(538,068)
<b>Cash flows from financing activities:</b>			
Proceeds from units issued during the year	12	918,285	1,218,014
Redemption of units during the year		(1,337,309)	(1,333,579)
<b>Net cash generated from financing activities</b>		<b>(419,024)</b>	<b>(115,565)</b>
(Decrease) in cash and cash equivalents		(245,993)	(56,535)
Cash and cash equivalents at start of year		287,424	343,959
Cash and cash equivalents at end of year	9	<b>41,431</b>	<b>287,424</b>

# **SFS FIXED INCOME FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

*For the Year ended 31 December 2023*

### **1. Reporting Entity**

SFS Fixed Income Fund ("the fund") is an open-ended mutual fund and trust scheme that invests predominantly in securities issued by the Federal Government of Nigeria, State Governments, and highly rated corporate institutions. The Fund may also invest in short-term high-quality money market securities. The Fund is not a legal entity but is constituted and exists under a Trust Deed. It was launched May 02, 2014 and registered with the Securities and Exchange Commission.

The Fund Manager is SFS Capital Nigeria Limited.

### **2.1 Basis of preparation**

#### **(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRSs).

The financial statements were authorized for issue by the directors of the Fund Manager on 4<sup>th</sup> March, 2024.

#### **(b) Basis of measurement**

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

- Available-for-sale financial assets are measured at fair value.

#### **(c) Functional and presentation currency**

The financial statements are presented in Naira, which is the fund's functional currency. All information presented in Naira has been rounded to the nearest thousand.

#### **(d) Use of estimates and judgements**

The preparation of financial statement in conformity with IFRSs requires management to make judgements, estimates and assumption that affect the application of accounting policies and the reported amount of assets and liabilities, income, and expense. Actual result may differ from these estimates.

### **2.2 Significant accounting policies.**

The accounting policies set out below have been consistently applied to all period presented to these financial statements.

#### **(a) Interest Income and Interest Expense.**

Interest income is recognised on a time-proportionate basis using the effective interest method. It includes interest income from cash and cash equivalents and on available-for-sale financial assets.

**(b) Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of less than three months from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

- (c)** Net gain from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes but excludes interest and dividend income. Net realised gain from financial instruments at fair value through profit or loss is calculated using the weighted average cost method.

**(d) Fees and Commission expense**

**Management fee expense**

Management fees are charged at a rate not exceeding 1% of the Net Asset Value of the Fund. They are accrued daily based on portfolio valuation.

**Expenses**

All fees and expenses applicable to the administration and operation of the fund, including accounting, auditing and communication costs, custodian fees, legal and filing fees, applicable taxes and bank charges are payable by the fund.

**(e) Tax**

The Fund is not liable to both company income tax and capital gains tax.

**2.3 Financial assets**

**Classification**

The Fund allocates financial assets to the following IAS 39 categories: (i) loans and receivables and (ii) available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

**(b) Available for sale financial assets**

Available-for-sale investments are financial assets that are intended to be held for an indefinite period, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

**(c) Recognition, de-recognition and measurement**

The Fund uses settlement date accounting for regular purchases and sales of financial assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the entity tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition).

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains and losses arising from changes in the fair value are recognised in

the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the income statement. Interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available-for-sale are recognised in the income statement.

**(d) Fair value estimation**

The fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets.

**(e) Impairment of financial assets**

**Available-for-sale financial assets**

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from - one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset.

If in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss.

**(f) Contingent liabilities**

The Fund had no contingent liability as at the reporting date.

**2.4 Unitholders' interest**

**(a) Equity attributable to unitholders**

The Fund's units in issue are financial instruments issued by the Fund and, or on liquidation of the Fund the unit holders are entitled to the residual net assets. They rank pari passu in all material respects and have identical terms and conditions. The units provide the investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each daily redemption date 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 of 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 liquidations;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;



- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instruments do not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instruments 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 unit meets these conditions and is classified as equity.

Incremental costs directly attributable to the issue or redemption of units are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

**(b) Repurchase of units**

When units recognised as equity are redeemed, the par value of the shares is presented as a deduction from share capital. Any premium or discount to par value is recognised as an adjustment to share premium, or if share premium is insufficient, as an adjustment to retained earnings:

**2.5 New relevant standards and interpretations not yet adopted as at 31 December, 2023**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements. The most significant standards are highlighted below:

**(a) IFRS 17: Insurance Contracts**

This standard was adopted in May 2017 and will become effective on 1<sup>st</sup> January, 2022. When operational, it will replace IFRS 4. Under IFRS 17 model, insurance contracts liabilities will be calculated at the present value of future insurance cash flows with a provision for risk. The discount rate will reflect current interest rates.

**(b) Comparatives**

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

**3. Financial risk management**

**Introduction and overview**

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

**Risk Management Framework**

The Fund maintains position in a variety of non-derivative financial instruments in accordance with its investment management strategy. The Fund's investment portfolio comprises equity securities, debt securities and fixed income securities.

The Fund's investment manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with the target asset

allocations and the composition of the portfolio is monitored by the investment committee quarterly.

In instances where the portfolio has diverged from target asset allocations, the Fund manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; the risks and the means of managing them are documented below:

**(a) Credit risk**

Credit risk is defined as the likelihood that a customer or counterparty is unable to meet the contracted financial obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held and cash and cash equivalent instruments.

**(i) Management of credit risk**

The Fund's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk default by dealing only with counterparties meeting the Fund's credit standards which is assessed sometimes through the credit history of the counterparty.

Credit risk is monitored periodically by the Fund manager in accordance with policies and procedures in place. Where the credit risk is not in accordance with the investment policy or guidelines of the Fund, the Fund manager is obliged to rebalance the portfolio in compliance with the stated investment parameter.

**(ii) Exposure to credit risk**

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

**(iii) Investment in debt securities**

The Fund's maximum credit risk exposure (without taking into account collateral and other credit enhancements) at the reporting date is represented by the respective carrying cost of the relevant financial assets in the statement of financial position.

**(iv) Cash and cash equivalents**

The Fund held cash and cash equivalents of N 41.431 million as at 31 December 2023. The cash and cash equivalent are held with Stanbic IBTC Nominees. The Fund Manager monitors the financial position of the counter parties on a periodic basis.

**(b) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

**(i) Management of liquidity risk**

The trust deed and the Fund manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund is exposed to liquidity risk because of the need to meet unit holder's redemption.

The Fund has no long-term borrowing as at 31 December 2023. Surplus cash held by the Fund over and above balance required for working capital management are invested in interest bearing current accounts and short-term deposits, choosing instruments with appropriate maturities. At the reporting date, the Fund held liquid cash assets of N41.431 million which is expected to readily generate cash inflows for managing liquidity risk.

The Fund's overall liquidity risk is monitored on a periodic basis by the Fund manager.

## **(ii) Residual contractual maturities of financial assets and liabilities**

The table below analyses the Fund's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

### **(c) Foreign Exchange risk**

Foreign Exchange risk is the exposure of the Fund's financial condition to adverse movements in exchange rates. Where the Fund invests in financial instruments that are denominated in currencies other than its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value or future cash flows of that portion of the Fund's financial assets and liabilities denominated in currencies other than the Naira.

Currently, the Fund does not have transactions in any other currency except the Fund's functional currency i.e. Naira. Hence it is not exposed to foreign exchange risk.

### **(d) Other market price risk**

Other price risk is the risk that the fair value of the financial instruments will fluctuate as a result of changes in market prices (other than arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

### **(e) Operational risk**

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

The Fund's objective is to manage operational risk to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- Requirement for appropriate segregation of duties between various functions, and roles
- Requirement for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirement for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified;
- Contingency plans;
- Ethical and business standards, and
- Risk mitigation, including insurance of this is effective.

Substantially all the assets of the Fund are held by Stanbic IBTC Bank Limited. Bankruptcy or insolvency of the Fund's custodian may cause the Fund's rights with respect to the Securities held by the custodian to be delayed or limited. The Fund manager monitors credit ratings and capital adequacy of its custodian periodically.

The fund has provided the custodian a general lien over the financial assets held in custody agreement. There was no significant operational risk incidence during the financial year.

**(f) Capital management**

The units issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at the redemption date and are classified as equity. The Fund's objectives in managing the units are to ensure a stable base to maximise returns to all investors, and to manage liquidity arising from redemptions.

**4. Use of estimates and judgements**

These disclosures supplement the commentary on financial risk management (see note 3).

**(a) Uncertainty**

**(i) Determining fair values**

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

**(b) Critical accounting judgments in applying the Fund's accounting policies**

**(i) Financial asset and liability classification**

The Fund's accounting policies guide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances.

(i) In designating financial assets at fair value through profit or loss, the Fund has determined that it has met one of the criteria for this designation set out in note 2.4

(ii) The unitholders interest is classified as equity, as the Fund has determined that it has met the criteria for this designation set out in note details of the Fund's classification of financial assets and liabilities are given in note 5.

**(ii) Valuation of financial instruments**

The Fund's accounting policy on fair value measurement is discussed in note 2.3.

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

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

(ii) Level 2: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

(iii) Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the

instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant adjustments or assumption are required to reflect differences between the instruments.

**SFS FIXED INCOME FUND**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**

**5 Classification of Fair Value of Financial Assets & Liabilities**

AT 31 December 2023	Notes	Carrying amount N'000	Gross nominal inflow/(outflow) N'000	Less than 3 months N'000	Above 6 months N'000	Over 1 year N'000
Cash and cash equivalent	9	41,431	41,431	41,431	-	-
Financial assets at fair value:	10	6,958,059	6,958,059	6,958,059	-	-
Other Receivables		127,231	127,231	127,231	-	-
Held to maturity investment securities		-	-	-	-	-
Available for sale investment securities		-	-	-	-	-
		<b>7,126,721</b>	<b>7,126,721</b>	<b>7,126,721</b>	<b>-</b>	<b>-</b>
Other liabilities	11	(240,443)	(240,443)	(240,443)	-	-
Gap (assets-liabilities)		<b>6,886,278</b>	<b>6,886,278</b>	<b>6,886,278</b>	<b>-</b>	<b>-</b>
Cummulative liquidity gap		<b>6,886,278</b>	<b>6,886,278</b>	<b>6,886,278</b>	<b>-</b>	<b>-</b>

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Fund determines fair value using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity index prices volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

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

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

<i>In the thousands of naira</i>	Level 1	Level 2	Level 3
<b>Assets</b>			
Financial assets at fair value through profit or loss	-	-	-
Quoted equity	-	-	-
Available-for-sale financial assets:			
Federal Government Bonds	5,176,873	-	-
Commercial Papers	-	-	-
<b>Total Financial Assets</b>	<b>5,176,873</b>	<b>-</b>	<b>-</b>

**SFS FIXED INCOME FUND**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2023**

	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>
<b>6 Gross Income</b>		
Interest on Bank Placements	364,814	205,136
Interest on Commercial Papers	-	78,402
Income from Bonds	467,017	458,021
	<b>831,831</b>	<b>741,559</b>
<b>7 Administrative Expenses</b>		
Auditors fees	1,320	1,200
SEC Annual fees	13,490	13,349
Other accrued administrative costs	20,705	15,843
	<b>35,515</b>	<b>30,392</b>
<b>8 Income Tax</b>		
Provision	NIL	NIL
The Fund is exempted from Income Tax		
<b>9 Cash Balances</b>		
Polaris Bank Limited	-	4
Stanbic IBTC Limited	41,431	287,420
	<b>41,431</b>	<b>287,424</b>
<b>10 Investments</b>		
Long - term Placements with Banks	1,781,186	966,559
Federal Government Bonds	5,176,873	5,068,045
Commercial Papers	-	352,570
	<b>6,958,059</b>	<b>6,387,174</b>

**SFS FIXED INCOME FUND**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2023**

	<b>2023</b> <b>N'000</b>	<b>2022</b> <b>N'000</b>
<b>11 Other Liabilities</b>		
Accrued fees due to Professionals	223,055	86,495
Provison for Audit Fees	1,320	1,200
Other payables	16,067	11,291
	<u>240,443</u>	<u>98,985</u>
<b>12 Equity</b>		
Balance, beginning of year	3,920,197	4,035,762
Subscriptions received in the year	918,285	1,218,014
Redemption/withdrawals	(1,337,309)	(1,333,579)
Balance, end of year	<u>3,501,172</u>	<u>3,920,197</u>
<p>The fund pays distributions to Unitholders quarterly.  The distribtions are usually reinvested on their behalf and payable in cash upon request.</p>		
<b>13 Accumulated Surplus</b>		
Balance, beginning of year	2,666,046	2,031,590
Net Income for the year	719,060	634,456
Balance, end of year	<u>3,385,106</u>	<u>2,666,046</u>
<b>14 Staff number &amp; Renumeration</b>	<u>NIL</u>	<u>NIL</u>

The Fund does not have staff of its own, hence no staff cost.

**15 Financial commitment and contingencies**

- 1 The Fund did not provide any guarantee on behalf of any person or body during the year.
- 2 All the known financial commitments have been considered in the preparation of these financial statements.

**16 Post Balance Sheet Events**

There are no post balance sheet events as at 4th March, 2024 which would have had a material effect on these financial statements which have not been adequately provided for.