LOTUS CAPITAL HALAL INVESTMENT FUND

Managed by

LOTUS CAPITAL LIMITED

FINANCIAL STATEMENTS

For the year ended

31ST DECEMBER, 2022

LOTUS CAPITAL HALAL INVESTMENT FUND
MANAGED BY LOTUS CAPITAL LIMITED

Audited financial statements for the year ended 31st December, 2022

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LOTUS CAPITAL HALAL INVESTMENT FUND
MANAGED BY LOTUS CAPITAL LIMITED

Corporate information

Fund Manager	Lotus Capital Limited 182, Awolowo road Ikoyi Lagos
Directors of the Fund Manager	Mr. Fola Adeola Mrs. Hajara Adeola Mrs. Lateefah Okunnu Mrs. Amina Oyagbola Mr. Nuruddeen Lemu Mr. Moshood Babatunde
Registered office (Fund Manager)	182, Awolowo road Ikoyi Lagos
Trustees to the Fund	FBNQuest Trustees Limited 16 – 18, Keffi Street Off Awolowo Road Ikoyi Lagos
Independent auditors to the Fund	Crowe Dafinone Chartered Accountants 15, Elsie Femi Pearse Victoria Island Lagos
Custodian to the Fund	Citibank Nigeria Limited 27, Kofo Abayomi street Victoria Island Lagos
Registrar to the Fund	Lotus Capital Limited 182, Awolowo road Ikoyi Lagos

Report of the trustees

The Trustees present their report on the affairs of the Lotus Halal Investment Fund, together with the audited financial statements for the year ended 31st December, 2022.

Principal activity: The principal activity of the Lotus Capital Halal Investment Fund is the pooling of funds from individual members of the public and companies and the investment of such funds in equities listed on the Nigerian Stock Exchange, Asset Backed Investments and other Sharia-compliant investments as determined by the Fund Manager in accordance with the Trustee Investments Act, the Investments and Securities Act, and the Securities and Exchange Commission's Rules and Regulations, The Trust Deed and Supplemental Deeds thereto ("the Applicable Regulations").

Results: The results for the year are set out on Page 13.

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:

Mr. Fola Adeola (Chairman)
Mrs. Hajara Adeola (Managing Director/Chief Executive Officer)
Mrs. Lateefah Okunnu
Mrs. Amina Oyagbola
Mr. Nuruddeen Lemu
Mr. Moshood Babatunde

Directors' and related parties interest in the units of the Fund: The Directors of Lotus Capital Limited who held direct and indirect beneficial interest in the units of the Fund are:

	Units held as at 31st December, 2022	**Units held as at 31st December, 2021**
Mrs. Hajara Adeola	1,317,155	631,863
Mr. Nuruddeen Lemu	1,680	840
Mrs.Lateefah Okunnu	2,445,078	2,445,078
Mrs. Amina Oyagbola	8,933	8,933

None of the directors of FBNQuest 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.

Report of the trustees (continued)

Responsibilities of The Fund Manager: (continued)

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 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 the Trust Deed and other Supplemental thereto, the 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 unit holders 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;

- 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.

Report of the trustees (continued)

Administration of the Fund:	During the year under review, the Fund was administered in accordance with the applicable regulations, taking into cognisance prevailing market conditions as well as preserving and minimising possible losses to unit holders' funds.
Charitable donations:	The Fund did not make any charitable donations during the year.
Auditors:	Messrs Crowe Dafinone (Formerly Horwath Dafinone), Chartered Accountants, having indicated their willingness to continue in office, shall do so in accordance with Section 184(1) of the Investments and Securities Act, 2007.

By Order of the Trustee

Adekunle Awojobi,
FRC/ICAN/2013/00000002442
Managing Director
FBNQuest Trustees Limited
Lagos, Nigeria
11th April , 2023

Report of the fund manager

Dear Investor,

This report provides an overview of the performance of the Lotus Capital Halal Investment Fund (Halal Fund) from January 1, 2022 to December 31, 2022.

INVESTMENT OBJECTIVES

The primary objective of the Fund is to maximize total returns by seeking high quality investments whilst adhering to the strictest code of ethics in line with our non-interest finance investment philosophy.

MACROECONOMIC REVIEW

In the year 2022, global commodity prices increased significantly due to the impact of the Russia-Ukraine conflict on global supply chains. At the end of the year, Brent crude closed at $85.91 per barrel, representing a 10.45% increase from the opening prices of the year. The higher price of energy contributed to higher inflation in most countries, which eventually led central banks to become hawkish – a response that had adverse implications for economic growth. As a result, the World Bank lowered its forecast for global economic growth to 2.90% from the earlier prediction of 4.10% in January 2022.

Against this backdrop, the Nigerian economy reportedly expanded by 3.10% in 2022 which is slower than 3.40% in 2021. This is attributable to the contraction of the oil sector, which was offset by higher non-oil sector output particular from Information and Communications, Trade and the Financial Services sectors.

However, the local economy was not spared from inflationary pressures that stemmed from global supply-chain bottlenecks and excessive rainfall which disrupted agriculture production in some areas, among other factors. Consequently, headline inflation spiked to a peak of 21.47% in November 2022, up from 15.63% in December 2021. To counter the rise in consumer prices, the CBN turned hawkish and raised the benchmark interest rate by a total of 500 basis points over the year to 16.50%. The interest rate hikes had marginally impact on consumer prices by year end when inflation trended lower by only 13bps to 21.34%.

The lackluster performance of the Country’s oil sector and the lower export revenue from crude oil export was captured in the level of external reserves, which decreased by -8.48% to $37.08 billion by the end of the year. With the reduction in external reserves, the Naira weakened by -7.92% to exchange for ₦449.05/$ at the official window.

NIGERIAN CAPITAL MARKET REVIEW

The Nigerian equities market had a good outing in the year despite the macroeconomic headwinds. The NGX All Share Index gained 19.98% in the year. Three out of the five key sectors on the local bourse ended the year in positive territory. Particularly, the NGX Oil and Gas Index was the best-performing index and gained 34.05% followed by the NGX Industrial Goods Index (+19.67%) and the NGX Banking Index (+2.81%). On the other hand, the NGX Insurance Index and the NGX Consumer Goods Index posted negative returns of -11.99% and -0.06%, respectively. The signifiant exposure of the NGX Lotus Islamic Index to consumer and industrial goods sectors led to a gain of 7.69% in 2022.

Report of the fund manager (continued)

INVESTMENT STRATEGY

Our investment approach for the Lotus Halal Investment Fund in 2022 was centered on diversification, with the aim of spreading investment holdings across various asset classes. In the equities segment, we focused on stocks with strong fundamental value and significant upside price potential. In the fixed income segment, the Fund maintained its investment in sovereign Sukuk to earn stable rental income.

HALAL FUND ASSET ALLOCATION

As stipulated in the Trust Deed, the Lotus Halal Investment Fund invested in equities, asset-backed investments and cash equivalent investments in the period under review. As at December 31, 2022, 29% of the Fund was in equities, 25% was invested in asset backed securities, 33% in sukuk and 13% in near cash investment.

HALAL FUND PERFORMANCE

In the period under review, the Fund Manager ensured that its asset allocation was in line with the Trust Deed. The allocation provided diversification benefits to the Fund by safeguarding it from excessive exposure to any single asset class. With this, the Fund was able to maintain a cautious approach to its equity and asset backed investment exposures.

The Fund’s NAV/Unit closed at ₦1.61 after paying a dividend of 6 kobo earlier in the year. The total return of the funds was 12.64% for 2022, which compares favourably to its peers. The Fund’s performance was driven by an appreciation in listed equities, profit from asset backed investments and rental income on Sukuk.

OUTLOOK FOR 2023

In 2023, we plan to adopt a cautious approach to equity investments given the changes in general election cycle and the impact on market sentiment. Our strategy for equities will continue to be value driven and restricted to stocks that possess good fundamental value. For our asset backed investments, we anticipate that the higher yield environment should provide good opportunities for improved returns. We would continue to increase the range of our counterparties to remain diversified. We are confident that the investment strategy of the Lotus Halal Investment Fund will deliver favorable performance in 2023.

Thus, we enjoin you to invest in the Lotus Halal Investment Fund and wish you a prosperous 2023.
Please email us at info@lotuscapitallimited.com if you require further information.

Report of the Shari'ah Supervisory Board

Shari'ah Report & Shari'ah Supervisory Board
Lotus Capital Halal Investment Fund

Shari'ah Report for the fiscal year ending 31st December, 2022

In the name of Allah, the Most Beneficent, Most Merciful.

Alhamdu Lillahi Rabbi al Alamin, wa al Salatu wa al Salamu ‘ala Sayyidina Muhammad, wa ala Aalihi wa Sahbihi Ajma'in

To the unitholders of the Lotus Capital Halal Investment Fund (“the Halal Fund”)

Assalamu Alaikum Wa Rahmat Allah Wa Barakatuh

We have reviewed the principles and the form-contracts relating to the transactions and applications utilized by Lotus Capital Limited (“the Fund Manager”) during the year under review. We have also received assurance from the Fund Manager that all procedures of investments and Shari'ah compliant contract templates only have been used in all investment of the Halal Fund as approved and instructed by us the Shari'ah Supervisory Board. This allows us to form an opinion as to whether the Fund Manager has complied with Shari'ah Rules and Principles and with the rulings set by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Accordingly, in our opinion, the investments made by the Fund Manager during the period under review were generally in compliance with Shari'ah Rules and Principles. The Shari'ah Supervisory Board will continue to work with the Fund Manager to perfect its Shari'ah compliance.

The Fund Manager is responsible for ensuring that the fund conducts the business of the Halal Fund in accordance with Islamic Rules and Principles. It is the Shari'ah Supervisory Board's responsibility to form an independent opinion on Shari'ah compliance based on its review of the operations and activities of the Fund. The Fund Manager has assumed the responsibility to pay the total non-permissible income to charity in accordance with the guidance of the Shari'ah Supervisory Board. The Fund has not been given the authority to pay Zakaat on behalf of unitholders. This is the responsibility of the investors themselves.

We beg Almighty Allah to grant us all wisdom to understand His religion and follow its teaching and to bestow on us success in this worldly life and in the life after.

Wassalamu Alaikum Wa Rahmat Allah Wa Barakatuh.

April 11, 2023

Prof. Dr. Monzer Kahf
Chairman Shariah Supervisory Board
Lotus Capital Limited

Dr. Marjan Binti Muhammad
Member Shariah Supervisory Board
Lotus Capital Limited

Report of the Shari'ah Supervisory Board (continued)

Shari'ah Supervisory Board

The Shari'ah Supervisory Board is an independent body of specialist jurists in Islamic commercial jurisprudence. The Shari'ah Supervisory Board is entrusted with the duty of directing, reviewing and supervising the investment activities of Lotus Capital and its funds, ensuring that the fund complies with the Shari'ah. The board is also entrusted with ensuring that any Shari'ah issues pertaining to the company are dealt with in a professional manner, in line with standards set by Islamic financial institutions.

The rulings and resolutions of the Shari'ah Supervisory Board are binding on the fund and its products. It is the responsibility of the Shari'ah Supervisory Board to conduct regular audits of transactions and to form an independent opinion, based on reviews of operations. The fund's external Supervisory Board members comprise:

Prof. Dr. Monzer Kahf - Dr Kahf is a consultant and lecturer on Islamic Banking, Finance and Economics. He has aided the drafting and review of various Islamic finance agreements for Islamic financial institutions in the USA and also for lawyers, companies and individuals. He has lectured on Islamic Financial Laws and Regulations, and on Islamic Economic and Finance at conferences and community seminars within the USA and overseas. He was a Senior Research Economist at the Islamic Research and Training Institute of the Islamic Development Bank (IDB), Jeddah, Saudi Arabia for 15 years. He was also a Professor of Islamic Economics and Banking in the graduate program of Islamic Economics and Banking at Yarmouk University, Jordan. He is currently a professor of Islamic finance at the Qatar Faculty of Islamic Studies.

Dr Kahf holds a Ph. D. in Economics from the University of Utah, Salt Lake City, Utah, March 1975, a High Diploma in Social and Economic Planning**,** UN Institute of Planning, Damascus, Syria, 1967. He is also a Certified Public Accountant in Syria since 1968. His Shari'ah scholarship is a product of life-long training at the Ulama of Damascus, Syria and continuous research, study and teaching.

Dr. Marjan Binti Muhammed
Dr. Marjan is a member of the Shari'ah Board of Lotus. She attended the International Islamic University Malaysia where she obtained her B.Sc. (Hons) degree in Islamic Revealed Knowledge and Heritage (Fiqh and Usul-l-Fiqh) in 1998. She had her M.Sc. and Ph.D. also in Islamic Revealed Knowledge and Heritage (Fiqh and Usul-l-Fiqh) in 2001 and 2005 respectively.
She has worked at the International Shari'ah Research Academy for Islamic Finance from 2013 to date, where she has held several roles ranging from Head of Research Quality Assurance Office, Senior Researcher, and currently Director of Research. She has tutored at the Faculty of Law and Shari'ah at the Universiti Sains Islam Malaysia, with specialization in issues of Ijtihad (Intellectual Reasoning), Islamic Jurisprudence (Usul al-Fiqh), Islamic Laws of Transaction (Fiqh al-Muamalat) and Islamic Criminal Laws (Fiqh al-Jinayah). She has also served on different Shari'ah boards, including MBSB Bank Berhad, RHB Islamic Berhad, Maybank Islamic Berhad, SME Bank Berhad, and she is currently on the Shari'ah board of Bank Negara Malaysia. Dr. Marjan has published articles in both international and local journals and has produced several research papers on Islamic finance.

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REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF LOTUS CAPITAL HALAL INVESTMENT FUND

Opinion

We have audited the financial statements of Lotus Capital Halal Investment Fund which comprises, the statement of financial position as at 31st December, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, the significant accounting policies, other explanatory notes, the statement of value added and the five-year financial summary. These financial statements are set out on pages 12 to 41 and have been prepared using the significant accounting policies set out on pages 18 to 25.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December, 2022 and of its financial performance and its cash flows for the year ended on that date, and comply with the Investment and Securities Act, 2007, Securities and Exchange Commission, the applicable International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act, No. 6, 2011 and the provision of Trust Deed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) in the manner required by the Nigerian Standards on Auditing (NSAs). Our responsibilities under these standards are further described in the auditor's responsibilities for the financial statements.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (the IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA code.

Information other than the financial statements and auditors' report

The report of the fund manager, trustees, Shariah Supervisory Board and other information contained therein are the responsibility of fund manager. Our opinion does not cover these reports and accordingly we do not express any form of assurance or conclusion thereon. It is our responsibility to read the other information and in doing so, consider whether the information is materially inconsistent with the financial statements or with the knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on our work we conclude that there is material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Crowe

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF LOTUS CAPITAL HALAL INVESTMENT FUND (continued)

Fund Manager, Trustees' and Shari'ah Supervisory Board responsibilities for the financial statements

The Fund Manager, the Trustees' and Shari'ah Supervisory Board are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act, 2011 and the requirements of the Investment and securities Act, 2007, whilst the Trustee is responsible for ascertaining compliance with the provision of the Trust Deed and other relevant laws. The responsibilities of the Fund Manager includes the designing, implementing and maintaining internal controls that are relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error as well as selecting and applying appropriate significant accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standard on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.

- Evaluate the appropriateness of significant accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF LOTUS CAPITAL HALAL INVESTMENT FUND (continued)

Auditors' responsibilities for the financial statements (continued)

- Conclude on the appropriateness of Fund manager's and the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in the manner that achieves fair presentation.

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.

Compliance with the relevant legislation and regulations

In accordance with Section 169 (1) of the Investments 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 the fund has been operated within the provisions of the Act.

Lagos, Nigeria
11th April, 2023

Omolola Samuel
Engagement Partner
FRC/2012/ICAN/00000000358
For: Crowe Dafinone
Chartered Accountants

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0786279

LOTUS CAPITAL HALAL INVESTMENT FUND

Statement of financial position as at 31st December, 2022

	Notes	2022 ₦	2021 ₦
Assets			
Cash and cash equivalents	8	473,100,066	177,149,349
Financial assets at fair value through profit or loss	9	1,683,197,557	1,248,465,315
Financial assets at amortised cost	10	1,366,315,412	1,606,526,769
Other receivables	11	1,088,658	99,998,734
Total assets		**3,523,701,693**	**3,132,140,167**
Equity			
Redeemable units			
Members' capital		2,087,517,901	2,001,362,987
Accumulated reserve		1,174,504,748	934,931,625
Members' fund		**3,262,022,649**	**2,936,294,612**
Liabilities			
Uninvested fund deposits	12	3,954,227	3,237,227
Other payables	13	257,724,817	192,608,328
Total liabilities		**261,679,044**	**195,845,555**
Total equity & liabilities		**3,523,701,693**	**3,132,140,167**
Net asset per unit	14(a)	1.61	1.48

-- - **Hajara Adeola**
FRC/IODN/2013/00000002955
Fund Manager

-- - ***Adekunle Awojobi***
FRC/ICAN/2013/00000002442
Trustees

April 11, 2023

The general information, the significant accounting policies and the notes set out on pages 16 to 41 form an integral part of these financial statements.

LOTUS CAPITAL HALAL INVESTMENT FUND

Statement of profit or loss and other comprehensive income for the year ended 31st December, 2022

	Notes	2022 ₦	2021 ₦
Income from financing and advances	15	217,921,166	183,731,605
Dividend income	16	85,937,680	72,186,104
Total revenue		**303,858,846**	**255,917,709**
Net impairment(loss)/ write-back on Financial assets @ amortised cost	17	19,712,895	(18,480,564)
Net gain from financial assets at fair value through profit or loss	18	151,039,485	98,757,400
Operating expenses	19	(97,966,960)	(100,067,550)
		72,785,420	**(19,790,714)**
Profit before taxation		**376,644,266**	**236,126,995**
Withholding tax expense	20	(5,140,305)	(4,189,427)
Profit for the year		**371,503,961**	**231,937,568**
Basic earnings per unit	14(b)	0.18	0.12

The general information, the significant accounting policies and the notes set out on pages 16 to 41 form an integral part of these financial statements.

LOTUS CAPITAL HALAL INVESTMENT FUND

Statement of changes in equity for the year ended 31st December, 2022

	Redeemable units ₦	Accumulated reserve ₦	Total Equity ₦
As at 1st January, 2022	2,001,362,987	934,931,625	2,936,294,612
Total comprehensive income for the year: Profit for the year	-	371,503,961	371,503,961
	2,001,362,987	**1,306,435,586**	**3,307,798,573**
Transactions with unit holders, recognised directly in equity			
Contributions, redemptions and distributions to unit holders:			
Issue of redeemable units	141,874,102	-	141,874,102
Redemption of redeemable units	(55,719,188)	-	(55,719,188)
Loss arising from redemption of units holding	-	(13,446,452)	(13,446,452)
Interim dividend paid during the year	-	(118,484,386)	(118,484,386)
Total transactions with unit holders	**86,154,914**	**(131,930,838)**	**(45,775,924)**
As at 31 December, 2022	**2,087,517,901**	**1,174,504,748**	**3,262,022,649**
As at 1st January, 2021	2,029,276,583	864,371,571	2,893,648,154
Total comprehensive income for the year: Profit for the year	-	231,937,568	231,937,568
	2,029,276,583	**1,096,309,139**	**3,125,585,722**
Transactions with unit holders, recognised directly in equity			
Contributions, redemptions and distributions to unit holders:			
Issue of redeemable units	88,083,174	-	88,083,174
Redemption of redeemable units	(115,996,770)	-	(115,996,770)
Loss arising from redemption of units holding	-	(21,313,336)	(21,313,336)
Interim dividend paid during the year	-	(140,064,178)	(140,064,178)
Total transactions with unit holders	**(27,913,596)**	**(161,377,514)**	**(189,291,110)**
As at 31 December, 2021	**2,001,362,987**	**934,931,625**	**2,936,294,612**

The general information, the significant accounting policies and the notes set out on pages 16 to 41 form an integral part of these financial statements

LOTUS CAPITAL HALAL INVESTMENT FUND

Statement of cash flows for the year ended 31st December 2022

	Notes	2022 ₦	2021 ₦
Cash flows from operating activities			
Profit before taxation		376,644,266	236,126,995
Adjustments for:			
Net impairment(gain)/loss on financial assets at amortised cost	17	(19,712,895)	18,480,564
Write-off on other receivables	17	-	-
Unrealised fair value gain on financial assets at fair value through profit and loss	18,9a	182,611,137	(56,249,270)
Unrealised gain on Sukuk	18	(61,041,200)	-
Gain on disposal of financial assets at fair value through profit and loss	18	(272,609,422)	(42,508,130)
		205,891,886	155,850,159
Changes in operating assets and liabilities			
Proceeds on disposal of financial assets @ fair value through profit or loss		741,340,917	156,671,837
Purchase of financial assets at fair value through profit or loss	9(a)	(440,956,669)	-
Investment in sukuk(at fair value through profit or loss	9(b)	(584,077,005)	-
Decrease/(increase) in financial assets at amortised cost	9	259,924,252	(190,936,217)
Increase in other payables	13	65,116,489	57,805,853
Increase in uninvested fund deposits	12	717,000	731,100
Decrease/(increase) in other receivables		98,910,076	(99,997,300)
Cash inflow from operating activities		**346,886,946**	**80,125,432**
Withholding tax paid	20	(5,140,305)	(4,189,427)
Net cash inflow from operating activities		**341,726,641**	**75,936,005**
Cash flow from financing activities			
Proceeds from issue of redeemable units		141,874,102	88,083,174
Payments on redemption of redeemable units		(69,165,640)	(137,310,106)
Payment of dividend		(118,484,386)	(140,064,178)
Net cash outflows from financing activities		**(45,775,924)**	**(189,291,110)**
Net increase/(decrease) in cash and cash equivalents		295,950,717	(113,355,105)
Cash and cash equivalents at beginning of year		177,149,349	290,504,454
Cash and cash equivalents at end of year	8	**473,100,066**	**177,149,349**

The general information, the significant accounting policies and the notes set out on pages 16 to 41 form an integral part of these financial statements.

1. General information

Lotus Capital Halal Investment Fund ("Halal Fund") is an open-ended Unit Trust Scheme authorised and registered by the Securities and Exchange Commission. The Fund's principal office is located at Lotus Capital Limited, 182, Awolowo Road, Ikoyi, Lagos, Nigeria.

The Fund is an Islamic Fund and primarily involved in investments in well-diversified portfolio comprised of high quality equities listed on the Nigerian Stock Exchange, real estate and asset-backed investments in accordance with the principles of Islamic finance.

The Fund is managed by Lotus Capital Limited ("the Fund Manager") and the trustees to the Fund are FBNQuest Trustees Limited ("the Trustees").

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) in the manner required by the Financial Reporting Council of Nigeria Act, No. 6, 2011, Companies and Allied Matters Act 2020, Investment and Securities Act, 2007 and Securities and Exchange Commission and were authorised for issue by the Trustees and Fund Manager on 11th April, 2023.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

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

- Financial instruments at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Financial assets at amortized cost.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Judgements made by management 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 6.

3. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations, are not yet effective for the year ended 31st December, 2022, and have not been applied in preparing these financial statements.

Pronouncement	Nature of change	Effective date
IFRS 17 Insurance contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 *Insurance Contracts*. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows • an explicit risk adjustment, and • a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policy holders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features	Annual period beginning on or after 1 January 2023

4. 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 consistently applied to all years presented in these financial statements.

4.1 Definition

(i) ***Sovereign and Sub-Sovereign Sukuk***
Sukuk are certificates of equal value representing undivided shares in the ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects or special investment activity and entitle the holder to the receipt of periodic returns derived from the underlying asset. Sovereign and sub-sovereign Sukuk are Shari'ah-compliant certificates issued by the Federal Government or its agencies (national/sovereign) or States or their agencies (sub-national/sub-sovereign).

(ii) ***Corporate Sukuk***
These are sukuk issued by rated corporate national or supranational, local or international organisations and multinationals.

(iii) ***Shari'ah-Compliant Fixed Term Investments***
These are term investments with reputable financial institutions based on the Islamic contracts of, Murabaha (cost-plus financing), or other Islamic financial contract structures.

(iv) ***Murabaha (cost-plus financing) Contracts***
Murabaha contracts are stable return contracts based on known and predetermined profit between the buyer and the seller. The Fund will enter into an agreement for the purchase and sale of certain compliant assets at an agreed mark-up price, with a deferred payment agreement.

(v) ***Ijara (lease) Contracts***
These are contracts for the lease of certain compliant assets to customers. Each customer will pay an agreed rent to the Fund for the use of the asset over a specific period and will also undertake to buy the asset itself gradually.

4.2 Foreign currency transactions

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognised in the income statement while those on non-monetary items are recognised in other comprehensive income. For non-monetary financial assets and liabilities at amortised cost, unrealised exchange differences are recorded directly in equity until the asset is disposed or impaired.

4.3 Income from financing and advances

Income from financing and advances (financial contracts) such as Ijara, Murabaha, Mudaraba and Musharaka, are recognised in profit or loss using the effective return method. 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 (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective return rate, the Fund estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses. The effective return rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

4. Significant accounting policies (continued)

4.3 Income from financing and advances (continued)

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective return rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Income from financing and advances presented in the statement of comprehensive income include returns on financial assets and liabilities measured at amortised cost calculated on an effective return rate basis.

Fair value changes on other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income from other financial instruments at fair value through profit and loss in the statement of comprehensive income.

4.4 Net gain/(loss) from financial instruments at fair value through profit or loss

Net gain/(loss) from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences but excludes finance and dividend income.

4.5 Dividend income

Dividend income is recognised when the right to receive income is established. Dividend income from equity securities designated at fair value through profit or loss and available-for-sale is recognised in the “dividend income” line in the statement of comprehensive income.

4.6 Fees, commission and other expenses

Fees, commission, and other expenses are recognised in the statement of comprehensive income on an accrual basis.

4.7 Taxation

Dividend income received by the Fund is subject to withholding tax. Dividend income and income from financing and investing are therefore recorded gross of such taxes and the corresponding withholding tax is recognised as tax expense.

4.8 Financial assets and liabilities

(i) Recognition

The Fund classifies its financial instruments into two categories: at fair value through profit or loss and amortised cost.

Fund Manager determines the classification at initial recognition.

All financial instruments are initially recognised at fair value, which includes transaction costs for financial instruments except for financial instrument classified at fair value through profit or loss. Financial instruments are derecognised when the rights to receive cash flows from the financial instruments have expired or where the Fund has transferred substantially all risks and rewards of ownership.

4. Significant accounting policies (continued)

4.8 Financial assets and liabilities (continued)

(ii) Subsequent measurement

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 (fair value through 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. Furthermore, the requirements for reclassifying gains or losses recognised in other comprehensive income are different for debt instruments and equity investments.

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.

Debt instruments (Ijara contracts, Murabaha contract etc)

A debt instrument that meets the following two conditions must be measured at amortised cost (net of any write down for impairment) unless the asset is designated at FVTPL under the fair value option (see below):

- The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Assessing the cash flow characteristics also includes an analysis of changes in the timing or in the amount of payments. It is necessary to assess whether the cash flows before and after the change represent only repayments of the nominal amount and an interest rate based on them.

The right of termination may for example be in accordance with the cash flow condition if, in the case of termination, the only outstanding payments consist of principal and return on the principal amount and an appropriate compensation payment where applicable.

A debt instrument that meets the following two conditions are measured at FVTOCI unless the asset is designated at FVTPL under the fair value option (see below):

Fair value option (Sukuk held as amortised cost)

Even if an instrument meets the two requirements to be measured at amortised cost or FVTOCI, the fund can decide to designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

4. Significant accounting policies (continued)

4.8 Financial assets and liabilities (continued)

(ii) Subsequent measurement (continued)

(a) Financial assets held at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as trading if acquired principally for the purpose of selling in the short term. Financial assets may be designated at fair value through profit or loss when the designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on different basis, or when a group of financial assets is managed and its performance evaluated on a fair value basis.

Subsequent to initial recognition, the fair values are re-measured at each reporting date. All gains or losses arising from changes therein are recognised in the income statement in 'net trading income' for trading assets, and in 'net income from other financial instruments carried at fair value' for financial assets designated at fair value through profit or loss at inception. Some Fund's investments in sukuk quoted on the FMDQ OTC securities exchange are currently classified as financial assets held at fair value through profit or loss.

(b) Financing and advances (Ijara, Murabaha and shariah compliant fixed term investments)

Financing and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as at fair value through profit or loss.

(c) Financing and advances.

Financing and advances are measured at amortised cost using the effective return method, less any impairment losses. Origination transaction costs and origination fees received that are integral to the effective rate are capitalised to the value of the loan and receivable and amortised through finance income as part of the effective return rate.

The Fund's investments in Ijara and Murabaha, contracts are currently classified as financing and advances.

(iii) Fair value measurement

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The best evidence of 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. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the financial position date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the financial position date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting the price.

4. Significant accounting policies (continued)

4.8 Financial assets and liabilities (continued)

(iv) Impairment of financial assets

(a) Assets carried at amortised cost

Stage 1
This stage includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and profit is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2
This includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but profit is still calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the probability of default ('PD') as the weight.

Stage 3
At this stage, the financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and profit is calculated on the net carrying amount (that is, net of credit allowance). The standard requires management, when determining whether the credit risk on a financial instrument has increased significantly, to consider reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instruments.

(v) Offsetting financial instrument

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

(vi) Derecognition of financial instruments

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

4. Significant accounting policies (continued)

4.8 Financial assets and liabilities (continued)

(vi) Derecognition of financial instruments (continued)

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all the risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Fund neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Fund enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all the risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Fund neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Fund continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

4.9 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, operating accounts with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

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

4.10 Provisions

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

A provision for restructuring is recognised when the Fund has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

4. Significant accounting policies (continued)

4.10 Provisions (continued)

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

4.11 Contingencies

(i) Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed when an inflow of economic benefit is probable. When the realisation of income is virtually certain, then the related asset is not a contingent and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

(ii) Contingent liability

Contingent liability is a possible obligation that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefit is remote. A provision for the part of the obligation for which an outflow of resources embodying economic benefit is recognised; except in the extremely rare circumstances where no reliable estimate can be made.

Contingent liabilities are assessed continually to determine whether an outflow of economic benefit has become probable.

4.12 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 cash at a value proportionate to the investor's share 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.

4. Significant accounting policies (continued)

4.12 Redeemable units (continued)

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

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

5. Financial risk management

(a) Introduction and Overview

Lotus Capital Halal Investment Fund has exposure to the following risks from financial instruments.

i. Credit risk;
ii. Liquidity risk;
iii. Market risk; and
iv. Operational risk.

Risk Management Framework

Lotus Capital Halal Investment Fund maintains positions in a variety of financial instruments in accordance with its investment management strategy as stated below:

"The Fund shall be invested in securities screened for Shari'ah compliance and asset-backed investments including but not limited to equity and non-interest debt instruments approved by the Securities and Exchange Commission of Nigeria. Furthermore, the Fund can invest in real estate transactions which are Shari'ah compliant. The Trust Deed allows maximum of 80% of the Fund to be invested in selected equities of Nigerian quoted companies, 60% in Asset-backed investment, 30% in unlisted securities and 30% in Real estate. The Fund Manager shall not alter the investment policy of the Fund without the prior approval of the Securities and Exchange Commission and approval of the Trustee with a special resolution of a meeting of holders duly convened and held in accordance with the provisions in the Trust Deed."

5. Financial risk management (continued)

(a) Introduction and Overview (continued)

Risk Management Framework (continued)

The Fund's investment portfolio comprises investments in equities, investments in asset-backed contracts and real estate. The asset-backed contracts and real estate investments are classified as financing and advances in the statement of financial position.

Asset purchases and sales are determined by the Fund's Portfolio Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Fund's investment objectives subject to the approval of the chief investment officer. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee on a weekly basis. In instances where the portfolio has deviated from target asset allocations, the Fund's Portfolio Manager is obliged to take actions as approved by the Investment Committee to rebalance the portfolio in line with the asset allocation as prescribed by the Trust Deed, within the reasonable time limits.

(b) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from financing and advances and cash and cash equivalents.

For risk management reporting purposes the Fund considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

Management of credit risk

Lotus Capital Halal Investment Fund's policy over credit risk is to minimize its exposure to clients with perceived higher risk of default by dealing only with clients that meet the requirements of the risk management policy as set out in the Fund's prospectus. The risk is also managed by evaluating the client and assigning a credit rating to each client which serves as a trigger and also suggests the action to be taken in case of first default. Other ways of managing the credit risk include; identifying and mitigating transaction risk, reviewing industry position, managing global credit exposure to a counter party, taking collateral and monitoring disbursement/repayment.

The Fund's credit risks are monitored on a weekly basis by the Investment and Risk Management Committee which is led by the chief investment officer. Where the credit risks are not in accordance with the investment policy or guidelines of the Fund, the Portfolio Manager is obliged to reject and/or rebalance the portfolio as approved by the Investment and Risk Management Committee when the portfolio is not in compliance with the stated investment objectives.

Single obligor limit

At every point in time, the total exposure of the Fund to any single entity or group of related borrowers shall not exceed 10% of the Fund's net asset value. The portfolio manager also considers and monitors the limit each time there is a new or restructured investment.

5. Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk

The Fund's maximum credit risk exposure (before collateral and other credit enhancements) at the statement of financial position date is represented by the respective carrying amounts of the financial assets in the statement of financial position. The risks on some of these exposures, such as receivables from financing and advance, are mitigated by collateral securities held.

	2022 ₦	2021 ₦
Gross financing and advances	970,478,221	1,152,848,714
Impairment	(105,464,073)	(125,176,968)
Net finances and advances	865,014,148	1,027,671,746

Concentration of credit risk

The Fund Manager reviews credit concentration of financing and advances held based on counter parties and industries and geographical location.

As at the reporting date, the Fund's financing and advances exposures were concentrated as follows:

	2022 %	2021 %
Auto mobile/Equipment	11	20
Oil & Gas	33	73
Other asset backed investment	56	7
	100	100

There was no significant concentration exposure in the portfolio to any individual obligor or group of obligors as at 31st December 2022 (2021: nil). No individual investment exceeded ten percent of the net assets attributable to the holders as mandated in the Fund's Trust Deed.

Cash and cash equivalents

The Fund's cash balances are held mainly with Citibank Nigeria. However, the fund also maintains a certain portion of the Fund assets as liquid asset through Shari'ah compliant term investment contracts with a reputable bank in Nigeria. Due to the nature of this type of transaction and its maturity, the investment is classified as cash equivalent.

The Portfolio Manager monitors the Fund's liquidity position with Citibank on a daily basis.

5. Financial risk management (continued)

(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 a manner disadvantageous to the Fund.

Management of liquidity risk

Lotus Capital Halal Fund's liquidity risk is managed on a daily basis by the Portfolio Manager in accordance with policies and procedures governing the fund management. Hence, liquidity is reviewed twice a week at the portfolio manager's meeting and at the investment committee meeting.

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 are new investment opportunities to exploit or an obligation to fulfil.

In other to achieve the above ultimate objective, the fund invests principally in highly liquid equities that are quoted on the Nigeria Stock Exchange such that the Fund can convert those equities into cash within four working days. The Fund maintains parts of its asset as cash equivalent by investing in short term Shari'ah Compliant contracts with a reputable bank with good credit rating.

Maturing analysis of financial liabilities/other payables

	Notes	Carrying amount ₦	Nominal value ₦	less than 1 month ₦	1 to 3 months ₦	3 months to 1 year ₦
31st December, 2022						
Non-derivative liabilities						
Uninvested fund deposits	12	3,954,227	3,954,227	3,954,227	-	
Other payables	13	257,679,044	257,679,044	-	12,990,714	244,734,103
		261,679,044	261,679,044	3,954,227	12,990,714	244,734,103
31st December, 2021						
.Non-derivative liabilities						
Uninvested fund deposits	12	3,237,227	3,237,227	3,237,227	-	-
Other payables	13	192,608,328	192,608,328	-	27,998,848	164,609,482
		195,845,555	195,845,555	3,237,227	27,998,848	164,609,482

5. Financial risk management (continued)

(d) Market risk

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

Investment objectives

The aim of the Fund is to achieve long-term capital appreciation through an optimal allocation of the Fund resources in the Shariah compliant investment windows and assets that maximise the investors return on investment. The asset classes which fund can invest includes:

i.) Investments in equity securities;
ii.) Asset-backed investments (Islamic financial contracts); and
iii.) Sukuk

Asset-backed investments and investments are classified as financing and advances in the statement of financial position. To achieve targeted returns, the Portfolio manager exploits all good investment opportunities with high returns and a very low risk. This takes into consideration the volatility of the stock market, as well as the variability of earnings of asset backed investments and real estate transactions. Meanwhile, due to the ethical nature of the Fund, it does not invest in the following:

i.) Interest bearing financial instruments in the money and capital markets such as (but not limited to) treasury bills, interest-bearing commercial papers, bankers acceptances and conventional interest-bearing bonds; and

ii.) Businesses with major sources of income from tobacco, alcohol, gambling, adult entertainment, ammunition, pork, conventional finance such as banks and insurance companies.

The Fund's market risk is managed on a daily basis by the Portfolio Manager in accordance with policies and guidelines governing the management of the fund."

Investment policy

Firstly, the Fund Managers evaluates the impact of the market risk factors (exchange rates, equity and commodity prices) by carrying out stress models with a view to determining the effect of unusual events on the performance of the Fund. The Fund usually considers the Worst-Case Scenario model, by pushing all the identified risk factors to their worst cases in order to measure the worst-case effect of any investment decision. After this, we compare the worst-case scenario position of the Fund to its single obligor limits and maximum exposures per sector. The Fund's market positions are monitored on a weekly basis by the Investment and Risk Management Committee.

5. Financial risk management (continued)

Exposure to other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in the market prices (other than those 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.

The price risk is managed by the Portfolio Manager by diversifying the portfolio and economically hedging using appropriate Islamic finance products as sanctioned by the Shariah Advisory Committee and in line with the Fund prospectus.

The Fund's policy over concentration of its investment portfolio profile as a percentage of net assets is as follows:

	Minimum Range	Maximum Range
	%	%
Equity securities	10	80
Asset-backed investment	10	80
Real Estate	0	30
Cash & cash equivalents	0	40
Unlisted securities	0	30
Sukuk	0	80

The following table sets out concentration of investment assets as a percentage of net assets, held by the Fund as at the reporting date:

	2022	2021
	%	%
Equity securities	29	40
Asset-backed investment	25	33
Cash & cash equivalents	13	9
Unlisted securities	-	-
Sukuk	33	18
	100	100

According to the risk management policy for the Fund, the price risk is required to be monitored on a daily basis by the Investment Committee. Where the price risks are not in accordance with the investment policy or guidelines of the Fund, the Fund Manager is required to rebalance the portfolio as the need arises.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations 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. Operational risks arise from all of the Fund's activities.

5. Financial risk management (continued)

(e) Operational risk (continued)

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

The primary responsibility for the development and implementation of controls over operational risk rests with the Investment and Risk Management Committee. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service level agreements with the service providers, in the following areas:

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

The Investment Committee's assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risks is carried out via regular [or ad-hoc] discussions with the service providers and a review of the service providers' reports on internal controls, where available.

(f) Capital management

At 31st December 2022, the Fund had 2,022,965,204 (2021: 1,977,438,559) of redeemable units classified as equity. The Fund's objective in managing the redeemable units is to ensure a stable and strong base to maximise returns to all investors, and to manage liquidity risk arising from redemptions.

The Fund utilises the following tools in the management of unit redemptions:

- Maintaining a large cash equivalent by investing in highly liquid short term Shari'ah Compliant investments with a reputable bank with good credit rating.
- Maintaining large investments in highly liquid equities that are quoted on the Nigeria Stock Exchange. The Fund can convert those equities into cash within four working days.

Historical experience indicates that redeemable units are held by the holders on a medium or long-term basis. Based on average historic information, redemption levels are expected to approximately be ₦ 3,000,000 per month; however, actual monthly redemptions could differ significantly from the historical experience. There were no changes in the policies and procedures during the year with respect to the Fund's approach to its redeemable capital management. The Fund is not subject to any externally imposed capital requirements.

6. Critical accounting estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 5)

(a) Key sources of estimation uncertainty

(i) Determining fair value

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in note 4.8 (iii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. See also “Valuation of financial instruments” below.

(ii) Allowance for impairment losses

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in significant accounting policy (note 4.8 (iv)).

The specific component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management’s best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party’s financial situation and the net realisable value on any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Investment and Risk Management function.

(b) Critical accounting judgements in applying the Fund’s significant accounting policies

(i) Fair value measurement

The Fund’s significant accounting policy on fair value measurement is discussed in note 4.8 (iii).

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

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

6. Critical accounting estimates and judgements (continued)

(b) Critical accounting judgements in applying the Fund's significant accounting policies (continued)

(i) Fair value measurement (continued)

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Fund determines fair values using valuation techniques.

The table below analyses financial instruments measured at fair value into the fair value hierarchy at the end of the year.

31st December, 2022	**Note**	**Level 1 ₦**	**Level 2 ₦**	**Level 3 ₦**	**Total ₦**
Financial assets at fair value through profit or loss	9	1,683,197,557	-	-	1,683,197,557
		1,683,197,557	-	-	1,683,197,557
31st December, 2021		**₦**	**₦**	**₦**	**₦**
Financial assets at fair value through profit or loss	9	1,248,465,315	-	-	1,248,465,315
		1,248,465,315	-	-	1,248,465,315

(ii) Financial assets and liabilities classification

The Fund's significant accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances as set out in note 4.8 (ii).

Details of the Fund's classification of financial assets and liabilities are given in note 7.

7. Financial assets and liabilities

Accounting classification, measurement basis and fair value.

The table below sets out the Fund's classification of each class of financial assets and liabilities, and their fair values.

31st December, 2022	Notes	Designated financial assets @ fair value through profit or loss ₦	Financial assets at amortised cost ₦	Financial liabilities ₦	Other financial liabilities ₦	Total carrying amount ₦	Fair value ₦
Cash and cash equivalents	8	-	473,100,066	-	-	473,100,066	473,100,066
Financial assets at fair value through profit or loss	9	1,683,197,557	-	-	-	1,683,197,557	1,683,197,557
Financial assets at amortised cost	10	-	1,366,315,412	-	-	1,366,315,412	1,366,315,412
Other receivables	11	-	1,088,658	-	-	1,088,658	1,088,658
		1,683,197,557	1,840,504,136	-	-	3,523,701,693	3,523,701,693
Uninvested fund deposits	12	-	-	3,954,227	-	3,954,227	3,954,227
Other payables	13	-	-	-	257,724,817	257,724,817	257,724,817
		-	-	3,954,227	257,724,817	261,679,044	261,679,044

31st December, 2021	Notes	Designated financial assets @ fair value through profit or loss ₦	Financial assets at amortised cost ₦	Financial liabilities ₦	Other financial liabilities ₦	Total carrying amount ₦	Fair value ₦
Cash and cash equivalents	8	-	177,149,349	-	-	177,149,349	177,149,349
Financial assets at fair value through profit or loss	9	1,248,465,315	-	-	-	1,248,465,315	1,248,465,315
Financial assets at amortised cost	10	-	1,606,526,769	-	-	1,606,526,769	1,606,526,769
Other receivables	11	-	99,998,734	-	-	99,998,734	99,998,734
		1,248,465,315	1,883,674,852	-	-	3,132,140,167	3,132,140,167
Uninvested fund deposits	12	-	-	3,237,227	-	3,237,227	3,237,227
Other payables	13	-	-	-	192,608,328	192,608,328	192,608,328
		-	-	3,237,227	192,608,328	195,845,555	195,845,555

* Financial liabilities
** Other financial liabilities

7. Financial assets and liabilities (continued)

The fair value of the Fund's financial instruments such as cash and cash equivalents, other receivables and uninvested fund deposits are not materially sensitive to shifts in market return rate because of the limited term to maturity of these instruments. As such, the carrying value of these financial assets and liabilities as at the reporting date approximate their fair values.

The fair values of other financial instruments are based on the following methodologies and assumptions:

Financial assets at fair value through profit or loss and amortised cost. The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

Financing and advances
Their fair value is estimated by discounting the estimated future cash flows using the prevailing market rates of financing with similar credit risks and maturities. The fair values are represented by their carrying value, net of impairment loss, being the recoverable amount.

8. Cash and cash equivalents

	2022 ₦	2021 ₦
Bank balances	104,008,685	61,149,349
Mudaraba Investment (note(i))	369,091,381	116,000,000
	473,100,066	177,149,349

(i) Mudaraba investment means placement of funds in a pool of highly liquid short term Murabaha or other shariah compliant transactions which are generally structured and backed by financial assets or commodities.

9. Financial assets at fair value through profit or loss

	2022 ₦	2021 ₦
Non-pledged		
Quoted equity securities (a)	1,038,079,352	1,248,465,315
Investment in sukuk note(b)	645,118,205	-
	1,683,197,557	1,248,465,315

(a) Quoted and unquoted equity securities

	2022 ₦	2021 ₦
(i) Fair Value		
As at 1st January	1,248,465,315	1,306,379,752
Purchases	440,956,669	-
Disposals	(468,731,495)	(114,163,707)
As at 31st December,	1,220,690,489	1,192,216,045
Fair value gain on investment	(182,611,137)	56,249,270
Investment at fair value as at year end	1,038,079,352	1,248,465,315
(ii) Fair value changes		
As at the beginning of the year	555,789,296	499,540,026
Fair value gain in the year (note 18)	(182,611,137)	56,249,270
	373,178,159	555,789,296

		2022 ₦	2021 ₦
(b)	**Investment in sukuk**		
	Investment in Sukuk	584,077,005	-
	Fair value changes (note 18)	61,041,200	-
		645,118,205	-

10. Financial assets at amortised cost

		2022 ₦	2021 ₦
	Investment in Sukuk(note(a))	501,301,264	578,855,023
	Financing and advances (note(b))	865,014,148	1,027,671,746
		1,366,315,412	1,606,526,769
a)	**Investment in Sukuk**		
	Cost	485,643,478	572,412,000
	Margin	15,657,786	6,443,023
		501,301,264	578,855,023

b) Financing and advances

31st December, 2022	Gross amount ₦	Expected credit losses ₦	Net financial assets carried at amortised cost ₦
Ijara	18,277,095	18,227,887	49,208
Murabahah	810,955,963	13,322,673	797,633,290
Mudarabah	106,013,516	38,681,866	67,331,650
Investment in commodity	35,231,647	35,231,647	-
	970,478,221	**105,464,073**	**865,014,148**
31st December, 2021	**₦**	**₦**	**₦**
Ijara	18,277,095	18,227,887	49,208
Murabahah	977,326,457	35,298,762	942,027,695
Mudarabah	122,013,515	36,418,672	85,594,843
Investment in commodity	35,231,647	35,231,647	-
	1,152,848,714	**125,176,968**	**1,027,671,746**

(i) Expected credit losses on financing and advances

	2022 ₦	2021 ₦
As at 1st January	125,176,968	106,696,404
(Write back)/charge for the year (note 17)	(19,712,895)	18,480,564
As at 31st December	105,464,073	125,176,968

Based on the Fund's model of determination of expected credit losses. An estimate of ₦ 19.7million(2021; ₦ 18 million) was charged as an impairment allowance in 2022 in line with IFRS 9.

		2022 ₦	2021 ₦
11.	**Other receivables**		
	Purchases awaiting settlements*	1,434	99,997,300
	Dividend receivable(note(ii))	1,087,224	1,434
		1,088,658	99,998,734

*This relates to deposit for MTN shares on 8th December, 2021.

11.1	**Movement in receivables:**		
	As at 1st January	1,434	1,434
	Additions	(85,937,680)	(72,186,736)
	Payment	85,937,680	72,186,736
		1,434	1,434
	Impairment	-	-
	As at 31st December 2021	1,434	1,434

12.	**Uninvested fund deposits**		
	Uninvested fund deposits	3,954,227	3,237,227
13.	**Other payables**		
	Other payables	110,688,851	83,415,778
	Broker settlement	48,914	48,914
	Dividend payable	146,987,052	109,143,636
		257,724,817	192,608,328

14(a) Net asset per unit

The net assets per unit is computed using the net assets value as at reporting date divided by the 2,022,965,204 units (2021: 1,977,438,559 units) in existence as at the year end.

	2022 ₦	2021 ₦
Net asset as at year end	3,262,022,649	2,936,294,612
No of units in issue	2,022,965,204	1,977,438,559
Net asset per unit	1.61	1.48

(b) Basic earnings per unit

The basic earnings per unit is computed using the earnings for the year as per the statement of profit or loss divided by the 2,022,965,204 units (2021: 1,977,438,559 units) in existence as at the year.

	2022 ₦	2021 ₦
Profit for the year	371,503,961	231,937,568
No of units in issue	2,022,965,204	1,977,438,559
Basic earnings per units	0.18	0.12

		2022	2021
		₦	₦
15.	**Income from financing and advances**		
	Income from financing and advances carried at amortised cost:		
	Income from Murabaha	126,070,483	105,320,379
	Income from Sukuk	91,850,683	78,411,226
		217,921,166	183,731,605
16.	**Dividend income**		
	Dividend from quoted securities	85,937,680	72,186,104
17.	**Net impairment (write-back)/loss on financial assets @ amortised cost**		
	Impairment on financial assets at amortised cost (note 10 (i))	19,712,895	(18,480,564)
	Write-back on other receivables (note 11 (i))	-	-
		19,712,895	(18,480,564)
18.	**Net gain from financial assets at fair value through profit or loss**		
	Realised gain on disposal of quoted equities	272,609,422	42,508,130
	Unrealised (loss)/gain on fair valuation of equity securities (note 9 (ii))	(182,611,137)	56,249,270
	Unrealised gain on sukuk (note 9(b))	61,041,200	
		151,039,485	98,757,400
19.	**Operating expenses**		
	Custodian fee	4,302,121	4,119,650
	Trustees fee	3,452,327	3,189,229
	Audit fee	3,500,000	3,847,124
	Fund Manager fees(note 21(a))	77,607,872	85,041,928
	Other expenses	9,104,640	3,869,619
		97,966,960	100,067,550
20.	**Withholding tax expense**	5,140,305	4,189,427

The Fund is exempt from income taxes under the Companies Income Tax Act CAP 124.1 (No 32) LFN 2004. However, certain dividend incomes received by the Fund are subject to withholding tax imposed in Nigeria. During the year the average withholding tax rate suffered by the Fund was 10 percent (2021: 10 percent).

21. Related parties and other key contracts

(a) Related parties

Fund Manager fees

The Fund managers (Lotus Capital Limited), an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the prospectus. Under the Fund Trust Deed, the Fund Manager is entitled to a 30% share of profit generated on the fund in a financial year. The Fund Manager is also entitled to incentive fees as allowed by the SEC rules.

The Fund Manager fee for the year amounted to ₦ 91.3million. The fund manager has decided to waive 15% of its fees during the year for the benefits of the unit holders. The fees earned by the fund manager after waiver was ₦ 77.6million (2021: ₦ 85.0 million). Included in other payables as at 31st December, 2022 was Fund Manager's Remuneration payable of ₦ 77.6 million (2021: ₦ 39.3 million).

Subject to the approval of Securities & Exchange Commission, the Fund Manager can retire or be removed at any time.

Unit holding of related parties

At 31st December, 2022, the directors of the Fund Manager held 3,772,846 redeemable units (2021: 3,086,714 redeemable units) of the Fund.

(b) Other key contracts

Trustees

FBN Quest Trustees Limited, a trusteeship company in Nigeria, to provide administrative services to the Fund. Under the Fund Trust Deed, the Trustees receive a fee monthly in arrears at an annual rate of 0.1 percent of the net assets value attributable to holders of redeemable units on each valuation day as defined in the prospectus. Trustees fees for the year is ₦ 3.45 million (2021: 3.19 million). Included in other payables as at 31st December 2022 is trustee's fees payable of ₦ 4.48 million (2021:₦ 2.88 million). Subject to the approval of Securities & Exchange Commission, the Trustee can retire or be removed at any time.

22. Contingent liabilities – Litigations and claims

The fund was not involved in any litigations during the year under review. (2021: nil).

23. Statement on the calculation of Zakah

The total Zakah of an investor (where applicable), should be based on his net worth. Lotus Capital has not calculated Zakah for any of its esteemed clients. However, Lotus Capital may provide this service based on an Investor's request in writing.

24. Comparative figures

Certain comparative values have been reclassified in line with the current year's presentation.

Statement of value added for the year ended 31st December, 2022

	2022 ₦	%	2021 ₦	%
Total revenue	303,858,846		255,917,709	
Realised gain on disposal of quoted equities	272,609,422		42,508,130	
Unrealised gain on fair valuation of equity securities	-		56,249,270	
Unrealised gain on bond	61,041,200		-	
	637,509,468		354,675,109	
Bought in services	(389,630,198)		(266,991,146)	
Value added	**247,879,270**	**100**	**87,683,963**	**100**
Dividend to pay fund managers and related parties	(118,484,386)	(48)	(140,064,178)	(160)
Withholding tax expenses	(5,140,305)	(2)	(4,189,427)	(5)
Retained for future replacement of assets and expansion of business:				
Profit for the year	371,503,961	150	231,937,568	265
	247,879,270	**100**	**87,683,963**	**100**

"Value added" represents the additional wealth which the Fund has been able to create by its own with the support of the Trustees, the Custodian and its Fund Managers' efforts. The statement shows the allocation of that wealth between the, providers of capital (unit's holders), government and that retained for the future creation of more wealth (reinvestment).

LOTUS CAPITAL HALAL INVESTMENT FUND

Five year financial summary

Statement of financial position	**2022**	**2021**	**2020**	**2019**	**2018**
	₦ '000	**₦ '000**	**₦ '000**	**₦ '000**	**₦ '000**
Members' fund					
Redeemable units in value	2,087,518	2,001,363	2,029,276	1,975,803	2,020,418
Accumulated surplus	1,292,989	1,074,996	962,670	595,642	563,677
Dividend paid	(118,484)	(140,064)	(98,298)	(241,497)	(101,965)
Accumulated surplus carried forward	1,174,505	934,932	864,372	354,145	461,712
	3,262,023	2,936,295	2,893,648	2,329,948	2,482,130
Assets					
Total assets	3,523,702	3,132,140	3,030,956	2,422,012	2,535,984
Liabilities	(261,679)	(195,845)	(137,308)	(92,064)	(53,854)
Net assets	3,262,023	2,936,295	2,893,648	2,329,948	2,482,130
Profit or loss and other comprehensive income					
Gross income	303,859	255,918	315,366	305,047	289,479
Profit for the year	371,504	231,937	613,446	146,719	140,536
Accumulated surplus brought forward	934,932	864,372	354,145	461,712	428,806
	1,306,436	1,096,309	967,591	608,431	569,342
Fair value through equity	(13,447)	(21,313)	(4,921)	(12,789)	(5,665)
Dividend	(118,484)	(140,064)	(98,298)	(241,497)	(101,965)
Accumulated surplus/(deficit)	1,174,505	934,932	864,372	354,145	461,712
Basic earnings per unit	0.18	0.12	0.31	0.07	0.07
Net asset per unit	1.61	1.48	1.44	1.18	1.23