LOTUS HALAL FIXED INCOME FUND

Managed by

LOTUS CAPITAL LIMITED

FINANCIAL STATEMENTS

For the year ended

31ST DECEMBER, 2022

LOTUS HALAL FIXED INCOME FUND
MANAGED BY LOTUS CAPITAL LIMITED

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

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Corporate information

Fund Manager	Lotus Capital Limited Lotus House 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)	1b, Udi Street Lotus House 182 Awolowo Road Ikoyi Lagos
Trustees to the Fund	STL Trustees Limited Plot 183 Moshood Olugbani Street Victoria Island Lagos.
Independent auditors to the Fund	Crowe Dafinone Chartered Accountants 15 Elsie Femi Pearse Street Off Kofo Abayomi Victoria Island Lagos
Custodian to the Fund	Citibank Nigeria Limited
Email address	info@lotuscapitallimited.com
Registrar to the Fund	Lotus Capital Limited Lotus House 182 Awolowo Road Ikoyi Lagos

Report of the trustees

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

Principal activity

The principal activity of the Lotus Halal Fixed Income Fund ('The Fund') is to generate competitive returns on investment in a Sharia Compliant manner whilst ensuring capital preservation. This will be realized through investments in a carefully selected and well diversified portfolio of Sharia compliant fixed income instruments and products while leveraging on the bargaining power from pooling funds to earn competitive returns.

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

Results

The results for the year are extracted from the financial records prepared by the Fund Manager and have been duly audited in accordance with Section 169(1) of the Investments and Securities Act 2007, and the Trust Deed establishing the Fund.

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

	31 December 22	31 December 21
Net Assets Value	15,457,492,840	13,624,954,857
	==============	==============

	31 December 22	31 December 21
Profit for the year	1,320,763,652	1,396,620,179
	=============	=============

The operating result for the year ended 31 December 2022, is as follows:

Distribution

The Fund Manager distributed dividend of ₦97.50k per unit for the year 2022 (2021: ₦87.85k).

Directors

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

- Mr Fola Adeola (Chairman)
- Mrs Hajara Adeola
- Mrs. Lateefah Okunnu
- Mrs Amina Oyegbola
- Mr Nurudeen Lemu
- Mr Moshood Babatunde

Report of the trustees (continued)

Responsibilities of the Fund Manager

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

In our opinion, the Fund Manager has in preparing the financial statements:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- ensured that the applicable accounting standards have been followed, and
- prepared the financial statements on a going concern basis; since it was appropriate to assume that the Fund shall continue to exist in the foreseeable future.

The Fund Manager was responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable the Fund Manager to ensure that the financial statements comply with the Trustees Investment Act, CAP T22 LFN, 2004, the Investments and Securities Act, 2007 and the provisions of the Trust Deed thereto, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph ("Applicable Regulations").

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

Responsibilities of the Trustee

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

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

Report of the trustees (continued)

Administration of the Fund:

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

Charitable donations:
The Fund did not make any charitable donations during the year. (2022)

Auditors:
Crowe Dafinone Chartered Accountants, having indicated their willingness to continue in office, shall do so in accordance with Section 169(1) of the Investments and Securities Act, 2007.

By Order of the Trustees

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

Report of the fund managers

Dear Investor,

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

INVESTMENT OBJECTIVES

The Fund’s primary objective is to generate competitive returns whilst targeting capital preservation, by investing in Shariah-compliant fixed income instruments and contracts.

MACROECONOMIC REVIEW

In 2022, the global economy faced a range of challenges including geopolitical tensions arising from the Russia-Ukraine war which led to supply chain bottlenecks. The disruption to supply chains pushed commodity prices upwards, particularly Brent crude oil which rose by 10.45% to $85.91/barrel at yearend, thereby contributing to global inflation. Consequently, monetary tightening measures were implemented by central bankers to combat inflation and notable among these actors was the US Federal Reserve Bank which increased its benchmark policy rate to 4.50%, the highest level in fifteen years.

The Central Bank of Nigeria (CBN) made similar efforts to combat inflation by raising the policy rate by 500bps to 16.50%, although inflation remained high at 21.34% in December 2022. The hawkish monetary policy stance and other headwinds contributed to slower economic growth of 3.10% in 2022 compared to 3.4% in the preceding year. Growth was primarily driven by non-oil sectors such as Information and Communications Technology (ICT), Trade, Manufacturing, and Agriculture which compensated for a contraction in the oil sector.

The lower export revenue from crude oil dragged Nigeria’s external reserves lower by -8.48% to $37.08 billion by yearend. With reduced defensive power, the CBN allowed the Naira to weaken by -7.92% to exchange for ₦449.05/$ at the official window. At the parallel market, the Naira traded at ₦736/$ - a wide margin from the official rate that reflects the structural deficiencies in the currency regime. The CBN nevertheless adopted other measures to reduce currency in circulation and opted to redesign denominations of ₦ 200, ₦ 500 and ₦ 1,000 naira notes.

INVESTMENT STRATEGY

The Lotus Halal Fixed Income Fund remains committed to its investment philosophy of diligently adhering to standard contract types allowed within Islamic commercial jurisprudence for all its transactions. This approach has allowed the Fund to maintain a low-risk profile while providing investors with competitive returns. The Fund Manager is dedicated to closely monitoring all investment exposures to identify risks and ensure adequate diversification and mitigation. This is to reduce the adverse impact of a single investment or sector on the overall performance. These measures demonstrate the Fund Manager's commitment to good risk management practices to safeguard the interests of investors.

FIXED INCOME FUND ASSET ALLOCATION

As stipulated in the Trust Deed, the Lotus Halal Fixed Income Fund invested in Sukuk, Fixed Income contracts and Shariah Compliant Fixed Term Investments. As at December 31, 2022, 36% of the Fund’s net assets were invested in Fixed Income Contracts, 39.7% in Sukuk instruments, and 24.2% in Shariah Compliant Fixed Term Investments while 0.1% was kept in cash to ensure the Fund has sufficient liquidity to cover expenses.

Report of the fund managers (continued)

FIXED INCOME FUND PERFORMANCE

The Lotus Halal Fixed Income Fund (FIF) closed with a Net Asset Value of ₦1,174.38/unit. Consequently, the year-to-date return of the fund was 9.54%. Notably, the positive performance of the Fund was underpinned by profits from fixed-term investments and rental income on Sukuk. Consequently, the Fund declared quarterly dividends with a total dividend payout of ₦97.50 in 2022 – an annual dividend yield of 8.13%.

FUND'S OUTLOOK FOR 2023

Given our expectations of higher yields in the domestic fixed income market, the Fund shall maintain its Sukuk exposure, while seeking to broaden its investment coverage to enhance diversification and returns. The Fund Manager will continue to closely monitor investment exposures to ensure prompt identification and mitigation of risks, as well as maintain a well-diversified portfolio to cushion against adverse impacts from a single investment or sector. We remain dedicated to sustaining quarterly distributions to our esteemed unitholders.

We appreciate your continued patronage of the Lotus Halal Fixed Income Fund.

Please email us at info@lotuscapitallimited.com if you require further information.

Report of the Shariah Supervisory Board

Shariah Report for the fiscal year ended December 31, 2022

Lotus Halal Fixed Income Fund

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 Halal Fixed Income Fund (“the Fund”)

Assalamu Alaikum Wa Rahmatu Allah Wa Barakatuh

We have reviewed the principles of investments made by Lotus Capital Limited (“the Fund Manager”) during the year under review. We have also received assurance from the Fund Manager that it complied with all procedures of investments and Shariah-compliant contract templates approved by the Shariah Supervisory Board in all investments of the Fund during the period under review. This allowed us to form an opinion as to whether the Fund Manager complied with Shariah Rules and Principles and 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 Shariah Rules and Principles. The Shariah Supervisory Board will continue to work with the Fund Manager to always ensure its Shariah compliance.

The Fund Manager is responsible for ensuring that it conducts the business of the Fund in accordance with Islamic Rules and Principles. It is the Shariah Supervisory Board's responsibility to form an independent opinion on Shariah compliance based on its review of the operations and activities of the Fund. We have been advised by the Fund Manager that the Fund did not earn non-permissible income during the period. All investments of the Fund were made in Shariah-Compliant Fixed Income Contracts and Fixed-Income Instruments in accordance with the Fund’s Trust Deed. The Fund Manager has not been given the authority to pay Zakah on behalf of unitholders. This is the responsibility of the unitholders themselves.

We ask 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 26, 2023

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

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

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 company 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 company 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 company's external Supervisory Board members comprise:

Prof. Dr. Monzer Kahf - Professor Dr. Monzer Kahf has over 30 years’ experience in Islamic finance, Banking and Economics. He is currently Professor of Islamic Finance at the post-graduate program in the Istanbul Zaim University in Istanbul. He was, for ten years, a professor of Islamic finance at the MSc program of Islamic finance at Hamad Bin Khalifa University in Qatar. He has been a private consultant, professional trainer and lecturer, in Islamic banking, Finance and Economics. Between 1985 and 1999, he worked in the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB), Jeddah, Saudi Arabia, where he served as an Economist, Senior Economist and finally Head of the Research Division of the Islamic Research and Training Institute (IRTI).

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.

Crowe

Crowe Dafinone
15 Elsie Femi Pearse Street
Off Kofo Abayomi Street
Victoria Island
Lagos, Nigeria
+234 703 406 9471
+234 815 088 7019
01 6309324
info@crowe.ng
www.crowe.ng

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF LOTUS HALAL FIXED INCOME FUND

Opinion

We have audited the financial statements of Lotus Halal Fixed Income 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 five year financial summary. These financial statements are set out on pages 12 to 42 and have been prepared using the significant accounting policies set out on page 17 to 26.

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 Companies and Allied Matters Act 2020, and the applicable International Financial Reporting Standards in the manner required by the Financial Reporting Council of Nigeria Act No. 6 2011, Trustee Investments Act, Trust Deed of the Fund, Investment and Securities Act 2007, and the Securities and Exchange Commission requirements 2007.

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 those 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 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 (IESBA) Code. We have fulfilled our other ethical responsibilities in accordance with the IESBA code.

Other information other than the financial statements and auditors' report

The report of the Trustees, Fund Manager, 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 conclusion thereon. It is our responsibility to read the other information and in doing so, consider whether the information is materially inconsistent that contained within 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 HALAL FIXED INCOME FUND (continued)

Fund Manager and Trustees' responsibilities for the financial statements

The Fund Manager is 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 No. 6 2011, and the requirements of the Investment and Securities Act, 2007, whilst the Trustee is responsible for ascertaining compliance with the provisions of the Trust Deed and other relevant laws. The responsibility of the Fund Manager includes the designing, implementing and maintaining internal controls that are relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error as well as selecting and applying appropriate significant accounting policies and making accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, Fund Managers and the Trustees are responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the fund managers and the Trustees either intend to liquidate the fund or to cease operations or has no realistic alternative but to do so.

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 auditors 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 Standards on Auditing (ISA) 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 International Standards on Auditing (ISA), 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 management.

Crowe

REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF LOTUS HALAL FIXED INCOME FUND (continued)

Auditors' responsibilities for the financial statements (continued)

- Conclude on the appropriateness of management's 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
26th April, 2023

Oluwatosin Dare-Abel
Engagement Partner
FRC/2020/004/00000021583
For: Crowe Dafinone
Chartered Accountants

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0786144

LOTUS HALAL FIXED INCOME FUND

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

	Notes	2022 ₦	2021 ₦
Investment income	7	1,622,121,513	1,722,494,567
Other Income	8	45,945,927	75,992,030
Total Revenue		1,668,067,440	1,798,486,597
Operating expenses	9	(311,435,448)	(368,007,584)
Impairment loss on financial assets	13(i)	(35,868,340)	(33,858,834)
Profit before taxation		**1,320,763,652**	**1,396,620,179**
Taxation	10	-	-
Profit for the year		**1,320,763,652**	**1,396,620,179**
Basic earnings per unit	11	**100.34**	**120.01**

The general information, the significant accounting policies set out on pages 16 to 26 and the notes on pages 16 to 40 form an integral part of these financial statements.

LOTUS HALAL FIXED INCOME FUND

Statement of financial position as at 31st December, 2022

Assets	Notes	2022 ₦	2021 ₦
Cash and cash equivalents	12	3,827,798,911	2,665,301,495
Financial assets at amortised cost	13	11,938,408,308	11,230,904,417
Other receivables	14	51,000	15,997,139
Total assets		**15,766,258,219**	**13,912,203,051**
Equity			
Redeemable units			
Members' capital	15	14,999,890,782	13,126,747,404
Accumulated reserve	16	457,602,058	498,207,453
Members' fund		**15,457,492,840**	**13,624,954,857**
Liabilities			
Uninvested fund deposits	17	68,915,219	87,664,195
Other payables	18	239,850,160	199,583,999
Total liabilities		**308,765,379**	**287,248,194**
Total equity & liabilities		**15,766,258,219**	**13,912,203,051**
Net assets per unit	19	1,174.38	1,170.73

Hajara Adeola
FRC/IODN/2013/00000002955
Fund Manager

Moshood Babatunde
FRC/2013/ICAN/00000003328
Finance Director

April 26, 2023

The general information, the significant accounting policies set out on pages 16 to 26 and the notes on pages 16 to 40 form an integral part of these financial statements.

LOTUS HALAL FIXED INCOME FUND

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

	Members' capital ₦	Accumulated reserve ₦	Total equity ₦
As at 1st January, 2022	13,126,747,404	498,207,453	13,624,954,857
Total comprehensive income for the year: Profit for the year	-	1,320,763,652	1,320,763,652
	13,126,747,404	1,818,971,105	14,945,718,509
Transactions with unit holders, recognised directly in equity			
Contributions, redemptions and distributions to unit holders:		-	
		-	
Issue of redeemable units	10,121,724,607		10,121,724,607
Redemption of redeemable units	(8,251,041,760)		(8,251,041,760)
Loss on redemption		(129,537,617)	(129,537,617)
Interim dividend paid during the year		(1,231,831,430)	(1,231,831,430)
Uninvested investors deposit	2,460,531	-	2,460,531
Total transactions with unit holders	1,873,143,378	(1,361,369,047)	511,774,331
As at 31st December, 2022	**14,999,890,782**	**457,602,058**	**15,457,492,840**
As at 1st January, 2021	11,694,841,662	393,498,211	12,088,339,873
Total comprehensive income for the year: Profit for the year	-	1,396,620,179	1,396,620,179
	11,694,841,662	1,790,118,390	13,484,960,052
Transactions with unit holders, recognised directly in equity			
Contributions, redemptions and distributions to unit holders:			
Issue of redeemable units	12,048,434,182	-	12,048,434,182
Redemption of redeemable units	(10,616,502,084)	-	(10,616,502,084)
Loss on redemption	-	(113,656,212)	(113,656,212)
Interim dividend paid during the year		(1,178,254,725)	(1,178,254,725)
Uninvested investors deposit	(26,356)	-	(26,356)
Total transactions with unit holders	1,431,905,742	(1,291,910,937)	139,994,805
As at 31st December, 2021	**13,126,747,404**	**498,207,453**	**13,624,954,857**

The general information, the significant accounting policies set out on pages 16 to 26 and the notes on pages 16 to 40 form an integral part of these financial statements.

LOTUS HALAL FIXED INCOME FUND

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

	Notes	2022 ₦	2021 ₦
Profit before taxation		1,320,763,652	1,396,620,179
Adjustments for:			
Impairment loss on financial assets at amortised cost	13(i)	35,868,340	33,858,834
Cash flows from operating activities		1,356,631,992	1,430,479,013
Changes in operating assets and other liabilities			
Net increase in financial assets carried at amortised cost	13	(743,372,231)	(1,457,121,466)
Net increase in other payables	18	40,266,161	70,241,193
Decrease/(Increase) in other receivables	14	15,946,139	(7,126,400)
Net cash inflows from operating activities		**669,472,061**	**36,472,340**
Cash flow from financing activities			
Net (decrease)/increase in uninvested fund deposits	15	(18,748,976)	54,001,173
Proceeds from issue of redeemable units		10,121,724,607	12,048,434,182
Payments on redemption of redeemable units		(8,380,579,377)	(10,730,158,296)
Payment of dividend		(1,231,831,430)	(1,178,254,725)
Uninvested investors deposits		2,460,531	(26,356)
Net cash inflows from financing activities		**493,025,355**	**193,995,978**
Net increase in cash and cash equivalents		**1,162,497,416**	**230,468,318**
Cash and cash equivalents at beginning of year		2,665,301,495	2,434,833,177
Cash and cash equivalents at end of year	12	**3,827,798,911**	**2,665,301,495**

The general information, the significant accounting policies set out on pages 16 to 26 and the notes on pages 16 to 40 form an integral part of these financial statements.

1. General information

1.1 Reporting entity

Lotus Halal Fixed Income Fund ("FIF") 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, 1b Udi Street, Osborne Foreshore Estate, Ikoyi, Lagos, Nigeria.

The Fund is an Islamic Fund and primarily involved in investments in high quality Shari'ah-compliant fixed income instruments and contracts..

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

1.2 Basis of preparation

1.2.1 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, Trustees Investments Act, CAP T22 LFN, 2004, the Investment and Securities Act 2007, and Provision of the Trust Deed were authorised for issue by the Trustees and the Fund Manager on April 26, 2023.

1.2.2 Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Fund's functional currency.

1.2.3 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 and liabilities at amortised cost.

1.2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, est imates 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 5.

2. New and revised IFRSs in issue but not yet effective

A number of new standards, interpretations and amendments were issued for the first time for periods beginning on (or after) 1st January, 2023. The Fund has elected not to adopt them in these financial statements. The nature and effect of each new standard, interpretation and amendment yet to be adopted by the Fund are as detailed below.

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 periods beginning on or after 1 January 2023.

3. 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.

3. Significant accounting policies (continued)

3.1 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) Ijarah (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.

3.2 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.

3.3 Income from financing and advances

Income from financing and advances (financial contracts) such as Ijara and Murabaha 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.

3. Significant accounting policies (continued)

3.3 Income from financing and advances (continued)

The calculation of the effective return 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.

3.4 Net gain/(loss) from financial assets at fair value through profit or loss

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

3.5 Rental income

Rental income which includes return on sukuk (coupon) is recognised in the income statement on amortised basis irrespective of the anniversary date of coupon payment. Other rental income is recognised when the right to receive income is established. Rental income from investment in 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.

3.6 Fees, commission and other expenses

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

3.7 Taxation

The Fund is exempted from paying income taxes under the current system of taxation in Nigeria.

3.8 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.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(i) Recognition (continued)

All financial instruments are initially recognised at fair value, which includes transaction costs for financial instruments except financial assets at fair value through profit and 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.

(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 instruments.

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):

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(ii) Subsequent measurement (continued)

Fair value option (Sukuk held as financial assets through other comprehensive income)

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.

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.

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.

(d) 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.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(iii) Fair value measurement (continued)

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.

(iv) Impairment of financial assets

The impairment model in IFRS 9 is based on the premise of providing for expected losses and the standard requires that the same impairment model apply to the financial assets measured at amortised cost; Financial assets mandatorily measured at FVTOCI; the financing and advances commitments when there is a present obligation to extend credit (except where these are measured at FVTPL);
Generally, the expected credit losses are required to be measured through a loss allowance at an amount equal to:

the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the 12-month expected credit losses.

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

Significant increase in credit risk

With the exception of purchased or originated credit-impaired financial assets, the loss allowance for financial instruments is measured at an amount equal to lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition, unless the credit risk of the financial instrument is low at the reporting date in which case it can be assumed that credit risk on the financial instrument has not increased significantly since initial recognition.

The Fund considers credit risk low if there is a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The fund may consider the 'investment grade' rating as an indicator for a low credit risk.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(iv) Impairment of financial assets (continued)

Significant increase in credit risk (continued)

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. Also, whilst in principle the assessment of whether a loss allowance should be based on lifetime expected credit losses is to be made on an individual basis, some factors or indicators might not be available at an instrument level. In this case, the portfolio manager will perform the assessment on appropriate groups or portions of a portfolio of financial instruments.

The requirements also contains a rebuttable presumption that the credit risk has increased significantly when contractual payments are more than 30 days past due. If a significant increase in credit risk that had taken place since initial recognition and has reversed by a subsequent reporting period (i.e., cumulatively credit risk is not significantly higher than at initial recognition)

(a) Assets carried at amortised cost (continued)

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 fund managers, 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 instrument

(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 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 the International Financial Reporting Standards (IFRS), or for gains and losses arising from a group of similar transactions such as in the Fund's trading activity.

3. Significant accounting policies (continued)

3.8 Financial assets and liabilities (continued)

(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.

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.

3.9 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.

3. Significant accounting policies (continued)

3.10 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.

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.

3.11 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.

3.12 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.

3. Significant accounting policies (continued)

3.12 Redeemable units (continued)

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all the following conditions.

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

(a) Introduction and overview

Lotus Halal Fixed Income Fund has exposure to the following risks from financial instruments.

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

4. Financial risk management

Risk management framework

Lotus Halal Fixed Income 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 fixed return securities screened for Shari'ah compliance and asset-backed investments including but not limited to non-interest debt instruments. Furthermore, the Fund can invest in real estate (Mortgage) transactions which are Shari'ah compliant. The Trust Deed allows maximum of 90% of the Fund to be invested in selected Sovereign and Sub-sovereign Sukuk, 60% in Corporate Sukuk, 100% in Shariah compliant Fixed Term Investments and 70% in Murabaha and ijara contracts. 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."

4. Financial risk management (continued)

Risk management framework (continued)

The Fund's investment portfolio comprises investments in fixed income instruments and contracts. The fixed income contracts 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 Halal Fixed Income 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 15% 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.

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.

4. Financial risk management (continued)

Risk management framework (continued)

(b) Credit risk (continued)

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 investments with reputable banks 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.

Concentration of credit risk

	Note	2022 ₦	2021 ₦
Gross financing and advances	13	5,809,160,588	7,166,295,572
Expected credit losses	13(i)	(130,200,087)	(94,331,748)
Net financing and advances	13	5,678,960,501	7,071,963,824

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	25
Oil & Gas	60	55
Other asset backed investment	29	20
	100	100

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

4. 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

The 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 investments opportunities to exploit or an obligation to fulfil.

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

Maturing analysis of financial liabilities

	Carrying amount ₦	Nominal value ₦	1 to 3 months ₦	3 months to 1 year ₦
31st December, 2022				
Non-derivative liabilities				
Uninvested fund deposits	68,915,219	68,915,219	68,915,219	-
Other payables (note 18)	110,632,341	110,632,341	110,632,341	-
	179,547,560	179,547,560	179,547,560	-
31st December, 2021				
Non-derivative liabilities				
Uninvested fund deposits	87,664,195	87,664,195	87,664,195	-
Other payables (note 18)	30,075,677	30,075,677	30,075,477	-
	117,739,872	117,739,872	117,739,872	-

4. 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 a consistent and sustainable capital preservation and fund value growth with steady income target 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. Sovereign, Sub-sovereign and corporate sukuk;
ii. Shari'ah Compliant Fixed Term Investments
iii. Murabaha, Ijara and other Fixed Income contracts.

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 fixed return instruments held at fair value, as well as the variability of earnings of asset backed investments. 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, 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

The Fund Manager's core objective is the generation of competitive returns on the Fund's investment while ensuring capital preservation, value creation and preservation. The Fund Manager intends to achieve this objective by adopting a bottom-up investment approach and leveraging on its expertise and extensive network to identify secure and high quality Shari'ah-compliant investments. Comprehensive due diligence and robust research and analysis, will be carried out on prospective investments prior to making a final investment decision. The Fund Manager also intends to make investment decisions based on a continuous assessment of eligible investment opportunities whilst maintaining strict adherence to the asset allocation policy.

4. Financial risk management (continued)

(d) Market risk (continued)

Investment policy (continued)

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 trust deed.

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

	Minimum range	Maximum Range
	%	%
Corporate sukuk	0	60
Fixed Income Contract	0	70
Fixed term investments	0	100
Cash & cash equivalents	0	5
Sovereign sukuk	0	90

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
	%	%
Fixed Income Contract	36	51
Fixed term Investments	24	16
Cash & cash equivalents	-	3
Sovereign sukuk	40	30
	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.

4. 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 ₦14,999,890,782 (2021: ₦ 13,126,747,404) 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 secured and liquid fixed return securities that are quoted on the Nigerian Exchange (NGX) and/or FMDQ OTC Securities Exchange. The Fund can convert those securities 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 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.

5. Critical accounting estimates and judgements

These disclosures supplement the commentary on financial risk management (see note 4).

(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 3.8 (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 (note3.8 (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 measurment of financial instruments

The Fund's significant accounting policy on fair value measurements is discussed in note 3.8 (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.

5. Critical accounting estimates and judgements (continued)

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

(i) Fair value measurement of financial instruments (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.

(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 3.8 (ii).

Details of the Fund's classification of financial assets and liabilities are given in note 6.

Finance of the inputs used in making the measurements.

6. Financial assets and liabilities

31st December, 2022	Note	Financial asset at amortised cost ₦	Non-financial libilities ₦	Total carrying amount ₦	Fair value ₦
Cash and cash equivalent	12	3,827,798,911	-	3,827,798,911	3,827,798,911
Financial assets carried at amortised cost	13	11,938,408,308	-	11,938,408,308	11,938,408,308
		15,766,207,219	-	15,766,207,219	15,766,207,219
Uninvested fund deposits	17	-	68,915,219	68,915,219	68,915,219
Other payables	18	-	239,850,160	239,850,160	239,850,160
		-	308,765,379	308,765,379	308,765,379
31st December, 2021					
Cash and cash equivalent	12	2,665,301,495	2,665,301,495	2,665,301,495	2,665,301,495
Financial assets carried at amortised cost	13	11,230,904,417	-	11,230,904,417	11,246,901,556
		13,896,205,912	2,665,301,495	13,896,205,912	13,912,203,051
Uninvested fund deposits	17	-	87,664,195	87,664,195	87,664,195
Other payables	18	-	77,221,082	77,221,082	77,221,082
		-	164,885,277	164,885,277	164,885,277

6. Financial assets and liabilities (continued)

The fair value of the Fund's financial instruments such as cash and cash equivalents, other receivables and uninvest 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 at financial position 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. 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.

7. Investment income

	2022 ₦	2021 ₦
Income from financing and advances carried at amortised cost:		
Income from Murabahah	869,735,890	820,603,758
Income from Sukuk	580,159,438	802,402,906
Income from Ijara	13,894,435	11,839,758
Income from Diminishing Musharaka	2,996,756	7,714,872
Income from murabaha investment (Short term)	155,334,994	79,933,273
	1,622,121,513	1,722,494,567

8. Other income

	2022 ₦	2021 ₦
Realised gain on Sukuk*	45,945,927	75,992,030

*This represents the gain realised on the purchases and disposals of Sukuk with times to maturity of less than five years during the year. This is in accordance with the Fund's business policy which designate such financial assets at amortised cost.

9. Operating expenses

	2022 ₦	2021 ₦
Custodian fee	5,807,732	6,981,586
Trustees fee	7,988,511	7,919,987
Auditor's remuneration	3,800,000	1,918,110
Fund management fee*	239,655,330	237,599,452
Other expenses	1,526,173	1,338,404
Incentive fees**	-	84,018,725
Premium cost	20,703,658	19,000,046
Fund legal and professional fees	31,954,044	9,231,274
	311,435,448	368,007,584

*The computation of the fund management fee is 1.5% in line with Security and Exchange Commission rule.

**The basis for computation for incentive fee is an amount not exceeding 20% of total returns above benchmark.

10. Taxation

The Fund is exempted from paying income taxes under the current system of taxation in Nigeria.

11. Basic earnings per unit

The basic earnings per unit is computed using the profit for the year as per the statement of profit or loss and other comprehensive income divided by the units 13,162,255 (2021: 11,638,036 units) in existence as at the year end.

	2022 ₦	2021 ₦
Profit for the year	1,320,763,652	1,396,620,179
No of units in issue	13,162,255	11,638,036
Basic earnings per share	100.34	120

12. Cash and cash equivalents

Bank balances	13,683,804	420,380,966
Mudaraba Investment (i)	3,814,115,107	2,244,920,529
	3,827,798,911	2,665,301,495

(i) Mudaraba investment means investment of deposited fund in a pool of highly liquid short term murabaha transactions which are generally structured and backed by financial assets or commodities.

13. Financial assets at amortised cost

At amortised cost:

31st December, 2022	Gross amount ₦	Expected credit losses ₦	Net financial assets carried at amortised cost. ₦
Ijarah	125,410,429	384,622	125,025,807
Murabahah	5,622,279,155	128,632,942	5,493,646,213
Diminishing Musharaka	61,471,004	1,182,523	60,288,481
Gross financing and advance	5,809,160,588	130,200,087	5,678,960,501
Sukuk	6,259,447,807	-	6,259,447,807
	12,068,608,395	**130,200,087**	**11,938,408,308**
31st **December**, 2021			
Ijarah	95,550,139	2,655,463	92,894,676
Murabahah	6,986,890,014	90,493,762	6,896,396,252
Diminishing Musharaka	83,855,419	1,182,523	82,672,896
Gross financing and adavance	7,166,295,572	94,331,748	7,071,963,824
Sukuk	4,158,940,593	-	4,158,940,593
	11,325,236,165	**94,331,748**	**11,230,904,417**

		2022 ₦	2021 ₦

13. Financial assets at amortised cost (continued)

13(i) Impairment allowance on financing and advance

	2022 ₦	2021 ₦
As at 1st January	94,331,748	60,472,914
Charge for the year (note a)	35,868,340	33,858,834
As at 31st December	130,200,088	94,331,748

a) Based on the Funds model of determinating the expected credit losses, an estimate of ₦ 35.89 million (2021: ₦ 33.86 million) was charged as an impairment allowance for the year in line with IFRS 9.

14. Other receivables

	2022 ₦	2021 ₦
Receivable from Lotus Capital Halal investment fund	51,000	15,997,139

15. Members capital

	2022	2021
As at 1st January	13,126,747,404	11,694,841,662
Issued during the year	10,121,724,607	12,048,434,182
Net redemption	(8,251,041,760)	(10,616,502,084)
Adjustment to deposit	2,460,531	(26,356)
	14,999,890,782	13,126,747,404

This represents movement in investor's fund.

16. Accumulated reserve

	2022	2021
As at 1st January	498,207,453	393,498,211
Loss on redemption	(129,537,617)	(113,656,212)
Interim dividend paid during the year	(1,231,831,430)	(1,178,254,725)
	(863,161,594)	(898,412,726)
Profit for the year	1,320,763,652	1,396,620,179
As at 31st December	457,602,058	498,207,453

17. Uninvested fund deposits

	2022 ₦	2021 ₦
As at 1st January, 2022	87,664,195	33,663,022
Additions in the year	323,935,527	657,892,201
Value of allotted units in the year	(342,684,503)	(603,891,028)
As at 31st December, 2022	68,915,219	87,664,195

This represents the investor's funds awaiting further instruction.

18. Other payables

	2022 ₦	2021 ₦
Management fee payable	72,430,261	1,665,330
Incentive fee payable	-	47,145,405
VAT & Withholding tax payable	130,937,534	122,362,917
Insurance payable	553,720	995,095
Sundry payable	1,983,502	5,113,934
Redemption payable	4,863,620	-
Audit fees	3,261,850	1,700,000
Trustees fees	17,988,257	11,870,888
Custodian fees	-	749,710
SEC regulatory fee payable	7,831,416	7,980,720
	239,850,160	199,583,999

19. Net asset per unit

The net asset per unit is computed using the net assets value as at the statement of financial position date divided by the units 13,162,255 (2021: 11,638,036 units) in existence as at the year end.

	2022 ₦	2021 ₦
Net asset as at year end	15,457,492,840	13,624,954,857
No of units in issue	13,162,255	11,638,036
Net asset per unit	1,174.38	1,170.73

20. Related parties and other key contracts

(a) Related parties

Fund Manager

The Fund appointed Lotus Capital Limited, an investment management company incorporated in Nigeria, to implement the investment strategy as specified in the trust deed. Under The Trust Deed, the Fund Manager is entitled to management fee of 1.5% (2021: 1.5%) of the net asset value which shall be payable in arrears and an incentive fees computed as stipulated in the Trust Deed.

The computation of the Fund Manager's incentive fees is an amount chargeable on the total annualised returns, which shall not exceed 20% of the total returns above benchmark. The benchmark for incentive fee shall be a composite of the three year FGN benchmark bond (70%) and the 91 day T-bill (30%) or the relevant benchmark as may be approved by the commission from time to time.

The Fund Manager fee for the year 2022 amounted to ₦ 239.66 million (2021: ₦ 237.60 million) Included in other payable as at 31st December, 2022 is Fund Manager's remuneration payable of ₦ 72.43 million (2021: ₦1.67million). The Fund Manager incentive fee for the year 2022 amounted to nil (2021: ₦ 84.02 million). As at 31st December, 2022 there was no accrued incentive fee included in other payables (2021: ₦27.15million)

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 143,910 (2021: 142,483) redeemable units.

(b) Other key contracts

Trustees

The Fund appointed STL Trustees Nigeria Limited, a trusteeship company in Nigeria, to provide administrative services to the Fund. Under the Fund Trust Deed, the Trustees receive a fee annually in arrears at an annual rate of 0.05 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 ₦ 7.99 million (2021: ₦ 7.92 million). Included in other payables at 31st December, 2022 is trustee's fees payable of ₦ 17.99 (2021: ₦ 11.87 million). Subject to the approval of Securities & Exchange Commission, the Trustee can retire or be removed at any time.

21. Contingent liabilities – Litigations and claims

The fund is not involved in any litigation hence, there is no contingent liability or claim against or in favour of the fund.

22. 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.

LOTUS HALAL FIXED INCOME FUND

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

	2022 ₦	%	2021 ₦	%
Total revenue	1,668,067,440		1,798,486,597	
Bought in services:	(1,325,683,645)		(1,243,601,393)	
Value added	**342,383,795**	**100**	**554,885,204**	**100**
To pay related parties to the Fund:				
Fees	253,451,573	74	336,519,750	61
To pay providers of capital:				
Dividend distribution	(1,231,831,430)	(360)	(1,178,254,725)	(212)
To pay government				
Taxation	-	-	-	-
Retained for future increase in fund's assets:				
Profit for the year	1,320,763,652	386	1,396,620,179	251
	342,383,795	**100**	**554,885,204**	**100**

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

LOTUS HALAL FIXED INCOME 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	14,999,891	13,126,747	11,694,842	6,103,480	3,138,337
Accumulated reserve as at 1st January	1,818,971	1,790,119	1,210,258	728,300	370,865
Dividend paid	(1,231,831)	(1,178,255)	(690,715)	(454,934)	(206,783)
Loss on redemption	(129,538)	(113,656)	(126,045)	(34,255)	(47,157)
Accumulated reserve as at 31st December	457,602	498,208	393,498	239,111	116,925
	15,457,493	13,624,955	12,088,340	6,342,591	3,255,262
Assets					
Total assets	15,766,258	13,912,203	12,251,346	6,536,599	3,330,374
Liabilities	(308,765)	(287,248)	(163,006)	(194,008)	(75,112)
Net assets	15,457,493	13,624,955	12,088,340	6,342,591	3,255,262
Profit or loss account					
Gross income	1,668,067	1,798,487	1,177,396	742,495	349,786
Profit for the year	1,320,764	1,396,620	971,148	611,375	303,833
Accumulated reserve as at 1st January	498,207	393,498	239,110	116,925	67,032
	1,818,971	1,790,118	1,210,258	728,300	370,865
Loss on redemption	(129,538)	(113,656)	(126,045)	(34,255)	(47,157)
Dividend paid	(1,231,831)	(1,178,255)	(690,715)	(454,934)	(206,783)
Accumulated as at 31st December	457,602	498,207	393,498	239,111	116,925
Net assets per unit	1,174.38	481	439.17	355.25	342.28
Basic earnings/(loss)per unit	100	50.05	6.07	(11.97)	(22.75)