

THE CEAT FIXED INCOME FUND

IFRS REPORTS AND FINANCIAL STATEMENTS
FOR THE YEARS ENDED 30 JUNE, 2017 AND 2018

Managed by:



Capital Express
Asset & Trust Limited

Investment Advisory | Fund/Portfolio Management | Investment Tailored Suits

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 2nd General Meeting of the CEAT Fixed Income Fund (Formerly: BGL Sapphire Fund) will be held at Hall 'B' Archbishop Soremekun Memorial Hall, 11, Broad Street, Lagos Island, Lagos on Thursday, 24th of January, 2019 at 11.00 am to transact the following Ordinary Business:

ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the years ended June 30, 2017 and 2018 and the report of the Manager thereon.
2. To declare a N0.05 k per unit holding distribution.
3. To authorize the Managers to fix the remuneration of the Auditors, the Auditors having indicated their intention to continue in office.

Dated this 3rd day of January, 2019.

BY ORDER OF THE MANAGER

CAPITAL EXPRESS ASSET & TRUST LIMITED

Plot 1626C-E Idejo Street,
Victoria Island, Lagos.

Notes:

1. A Unit holder entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote instead of himself/herself/itself. A proxy need not be a Unit holder.
2. All proxy forms should be stamped by the Commissioner of Stamp Duties and deposited at the office of the Fund Manager, Capital Express Asset & Trust Limited, Plot 1626C-E Idejo Street, off Adeola Odeku, Victoria Island, Lagos not less than 48 hours before the time fixed for the meeting.

CEAT FIXED INCOME FUND

(FORMERLY BGL SAPPHIRE FUND)

Income Distribution:

If the distribution proposed by the Fund Manager is approved at the meeting, electronic bank transfer will be made to Unit holders whose names appear on the Register of Unit holders as at close of business on January 22, 2019.

STATEMENT OF TOTAL RETURN

For the year ended June 30	2017 N'000	2018 N'000
Investment Income	50,787	52,199
Operating Expenses	<u>(12,174)</u>	<u>(12,974)</u>
Net Income before taxation	38,613	39,225
Taxation	<u>(225)</u>	<u>(6)</u>
Net Income after taxation	<u>38,388</u>	<u>39,219</u>

Closure of Register:

The register of Unit holders and Transfer Books of the CEAT Fixed Income Fund will be closed on January 22, 2019 for the purpose of ascertaining the Unit holders that qualify for the proposed distribution for the year ended June 30, 2018. Unit-holders are advised to approach their bank to update their e-dividend mandates or otherwise contact the Registrar “Meristem Registrars Limited” to ensure a seamless payment process.

CEAT FIXED INCOME FUND
(*FORMERLY BGL SAPPHIRE FUND*)

IFRS REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017

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FUND MANAGER, PROFESSIONAL ADVISERS ETC

Directors of the Fund Manager:	Anthony Aletor Kola Ogunsulire Alhaji Yussuf Sheriff Mojirola Alhaja Yussuf Modinat Olayinka
Fund Manager	Capital Express Asset and Trust Limited Plot 1626 Idejo Street, Off Adeola Odeku Street, Victoria Island, Lagos.
Trustees to the Fund:	United Capital Trustees Limited, UBA House, (12 th Floor), 57, Marina, Lagos.
Registrars	Meristem Registrars Limited, 213, Herbert Macaulay Way, Adekunle Yaba, Lagos.
Independent auditors:	Baker Tilly Nigeria, (Chartered Accountants), Kresta Laurel Complex (4 th Floor), 376, Ikorodu Road, Maryland Lagos.
Custodian to the Fund:	UBA Plc (Global Investor Services), UBA House 12 th Floor, 57, Marina, Lagos.
Banker:	United Bank for Africa Plc

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

The responsibilities of the Manager to the Fund are as follows: -

1. Selection and management of the portfolio of investment in accordance with the Trust Deed;
2. Redemption and issue of units of the Fund;
3. Maintenance of a schedule of Unit holders;
4. Preparation of periodic accounting records of the Fund in accordance with the Investment and Securities Act and the SEC Rules;
5. Keeping of books of the Fund (excluding books or documents relating to investments of the Fund);
6. Filing of monthly and other periodic returns/reports with the commission, the Trustees, the Registrars and the Unit holders;
7. Organizing the Annual General Meeting of the Fund;
8. Sourcing for more leverage funds where permitted by the Trust Deed;
9. Representing the interest of the fund in both the national and the global market;
10. Complying with the Investments and Securities Act, the Trustees Investment Act, Chapter T22 Laws of the Federation of Nigeria 2004, and the Trust Deed;
11. Avoiding conflict of interests between it and the Unit holders;
12. Disclosure of the interests of its Directors and Management to the unit holders;
13. Maintenance of adequate financial resources to meet its commitments to manage the risks to which the Fund is exposed;
14. Organise and control the Fund in a reasonable and responsible manner expected of a Fund Manager;
15. Keeping proper records in relation to the Fund;
16. Employment of adequately trained staff and ensuring that they are properly supervised;
17. Establishing well defined compliance procedures; and
18. Promotion of investor education.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

1. To retain in its possession or in the possession of such third parties as it may with the consent of the Manager appoint, on a safe custody basis, all the investments and documents of title or value connected therewith;
2. At all times to act with prudence and honesty in relation to all investments and documents of title or value kept in its custody;
3. To forward to the Manager without delay all notices of meetings reports and circulars received by it or its nominees as holders of any investment;
4. To jointly issue (with the Fund Manager) certificates evidencing ownership of Units in the Fund;
5. To demand from the Manager a statement of all issues and sale of Units;
6. To grant its consents to the appointment of the Auditors for the Fund;
7. To make the Trust Deed available for inspection by the Unit holders during normal business hours at its head office;
8. To consider and grant approval to all advertisements, circulars or other documents of that nature containing any statement with reference to the offer price of the Units or yield there from or containing an invitation to buy Units issued by the Manager;
9. To convene General Meetings of the Unit holders of the Fund and/or to consent to the Manager convening such meetings;
10. To nominate the Chairman for every General Meeting of the Fund; and
11. To approve the Proxy Form used for Meetings.

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 30 JUNE, 2017

The Trustee present their Report on the affairs of the CEAT Fixed Income Fund (formerly BGL Sapphire Fund) Fund (“the Fund”) together with its audited International Financial Reporting Standards (IFRS) compliant financial statements and the Auditor’s Report for the year ended 30 June, 2017.

Principal Activity and Business Review

CEAT Fixed Income Fund (formerly BGL Sapphire Fund) Fund (“the Fund”) is an actively managed open-ended collective Fund. The Fund was opened for subscription on 11 October, 2010 and commenced investment activities in April, 2011. The Fund is registered in Nigeria as a Unit Trust Scheme under section 125 of the Investment Securities Act and is governed by a Trust Deed; it is also listed by memorandum on the Nigerian Stock Exchange. The Fund was previously managed by BGL Asset Management until February, 2016 when Capital Express Asset and Trust Limited took over with UBA Capital Trustees Limited as Trustee to the Fund.

The Fund is established to provide investors and/or their beneficiaries and dependents with long-term capital appreciation and to optimize investors' total returns comprising Dividend and interest income through investment in a select portfolio of securities and instruments as specified in Clause 8.1 of the Trust Deed and laid out in the Prospectus.

Operating Result

The Fund’s operating result for the year is as follows:

	June 2017	June, 2016
	N’000	N’000
Net result before tax	38,613	17,544
Tax	<u>(255)</u>	<u>(1,699)</u>
Profit after tax	38,388	15,845

The Fund's performance year on year was 58% higher, there was significant improvement in the Fund profit when compared with the previous year's.

COMPLIANCE**Asset Allocation requirement**

The Fund was administered in line with the approved asset allocation during the period.

The Trustee are of the opinion that the Management of the Fund has been in full compliance with the provisions of the Trust Deed and Investment and Securities Act (2007).

Administration of the Scheme

The Administration of the Fund is guided by the provisions of the Investments and Securities Act (2007) and the Trust Deed, which the Fund Manager has made concerted efforts to comply with.

Auditor

Messrs. Baker Tilly Nigeria, Chartered Accountants, have indicated their willingness to continue in office and shall do so in accordance with Section 169(1) of the Investment and Securities Act, 2007.

By Order of the Trustee

United Capital Trustees Limited
57, Marina
Lagos



Tokunbo Ajayi
FRC/NBA/00000008349
26 September, 2017

REPORT OF THE FUND MANAGER

BACKGROUND INFORMATION ON THE FUND

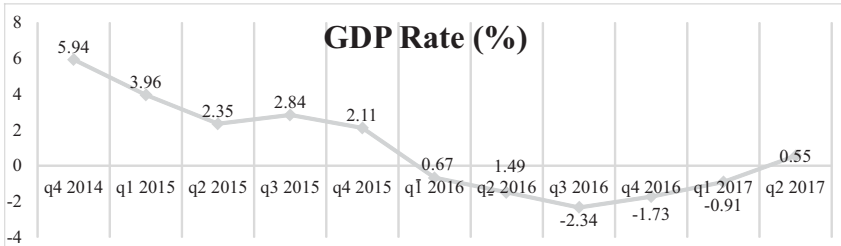
The **CEAT FIXED INCOME FUND** (formerly BGL Sapphire Fund) is an actively managed open-ended collective Fund whose main objective is to provide investors with consistent income as well as an attractive total return in the medium to long term through investment in a variety of fixed income securities.

The Fund seeks to achieve its investment objective by investing not less than 75% of its asset in short term Bonds and a maximum of 25% in money market instruments.

The BGL Sapphire Fund was launched in October 2010, registered with the Securities and Exchange Commission of Nigeria and commenced investment activities in April 2011 under the management of BGL Asset Management Limited. The Fund's management was subsequently transferred to Capital Express Asset & Trust Limited in February 2016. United Capital Trustees Limited are Trustees to the Fund and UBA Plc (Global Investor Services) are Custodians.

MACROECONOMIC REVIEW

The report released by Nigeria Bureau of Statistics (NBS) during the first quarter 2017, showed the economy contracted by 0.52% y/y (in real terms) which was 77bps lower than Bloomberg's compiled median estimate of 0.25%. Having declined throughout 2016, the contraction in Q1 2017 extended the country's recessionary trend and marked the fifth quarter of negative output growth rate. Compared to the rate recorded in Q4-2016(revised to -0.67% from -0.36%). Q/Q, real GDP growth was -12.92%. The slowdown in the rate of output contraction during the review period is attributable to the rebound in the non-oil sector- supported by sustained growth in Agriculture (3.39%), modest rebound in Manufacturing (1.4% y/y) and tempered contraction in Services (0.3% y/y).



The oil sector extended contraction to the 6th consecutive quarter recording a negative growth of 11.64%. Output from the sector continued to reflect constrained crude oil production, a fallout of the effect of series of militants attacks on crude oil and gas installations for the most of 2016. For insights, the Forcados terminal (c.0.3mbpd) remained under force majeure during the three months period while production from Bonga (c.0.2mbpd) was suspended in March 2017 due to Turnaround Maintenance.

The Non-oil sector exited the negative growth region it retreated to in the last three months of 2016, growing by 0.72% y/y in q1 2017 compared to -0.33% y/y in q4 2016. Output growth in this sector was supported by activities in Agriculture, Manufacturing, Information and Communication, Transportation and other services.

Real growth in the agriculture sector remained positive, coming in at 3.39% y/y. The sustained growth in this sector further reflected the knock-on effect of renewed government commitment in its diversification campaign to the sector, evident in increased funding and support in the form of improved supply of seedlings, insecticides, and fertilizers. Particularly, the FGN halved fertilizer price during the review period. Still on the impact of government policy, area planted has increased on the back of prevailing import restriction on certain agricultural products, which has heralded massive import substitution and backward integration.

The manufacturing sector rebounded, exiting a four-quarter negative growth spree by recording GDP growth of 1.36% y/y in the reference period. Q/q, growth was negative 6.21%. The improvement in this sector, apart from the favourable base effect,

relative step up in power generation and possible gains from improved forex liquidity following the apex bank's renewed commitment in the form of frequent interventions, was driven by growth in Food, Beverages and Tobacco. Also, positive for the sector was a rebound in cement.

The services sector remained pressured, contracting by 0.33%, extending the sector's decline to the fourth successive quarter. The slower pace of contraction was on the back of the sector-wide growth in Information and Communication, Transportation & Storage, Financial & Insurance and other services. The gain in the subsectors was however subdued by declines in Trade and Real Estate. The negative growth in Real Estate is consistent with lingering low demand for properties especially for non-residential buildings, while Trade suffered amid naira exchange rate depreciation, the FGN import substitution policies and lastly, the highly inflationary environment which weakened consumer purchasing power.

The value of the Naira has been buoyed by the CBN periodic supply of foreign exchange to meet genuine demand. The CBN has been able to achieve this because of consistent accretion to the external reserves.

The growth in the monetary aggregate was below targets, as the CBN employed tools to tame high inflation rate and stabilise the foreign exchange.

Inflation recorded a decrease to 16.10% (year on year) in June 2017, showing a decline over time.

MARKET REVIEW

The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) rose from its meeting of 22-23 May 2017 and retained the Monetary Policy Rate (MPR) at 14% while retaining the Cash Reserve Ratio (CRR) at 22.50%. This resulted in Treasury Bills rates still been between 17% p.a. to 18.50% p.a.

The CBN also continued to mop up liquidity in the system via Open Market Operation (OMO). The MPC asserted that the Nigerian economy is on a path to moderate economic growth recovery with a

positive short-to-medium-term outlook, premised largely on fiscal stimulus and a stable Naira exchange rate. It added that inflation expectations also appear sufficiently anchored with the current stance of monetary policy.

The long-term stability of the foreign exchange rate depends on the conducive domestic business environment; particularly the sustained improvement in infrastructure. The accretion to the external reserves was boosted by improved oil production and relatively favourable crude oil price.

The implementation of the Investors' and Exporters' Foreign Exchange (I&E) window has attracted foreign investors to the economy.

ASSET ALLOCATION

The total asset of the Fund was invested both in short term Bonds and Money Market instruments in line with the funds objective of investing not less than 75% of its asset in short term Bonds and a maximum of 25% in money market instruments.

FUND PERFORMANCE

The Fund generated total gross investment income of N51 million for the year ended June 30, 2017, an increase of 143% over the 2016 return of N21 million.

The Fund opened its Unit holders fund at the beginning of the year with N208 million. Approximately N0.42 million was received as additional subscription, while N80million redemption was recorded during the period.

The Fund recorded a net income after tax of N38 million in current year, representing 138% increase from prior year return of N16 million.

ECONOMIC OUTLOOK

Thus far in the second quarter of 2017, leading indicators suggest positive expectation for output growth, likewise Global Economic Conditions Survey revealed a rebound in Nigeria's business

confidence. We anchor growth on the later part of the year on recovery in the oil sector (on less disruptive output) and stronger growth in the non-oil sector (on continued improvement in the foreign exchange space, commencement of capital releases and continue growth in agriculture). Overall, we estimate GDP growth of 1.08% y/y in the second half of the year.

The oil sector is poised to benefit from improved and stable production. The peace deal between FGN, and the Niger Delta stakeholders and representatives of disaffected youth groups, if not compromised has the potential of supporting oil production beyond current level.

The non-oil sector should benefit from improved flow of crude oil revenue and continues growth in agriculture on continued focus from both private sector and the government. Stable crude oil production and relatively higher average prices (on OPEC's commitment to its output cut agreement) by way of extending the term of the deal is likely to bring the price to \$60pb. The availability of dollars to large-scale businesses and retail users, if uncompromised (by policies somersault) and assuming oil prices and production are unimpaired, will lessen the disruptive impact of FX shortage on the economy. In particular, services, trade and manufacturing sector should benefit from the increased availability of the FX.

Growth in agriculture will remain strong in the second quarter and by extension, the remaining part of the year. On crop production specifically, dry season harvest is underway across the country, with generally favourable results being reported in most areas. In addition to the anticipated implementation of agriculture- related plans (e.g. recapitalization of the Bank of Agriculture for the provision of low-interest loans to farmers) in the Economic Recovery and Growth Plan (ERGP), and a series of investment suggest increase yield on the horizon.

The body language of the MPC in its last policy meeting shows that the Committee is not looking back on its hawkish stance, at least in the interim, thus we expect the money market rates to remain elevated (in double-digit levels) for the rest of the year.

CERTIFICATION OF THE ACCOUNTS BY THE DIRECTORS OF THE FUND MANAGER

We hereby certify the financial statements and state that neither the Manager nor any other person acting on its behalf has: -

- transferred units to another person for sale, resale or subsequent transfer to the Manager for sale or resale;
- acquired or disposed of investments for account of the Trust otherwise than through a recognized stock exchange except where such investment consist of money market instruments or cash deposits; or
- acquired units for a price higher than the prevailing bid price; or
- disposed of units for a price lower than the prevailing offer price.



Director



Director



**BAKERTILLY
NIGERIA**

Chartered Accountants

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REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF CEAT FIXED INCOME FUND

Report on the Audit of the Financial Statements

We have audited the financial statements of the Fund which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CEAT Fixed Income Fund (formerly BGL Sapphire Fund) as at 30 June, 2017, its financial performance and its cash flows for the year then ended in accordance with the provisions of both the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria (FRCN) Act No.6 of 2011.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Fund's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the

Company or to cease operations, or has no realistic alternative but to do so.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.

Responsibilities of the Fund Manager's for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both the Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

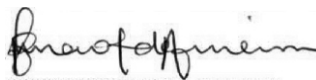
presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) proper books of account have been kept by the Fund; and
- iii) the Fund's statements of financial position and Comprehensive income are in agreement with the books of account.



Mark E. Ariemuduigho
FRC/2013/ICAN/0000002724
on behalf of
Baker Tilly Nigeria
(Chartered Accountants)

Lagos Nigeria
26 September, 2017

**STATEMENT OF PROFIT OR LOSS (TOTAL RETURNS)
FOR THE YEAR ENDED 30 JUNE, 2017**

	Note	2017 N'000	2016 N'000
Investment income	5	50,787	21,365
<i>Deduct:</i>			
Operating expenses	6	<u>(12,174)</u>	<u>(3,821)</u>
Net income before taxation		38,613	17,544
Income tax expense	7	<u>(225)</u>	<u>(1,699)</u>
		38,388	15,845
		=====	=====
 *Earnings per unit (in Kobo)- Basic		 20k	 4k
		=====	=====

The accounting policies and other notes on pages 21 to 39 form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2017**

Assets		2017	2016
Current assets	Note	N'000	N'000
Cash and cash equivalents	8	28,018	367,677
Financial assets held to maturity	9	<u>303,191</u>	<u>-</u>
Total assets		331,209	367,677
		-----	-----
Deduct -Liabilities:			
Other liabilities	10	7,209	3,154
Accruals and other payables	11	6,392	5,649
Deposit for units	12	122	542
		-----	-----
Total liabilities		(13,723)	(9,345)
		-----	-----
Net assets		317,486	358,332
		=====	=====
Equity and reserves:			
Unit holders equity	13	129,582	208,816
Retained earnings	14	<u>187,904</u>	<u>149,516</u>
		317,486	358,332
		=====	=====

The financial statements were approved by the investment committee and signed by representatives of the Fund Manager and Trustees on 26 September, 2017.



Anthony Aletor
Director
FRC/2013/CISN/00000003344



Tokunbo Ajayi
Trustees
FRC/NBA/00000008349



Adewale Salau
Financial Controller
FRC/2015/ICAN/000000011077

The accounting policies and other notes on pages 21 to 39 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE, 2017

	2017	2016
Note	N000	N000
Opening balance	208,816	337,979
Amounts received as additional subscription	420	726
Amounts paid on redemption of units	(79,654)	-
Unreconciled units	<u> -</u>	<u>(129,889)</u>
	129,582	208,816
Net increase in unit holders' funds		
from investment activities	14 <u>187,904</u>	<u>149,516</u>
Fund at end	317,486	358,332
	=====	=====

The accounting policies and other notes on pages 21 to 39 form an integral part of these financial statements

PORTFOLIO STATEMENT AS AT 30 JUNE, 2017

	Market value N'000	Cost of investment N'000	Percentage of portfolio %	Percentage of total assets %
Held to Maturity				
FGN Bonds	250,676	243,866	77	77
Other Money market instruments				
Treasury Bills	<u>74,988</u>	<u>72,584</u>	<u>23</u>	<u>23</u>
Total value of portfolio	<u>325,664</u> =====	<u>316,450</u> =====	100 ===	100 ====

The Fund did not contravene its Investment policy as stipulated in the Trust Deed.

The accounting policies and other notes on pages 21 to 39 form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2017

	Note	2017 ₹000	2016 ₹000
<i>Cash flow from operating activities:</i>			
Operating Profit before working capital changes	17.1	38,613	17,544
Working capital changes	17.2	<u>4,798</u>	<u>3,821</u>
		43,411	21,365
Tax paid		<u>(225)</u>	<u>(1,699)</u>
<i>Net cash flow from operating activities</i>		43,186	19,666
<i>Cash flow from investing activities:</i>			
Fair value valuation of bond investments		(250,676)	-
Fair value valuation of investment in Treasury bills		(52,515)	-
Redemption of Benue bond		<u>-</u>	<u>39,800</u>
<i>Net cash flow (used in)/from investing activities</i>		(303,191)	39,800
<i>Cash flow from financing activities</i>			
Deposit for units		(420)	122
Cash received on subscription		420	726
Proceeds from redemption of units		<u>(79,654)</u>	<u>-</u>
<i>Net cash flow (used in)/from financing activities</i>		(79,654)	848
Net(decrease) / increase in cash and cash equivalent		(339,659)	60,314
Cash and cash equivalent at beginning of the year		<u>367,677</u>	<u>307,363</u>
Cash and cash equivalent at the end of the year		<u>28,018</u>	<u>367,677</u>
Represented by:			
Cash and bank balances	9	28,018	367,677

The accounting policies and other notes on pages 21 to 39 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2017

1. General Information

(a) Reporting entity

CEAT Fixed Income Fund (formerly BGL Sapphire Fund) (the Fund) is an actively managed open-ended collective Fund. The Fund was opened for subscription on 11 October, 2010 and commenced investment activities in April, 2011. The Fund is registered in Nigeria as a Unit Trust Scheme under section 125 of the Investment Securities Act and is governed by a Trust Deed; it is also listed by memorandum on the Nigerian Stock Exchange. The Fund was previously managed by BGL Asset Management until February, 2016 when Capital Express Asset and Trust Limited took over with UBA Capital Trustees Limited as Trustee to the Fund.

The Fund was established to provide investors and/or their beneficiaries and dependants with income (dividends), as well as an attractive total return in the medium to longterm period while safeguarding capital. The Fund seeks to achieve this objective by investing 75% of its assets in a variety of high quality fixed income securities and 25% in high grade commercial papers as approved by the Commission and the Trust Deed.

The Fund manager draws on its experience in the Nigeria capital market to ensure that investors enjoy returns that exceeds the applicable market benchmark while making continuous assessment of the investments that offer the strongest prospects in the medium to longterm. The Fund's units are redeemable at the holder's option. The address of its registered office is Capital Express Asset and Trust Limited Plot 1626CEIdejo Street, off Adeola Odeku Street, Victoria Island, Lagos.

(a) Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

(b) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the fund operates ('the functional currency'). The financial statements are presented in Nigeria Naira (N) which is the Fund's functional and presentation currency.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

Additional information required by local regulations is included where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate and that the fund's financial statements therefore present the financial position and results fairly.

3. Summary of significant accounting policies**3.1 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets (including money market instruments) with original maturities of less than three months, 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where applicable.

3.2 Financial instruments

(i) Classification: - financial assets

The Fund classifies its financial assets into the following categories:

- a. Held to maturity
- b. Loans and receivables

Held-to-maturity assets

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables that the Fund has the positive intention and ability to hold to maturity. They are recognized initially at transaction cost and are subsequently measured at amortized cost using the effective interest method.

At each balance sheet reporting date, the Fund assesses whether there is any objective evidence that held-to-maturity assets are impaired. If any such evidence exists, the asset's recoverable amount is calculated. If the recoverable amount is less than the asset's book value, an impairment loss is recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables consist primarily of dividend receivable, interest receivable and other sundry receivables which arise in the ordinary course of business.

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

The Fund's financial liabilities at the financial reporting date include payables to related parties, other payables and accruals. These financial liabilities are initially measured at cost and subsequently measured at amortised cost using the effective interest method. Financial liabilities are classified as current and non-current depending on the repayment period.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of

the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities initially at transaction cost are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Interest earned and dividend revenue elements of such instruments are recorded separately in 'Interest revenue' and 'Dividend revenue', respectively.

Financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired.
OR
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.
And either
 - (a) the Fund has transferred substantially all the risks and rewards of the asset; or
 - (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

– Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

3.2.2 Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event

occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the 'Credit loss expense'.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.2.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Related party transactions

Related party transactions are disclosed separately as to the type of relationship that exist and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

3.4 Taxes

The Fund is not subjected to income and education taxes on its income by the concession given to the Fund. This concession was given and approved by the Federal Ministry of Finance in accordance with international best practice. This concession covers:

- a. Exemption from Companies Income Tax, except for withholding tax paid on transactions carried out by the fund as an investor.
- b. Exemption from stamp duties to reduce transaction costs; and
- c. Exemption from Capital Gains Tax on the ground that income arising from sales or disposal will be ploughed back for the purchase of additional properties or distributed as dividend.

3.5 Unit holder equity

3.5.1 Classification of unit holders' equity

Unit holders' equity is classified as an equity instrument when:

- A unit of equity entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.

- The units of equity are in the class of instruments that is subordinate to all other classes of instruments.
- All units of equity in the class of instruments that is subordinate to all other classes of instruments have identical features.
- A unit of equity does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the units of equity over the life of the instrument 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.

3.5.2 Dividend distribution

Dividend distributions are at the discretion of the Fund. Dividend distributed to the Fund's unit holders is accounted for as a deduction from retained earnings. A proposed dividend is recognised as a liability in the period in which it is approved at the Annual General Meeting of Unit holders.

The Fund intends to distribute income in the form of dividend at N0.05 - (N0.15-2016) per unit.

3.6. Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as 'Net foreign exchange gains/ (losses)'.

3.7 Revenue recognition

Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

3.8 Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis. Legal and audit fees are included within 'other general expenses'.

3.9 Earnings per share (unit)

The Fund presents basic earnings per share (EPS) data for its unit holders' shares. Basic EPS is calculated by dividing the profit or loss attributable to unitholders' of the Fund by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares as if the bonus shares were outstanding at the beginning of earliest period presented.

Diluted earnings per share are computed by dividing adjusted net income available to unitholders of the Fund by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. Potential dilutive common shares result from stock options and convertible bonds issued by the Company on its own common shares.

3.10 Risk Management Policies

Risk management is essential to help ensure business

sustainability thereby providing customers and the unitholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of trades. The Fund Manager acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The Fund is exposed to market risk (including interest rate risk), equity risk, credit risk, liquidity risk, Legal risk. The Fund Managers reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the company's investments in equity securities, from equity securities sold.

The maximum exposure to equity price risk at the reporting is the carrying value stated below:

Credit risk

Credit risk is the risk that the Fund will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Custodian in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Legal risk

Legal risk is the risk that the fund will be exposed to contractual obligations which have not been provided for. The Fund has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

Accounting risk

Accounting risk is the risk that the Fund fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies;
- Establish proper internal accounting controls;

- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the fund. Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the fund.

Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

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

- 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; and

Risk mitigation, including insurance where this is effective

Governance framework

The primary objective of the Fund's risk and financial management framework is to protect the Fund's Unit holders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The principles that guide the management on risk are:

- Effective balancing of risk and reward by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.
- Shared responsibility for risk management as business segments are responsible for active management of their risks, with direction and oversight provided by company Risk Management and other corporate support groups.

- Business decisions are based on an understanding of risk as we perform rigorous assessment of risks in relationships, products, transactions and other business activities.
- Proper focus on clients reduces our risks by knowing our clients and ensuring that the services we provide are suitable for and understood by our clients.

4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt applicable standards when they become effective.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

A number of standards, interpretations and amendments thereto, had been issued by the IASB and would be expected not to have a material impact on the company are as detailed in the table below:

IFRS	Effective date	Subject of amendment
Amendment to IFRS 4, 'Insurance contracts'	1 September 2016	The amendment allows an entity choosing to apply the overlay approach to do so retrospectively to qualifying financial assets when it first applies IFRS 9. Meanwhile, an entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
Amendment to IFRS 11, 'Joint of an interest in joint operation.'	1 January 2016	The amendments specify the appropriate accounting arrangement on acquisition treatment for such acquisitions.
Amendment to IFRS 12, 'Disclosure of Interests in Other Entities'	1 December 2016	The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5.

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IFRS	Effective date	Subject of amendment
Amendment to IFRS 14 'Regulatory deferral accounts'	1 January, 2016	The amendment now permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS.
Amendment to IAS 27 'Consolidated and separate financial statement'	1 January, 2016	These amendments allow entities to use the equity method to account for investments in subsidiaries, joint and associates in their separate financial statements

	2017	2016
	₹'000	₹'000
5. Investment income		
Interest on bond investments (5.1)	30,799	4,179
Interest on deposits	12,048	17,186
Interest on treasury bills	<u>7,940</u>	<u>-</u>
	50,787	21,365
	=====	=====
5.1 Interest on bond investments		
Benue State bonds	-	4,179
FGN Bond - 16% coupon	6,570	-
FGN Bond - 10.7% coupon	5,178	-
FGN Bond - 15.54% coupon	<u>19,051</u>	<u>-</u>
	30,799	4,179
	=====	=====
6. Operating expenses		
Management fee	5,874	1,987
AGM expenses	2,390	-
Incentive fee (note 6.1)	1,097	-
Audit fee	1,000	1,000
Legal fees	840	-
Custodian fee	392	371
Registrars fee	294	278
Trustees fee	196	185
Other expenses	85	-
Statutory expenses	5	-
Bank charges	<u>1</u>	<u>-</u>
	12,174	3,821
	=====	=====
6.1 Incentive fee	1,097	-
	=====	=====

CEAT FIXED INCOME FUND

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Incentive fee represents the money paid to the Fund Manager which is equivalent to 30% of total returns in excess of 10% of the Fund's Net Asset value per annum.

7. Taxation

Tax attributable to franked investment income	225	1,699
	<u> </u>	<u> </u>

The Fund is exempted from paying capital gains tax. Withholding tax on interest received on bank deposit is regarded as the final tax.

8. Cash and cash equivalents

Bank balances (note 8.1)	28,018	367,677
	<u> </u>	<u> </u>

8.1. Cash and cash equivalents comprise cash held with United Bank for Africa Plc and fixed deposits held with various financial institutions which are sub divided into the following:

UBA Trustees Account	5,545	74,960
UBA Current Account	-	23,229

	2017	2016
	₦'000	₦'000
Fixed deposit	-	269,488
Treasury bill	<u>22,473</u>	<u>-</u>
	<u>28,018</u>	<u>367,677</u>

9 Financial Assets held to maturity

Bonds and Treasury bills (note 9.1)	303,191	-
	<u> </u>	<u> </u>

Cost and fair value information As at 30 June, 2017

	Amortized value	Cost
9.1 FGN Bond - 16% (note 9)	51,293	52,712
FGN Bond - 10.7%	38,488	37,585
FGN Bond - 15.54%	160,895	153,569
Treasury bill (above 3 months)	<u>52,515</u>	<u>50,550</u>
	<u>303,191</u>	<u>294,416</u>

CEAT FIXED INCOME FUND

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10. Other liabilities

Parties to the Fund's operations include, Capital Express Asset and Trust Limited, UBA Trustees Limited, UBA Global Services Limited and Meristem Registrars Limited, who are Fund manager, Trustees, Custodian and Registrar to the Fund respectively and for which fees were paid or are payable to them in line with the Trust Deed and contractual agreements.

Other payables	Type of relationship	Outstanding Balances 2017 ₦'000	Outstanding Balance 2016 ₦'000
Capital Express Asset and Trust Ltd	Fund Manager	6,411	1,797
Meristem Registrar Limited	Registrar	266	565
UBA Trustees Nigeria Limited	Trustee	177	389
UBA Global Investor Services	Custodian	<u>355</u>	<u>403</u>
		<u>7,209</u>	<u>3,154</u>
11. Accruals			
Audit fee		1,000	3,000
Other payables (11.1)		<u>5,392</u>	<u>2,649</u>
		<u>6,392</u>	<u>5,649</u>
11.1 Other payables			
BGL Asset Management Limited		2,112	2,112
WHT payable		430	270
Diamond Bond		17	17
Account payable - others		<u>2,833</u>	<u>250</u>
		<u>5,392</u>	<u>2,649</u>
12. Deposit for units		<u>122</u>	<u>542</u>

This represents subscription in the books of the Fund in respect of which units have not been allocated.

13. Unit holders' equity

2017	No. of units	Unit holder Equity ₦'000	Retained earnings ₦'000	Total ₦'000
Opening balance	356,327	208,816	149,516	358,332
Unreconciled units	(109,462)	-	-	-
Additional subscription	248	420	-	420
Amount paid on redemption of units	(55,708)	(79,654)	-	(79,654)
Transfer from statement of return	-	-	<u>38,388</u>	<u>38,388</u>
	<u>191,405</u>	<u>129,582</u>	<u>187,904</u>	<u>317,486</u>

The Fund Manager and registrar resolved during the year, the amount of unreconciled units that were redeemed in 2016. The value of this units has been deducted in 2016.

CEAT FIXED INCOME FUND

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2016	No. of unit	Unit holder Equity ₹'000	Retained earnings ₹'000	Total ₹'000
Opening balance	356,327	337,979	133,671	471,650
Unreconciled units	-	(129,889)	-	(129,889)
Additional subscription	-	726	-	726
Amount paid on redemption of units	-	-	-	-
Transfer from statement of return	-	-	15,845	15,845
	<u>356,327</u>	<u>208,816</u>	<u>149,516</u>	<u>358,332</u>

Unreconciled units represent the value of redeemed units of the fund as shown in the bank account but which were yet to be reconciled between the fund manager and the registrar at the end of the year.

	2017 ₹'000	2016 ₹'000
14. Retained earnings		
At beginning of year	149,516	133,671
Profit for the year	<u>38,388</u>	<u>15,845</u>
At end of the year	<u>187,904</u>	<u>149,516</u>
15. Statistical information		
Gross income	50,787	21,365
* Number of units	<u>191,405</u>	<u>356,327</u>
Gross income per unit (₹)	<u>0.27</u>	<u>0.06</u>

* This is inclusive of unreconciled units which were redeemed in the previous year.

16. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Net profit attributable to unit holders for basic and diluted earnings	<u>38,388</u>	<u>15,845</u>
---	---------------	---------------

* Weighted average number of units for basic and diluted units	<u>191,405</u>	<u>356,327</u>
Basic earnings per unit holding	<u>20k</u>	<u>4k</u>

There have been no material transactions involving units held or potential units between the reporting date and the date of completion of these financial statements.

* This is inclusive of unreconciled units which were redeemed in the previous year.

17. Cash flow Statement

17.1 Operating profit before working capital changes

Profit before Taxation	39,710	17,544
Adjustment:		
Incentive fee	(1,097)	-
	<u>38,613</u>	<u>17,544</u>

17.2 Working Capital Changes

Changes in other liabilities	4,055	2,552
Changes in accruals and other payables	<u>743</u>	<u>1,269</u>
	<u>4,798</u>	<u>3,821</u>

18. Going Concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

19. Contingent liabilities

The Fund Manager is of the opinion that there are no known contingent liabilities as at the end of the period.

20. Events after the reporting period

As at the time of writing this report, no material subsequent events which would have had significant effect on the Fund position as at 30 June, 2017 has come to our attention.

21. Approval of financial statements

The Board of Directors approved these financial statements on 26 September, 2017

OTHER NATIONAL DISCLOSURES

**STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 JUNE, 2017**

	2017		2016	
	₹000	%	₹000	%
Gross earnings	50,787		21,365	
Administrative overheads and payments for other services	<u>(6,300)</u>		<u>(1,834)</u>	
Value added	<u>44,487</u>	100	<u>19,531</u>	100
Applied as follows:				
Fund Manager's remuneration	5,874	13	1,987	10
Government as taxes	225	1	1,699	9
Net income after tax	<u>38,388</u>	<u>86</u>	<u>15,845</u>	<u>81</u>
Value added	<u>44,487</u>	100	<u>19,531</u>	100

FIVE YEAR FINANCIAL SUMMARY

	2017 ₹'000	2016 ₹'000	2015 ₹'000	2014 ₹'000	2013 ₹'000
Assets and liabilities					
Cash and cash equivalents	28,018	367,677	307,363	218,244	6,844
Loans and other receivables	-	-	-	3,628	29,651
Receivable from related party	-	-	-	20,827	15,202
Financial assets HTM	303,191	-	-	190,871	205,584
Financial assets loans & receivables	-	-	39,800	79,600	298,886
Other liabilities	-	-	-	-	-
Payable to related parties	(7,209)	(3,154)	(603)	1,599)	(49,345)
Accruals and other payables	(6,392)	(5,649)	(4,379)	(1,900)	(1,350)
Deposit for units	<u>(122)</u>	<u>(542)</u>	<u>(420)</u>	<u>-</u>	<u>-</u>
Net assets	<u>317,486</u>	<u>358,332</u>	<u>341,761</u>	<u>509,671</u>	<u>505,472</u>
Financed by:					
Unit holders equity	129,582	208,816	208,090	407,962	453,681
Retained earnings	<u>187,904</u>	<u>149,516</u>	<u>133,671</u>	<u>101,709</u>	<u>51,791</u>
	<u>317,486</u>	<u>358,332</u>	<u>341,761</u>	<u>509,671</u>	<u>505,472</u>
Turnover and net income					
Turnover	<u>50,787</u>	<u>21,365</u>	<u>39,132</u>	<u>58,418</u>	<u>61,447</u>
Net income before taxation	<u>39,710</u>	<u>17,544</u>	<u>32,262</u>	<u>46,305</u>	<u>49,119</u>
Net income after taxation	<u>38,388</u>	<u>15,845</u>	<u>31,962</u>	<u>46,153</u>	<u>49,039</u>
*Earnings per unit - basic	20k	4k	9k	11k	11k

CEAT FIXED INCOME FUND
(FORMERLY BGL SAPPHIRE FUND)

IFRS REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2018

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FUND MANAGER, PROFESSIONAL ADVISERS ETC

Directors of the Fund Manager: Anthony Aletor
Kola Ogunsulire - *(retired w.e.f 20/12/2016)*
Alhaji Yussuf Sheriff Mojirola -
(retired w.e.f 22/12/2016)
Alhaja Yussuf Modinat Olayinka -
(retired w.e.f 22/12/2016)
Mr Ogunsanya Seni - *(retired w.e.f 07/03/2016)*
Chief Ademola B. Adenuga -
(appointed w.e.f 22/12/2016)
Chief Andrew Dele Stephen Odighe -
(appointed w.e.f 22/12/2016)
Babatunde Tinubu -
(appointed w.e.f 22/12/2016)
Adekola Fashola -
(appointed w.e.f 22/12/2016)

Fund Manager: Capital Express Asset and Trust Limited,
Plot 1626 Idejo Street,
Off Adeola Odeku Street,
Victoria Island,
Lagos.

Trustees to the Fund: United Capital Trustees Limited,
UBA House, (12th Floor),
57, Marina, Lagos.

Registrars: Meristem Registrars Limited,
213, Herbert Macaulay Way,
Adekunle Yaba, Lagos.

Independent auditors: Baker Tilly Nigeria,
(Chartered Accountants),
Kresta Laurel Complex (4th Floor),
376, Ikorodu Road,
Maryland, Lagos.

Custodian to the Fund: UBA Plc (Global Investor Services),
UBA House
12th Floor,
57, Marina, Lagos.

Banker: United Bank for Africa Plc

STATEMENT OF FUND MANAGER'S RESPONSIBILITIES

The responsibilities of the Manager to the Fund are as follows: -

1. Selection and management of the portfolio of investment in accordance with the Trust Deed;
2. Redemption and issue of units of the Fund;
3. Maintenance of a schedule of Unit holders;
4. Preparation of periodic accounting records of the Fund in accordance with the Investment and Securities Act and the SEC Rules;
5. Keeping of books of the Fund (excluding books or documents relating to investments of the Fund);
6. Filing of monthly and other periodic returns/reports with the commission, the Trustees, the Registrars and the Unit holders;
7. Organizing the Annual General Meeting of the Fund;
8. Sourcing for more leverage funds where permitted by the Trust Deed;
9. Representing the interest of the fund in both the national and the global market;
10. Complying with the Investments and Securities Act, the Trustees Investment Act, Chapter T22 Laws of the Federation of Nigeria 2004, and the Trust Deed;
11. Avoiding conflict of interests between it and the Unit holders;
12. Disclosure of the interests of its Directors and Management to the unit holders;
13. Maintenance of adequate financial resources to meet its commitments to manage the risks to which the Fund is exposed;
14. Organise and control the Fund in a reasonable and responsible manner expected of a Fund Manager;
15. Keeping proper records in relation to the Fund;
16. Employment of adequately trained staff and ensuring that they are properly supervised;
17. Establishing well defined compliance procedures; and
18. Promotion of investor education.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

1. To retain in its possession or in the possession of such third parties as it may with the consent of the Manager appoint, on a safe custody basis, all the investments and documents of title or value connected therewith;
2. At all times to act with prudence and honesty in relation to all investments and documents of title or value kept in its custody;
3. To forward to the Manager without delay all notices of meetings reports and circulars received by it or its nominees as holders of any investment;
4. To jointly issue (with the Fund Manager) certificates evidencing ownership of Units in the Fund;
5. To demand from the Manager a statement of all issues and sale of Units;
6. To grant its consents to the appointment of the Auditors for the Fund;
7. To make the Trust Deed available for inspection by the Unit holders during normal business hours at its head office;
8. To consider and grant approval to all advertisements, circulars or other documents of that nature containing any statement with reference to the offer price of the Units or yield there from or containing an invitation to buy Units issued by the Manager;
9. To convene General Meetings of the Unit holders of the Fund and/or to consent to the Manager convening such meetings;
10. To nominate the Chairman for every General Meeting of the Fund; and
11. To approve the Proxy Form used for Meetings.

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 30 JUNE, 2018

The Trustee present their Report on the affairs of the CEAT Fixed Income Fund (formerly BGL Sapphire Fund) Fund (“the Fund”) together with its audited International Financial Reporting Standards (IFRS) compliant financial statements and the Auditor’s Report for the year ended 30 June, 2018.

Principal Activity and Business Review

CEAT Fixed Income Fund (formerly BGL Sapphire Fund) Fund (“the Fund”) is an actively managed open-ended collective Fund. The Fund was opened for subscription on 11 October, 2010 and commenced investment activities in April, 2011. The Fund is registered in Nigeria as a Unit Trust Scheme under section 125 of the Investment Securities Act and is governed by a Trust Deed; it is also listed by memorandum on the Nigerian Stock Exchange. The Fund was previously managed by BGL Asset Management until February, 2016 when Capital Express Asset and Trust Limited took over with UBA Capital Trustees Limited as Trustee to the Fund.

The Fund is established to provide investors and/or their beneficiaries and dependents with long-term capital appreciation and to optimize investors' total returns comprising Dividend and interest income through investment in a select portfolio of securities and instruments as specified in Clause 8.1 of the Trust Deed and laid out in the Prospectus.

Operating Result

The Fund’s operating result for the year is as follows:

	June 2018	June, 2017
	N’000	N’000
Net result before tax	39,225	38,613
Tax	<u>(6)</u>	<u>(255)</u>
Profit after tax	<u><u>39,219</u></u>	<u><u>38,388</u></u>

The Fund’s performance year on year was 2% higher, it is envisaged that notable increases will be recorded in all areas of business operations in the years ahead with a view to improving on its

performance.

COMPLIANCE

Asset Allocation requirement

The Fund was administered in line with the approved asset allocation during the period.

The Trustee are of the opinion that the Management of the Fund has been in full compliance with the provisions of the Trust Deed and Investment and Securities Act (2007).

Administration of the Scheme

The Administration of the Fund is guided by the provisions of the Investments and Securities Act (2007) and the Trust Deed, which the Fund Manager has made concerted efforts to comply with.

Auditor

Messrs. Baker Tilly Nigeria, Chartered Accountants, have indicated their willingness to continue in office and shall do so in accordance with Section 169(1) of the Investment and Securities Act, 2007.

By Order of the Trustee

United Capital Trustees Limited
57, Marina
Lagos



Tokunbo Ajayi
FRC/NBA/00000008349
20 September, 2018

REPORT OF THE FUND MANAGER

The **CEAT FIXED INCOME FUND** (formerly BGL Sapphire Fund) is an actively managed open-ended collective Fund whose main objective is to provide investors with consistent income as well as an attractive total return in the medium to long term through investment in a variety of fixed income securities.

The Fund seeks to achieve its investment objective by investing not less than 75% of its asset in short term Bonds and a maximum of 25% in money market instruments.

The BGL Sapphire Fund was launched in October 2010, registered with the Securities and Exchange Commission of Nigeria and commenced investment activities in April 2011 under the management of BGL Asset Management Limited. The Fund's management was subsequently transferred to Capital Express Asset & Trust Limited in February 2016. United Capital Trustees Limited are Trustees to the Fund and UBAPlc (Global Investor Services) are Custodians.

ECONOMIC REVIEW

In the second quarter of 2018, Nigeria's Gross Domestic Product (GDP) grew by 1.50% (year-on-year) in real terms to N16.58trillion. Growth in Q2 2018 was 0.79% points higher when compared to the second quarter of 2017 which recorded a growth of 0.72%, but -0.45% points slower than 1.95% recorded in the first quarter of 2018. On a quarter on quarter basis, real GDP growth was 2.94%. In the quarter under review, aggregate GDP stood at N30.69trillion in nominal terms. This represents a 7.85% increase in nominal GDP when compared to the preceding quarter (N28.46trillion) and 13.57% increase when compared to the corresponding quarter of 2017 (N27.03trillion).

The Nigerian economy can be classified broadly into the oil and non-oil sectors. Broadly speaking, growth in Q2 2018 was driven by developments in the non-oil sector as Services sector recorded its strongest positive growth since 2016. However, the relatively slower growth when compared to Q1 2018 and Q2 2017 could be attributed to developments in both the oil and non-oil sectors.

The non-oil sector grew by 2.05% in real terms during the reference quarter. This represents 1.60% points increase compared to the rate recorded for the same quarter in 2017, and 1.29% points over the first quarter of 2018.

The consumer price index, (CPI) which measures inflation increased by 11.14 percent (year-on-year) in July 2018. This is 0.09 percent points less than the rate recorded in June 2018 (11.23) percent and represents an eighteenth consecutive disinflation in headline inflation year on year. Increases were recorded in all COICOP divisions that yielded the Headline index. On month-on-month basis, the Headline index increased by 1.13 percent in July 2018, down by 0.11 percent points from the rate recorded in June 2018 (1.24 percent). This represents the first-time month on month headline inflation has declined since February 2018.

The percentage change in the average composite CPI for the twelve months period ending July 2018 over the average of the CPI for the previous twelve months period was 13.95 percent, showing 0.42 percent point from 14.37 percent recorded in June 2018.

In the second quarter of 2018, the nominal year on year growth rate of Trade stood at -0.01%. This indicates a drop by -4.82% points when compared to the second quarter of 2017 but 2.11% points higher than the previous quarter

The total value of capital importation into Nigeria stood at \$ 5,513.55 million in the second quarter of 2018. This was a decrease of 12.53% compared to Q1 2018, but a 207.62% increase compared to the second quarter of 2017.

MARKET REVIEW

EQUITIES

The market as measured by the Nigeria Stock Exchange (NSE) All Share Index (ASI) recorded a near flat 2018 year performance of (0.09)%. The ASI had also declined from last quarter to the present quarter as shown below:

	<u>31/03/2018</u>	<u>29/06/2018</u>	<u>% Change</u>
ASI	41,504.51	38,278.55	(7.77%)



Market capitalisation also increased by 20.09% and decreased by - 8.27% for year on year and quarter on quarter respectively. The year-to-date performance was 0.99%.

BONDS

The results of the Primary Auction of FGN Bonds for the various months in the year up to date are enumerated in the table below.

Month	5 YEARS	10 YEARS
January	13.380%	13.491%
February	13.700%	13.980%
March	13.400%	13.600%
April	12.750%	12.890%
May	13.500%	13.550%
June	13.500%	13.810%

The 2 and 3 years FGN Savings Bond rates listed in the below table averaged 10.191% and 11.191% respectively for the review quarter which are lower than the 11.040% and 12.040% recorded in the prior quarter ended March 2018.

Month	2 YEARS	3 YEARS
January	12.098%	13.098%
February	10.277%	11.277%
March	10.746%	11.746%
April	10.750%	11.750%
May	9.480%	10.480%
June	10.344%	11.344%

MONEY MARKET

The 91, 182 and 364 days Treasury bills had an average of 11.23%, 12.26% and 12.46% respectively for the year to date and 10.44%, 11.04% and 11.57% respectively for the review quarter.

The Central Bank of Nigeria's (CBN) Monetary Policy Committee continued to maintain the monetary policy rate as well as other monetary parameters:

- MPR at 14.0%;
- CRR at 22.5%;
- Asymmetric window at +200 and -500 basis points around the MPR;
- Liquidity ratio at 30.0%

Although Treasury bills rates have maintained their double digits status albeit lower than the prior quarter's figures, the reduced rate's resulting from the Central Bank of Nigeria (CBN) attempt to drive economic activities, reduce inflation and attract offshore funds into the Nigerian economy. The government is currently doing more of Eurobond investments to shore up the country's foreign reserves.

ASSET ALLOCATION

The total asset of the Fund was invested both in short term Bonds and Money Market instruments in line with the funds objective of investing not less than 75% of its asset in short term Bonds and a maximum of 25% in money market instruments.

FUND PERFORMANCE

The Fund generated total gross investment income of N52.2 million for the year ended June 30, 2018, an increase of 2.94% over the 2017 total gross return of N50.7 million. This culminated into a net income after tax of N39 million in current year, from prior year return of N38 million.

The Fund opened its Unit holders fund at the beginning of the year with N317 million (191 million units). Approximately N38million was received as additional subscription (creating 23 million units), while N12million redemption was recorded (7 million units) during the year.

ECONOMIC OUTLOOK

As a result of constant rates maintained by the Monetary Policy Committee, the exchange rate for naira is expected to appreciate or at least remain stable against other currencies.

We expect the momentum of decline in inflation to further slow amid renewed pressure on month by month inflation rate which is anticipated to remain above 1.0% in the remaining months.

Pressure on food prices is a concern as feedback effect from the herds-men crisis in Benue State, Taraba State and environ take its toll on the economy.

The build-up to the 2019 general election is a critical risk factor to watch, being a pre-election year.

Economic growth remains vulnerable to the vagaries of the oil market (both externally and internally).

CERTIFICATION OF THE ACCOUNTS BY THE DIRECTORS OF THE FUND MANAGER

We hereby certify the financial statements and state that neither the Manager nor any other person acting on its behalf has: -

- transferred units to another person for sale, resale or subsequent transfer to the Manager for sale or resale;
- acquired or disposed of investments for account of the Trust otherwise than through a recognized stock exchange except where such investment consist of money market instruments or cash deposits; or
- acquired units for a price higher than the prevailing bid price; or
- disposed of units for a price lower than the prevailing offer price.



Director



Director



BAKERTILLY
NIGERIA

Chartered Accountants

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REPORT OF THE INDEPENDENT AUDITORS TO THE UNIT HOLDERS OF CEAT FIXED INCOME FUND

Report on the Audit of the Financial Statements

We have audited the financial statements of the Fund which comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended and notes to the financial statements including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CEAT Fixed Income Fund (formerly BGL Sapphire Fund) as at 30 June, 2018, its financial performance and its cash flows for the year ended in accordance with the provisions of both the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria (FRCN) Act No.6 of 2011.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company within the meaning of Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria and have fulfilled our responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The Fund's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is

appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty.

Responsibilities of the Fund Manager's for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements which are in compliance with the requirements of both the Financial Reporting Council of Nigeria Act, No. 6 of 2011 and the Companies and Allied Matters Act, Cap C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers

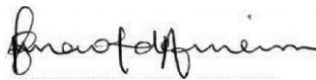
internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) proper books of account have been kept by the Fund; and
- iii) the Fund's statements of financial position and Comprehensive income are in agreement with the books of account.



Mark E. Ariemuduigho
FRC/2013/ICAN/00000002724
on behalf of
Baker Tilly Nigeria
(Chartered Accountants)

Lagos Nigeria
20 September, 2018

CEAT FIXED INCOME FUND

(FORMERLY BGL SAPPHIRE FUND)

STATEMENT OF PROFIT OR LOSS (TOTAL RETURNS) FOR THE YEAR ENDED 30 JUNE, 2018

	Note	2018	2017
		₦'000	₦'000
Investment income	5	52,199	50,787
<i>Deduct:</i>			
Operating expenses	6	<u>(12,974)</u>	<u>(12,174)</u>
Net income before taxation		39,225	38,613
Income tax expense	7	<u>(6)</u>	<u>(225)</u>
		<u>39,219</u>	<u>38,388</u>
		<u> </u>	<u> </u>
*Earnings per unit (in Kobo)- Basic		<u>19k</u>	<u>20k</u>
		<u> </u>	<u> </u>

The accounting policies and other notes on pages 21 to 40 form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2018

Assets		2018	2017
<i>Current assets</i>	Note	₦'000	₦'000
Cash and cash equivalents	8	72,636	28,018
Financial assets held to maturity	9	<u>286,158</u>	<u>303,191</u>
Total assets		<u>358,794</u>	<u>331,209</u>
 Deduct -Liabilities:			
Other liabilities	10	1,900	7,209
Accruals and other payables	11	9,738	6,392
Deposit for units	12	122	122
 Total liabilities		<u>(11,760)</u>	<u>(13,723)</u>
 Net assets		<u>347,034</u>	<u>317,486</u>
 Equity and reserves:			
Unit holders equity	13	155,540	129,582
Retained earnings	14	<u>191,494</u>	<u>187,904</u>
		<u>347,034</u>	<u>317,486</u>

The financial statements were approved by the investment committee and signed by representatives of the Fund Manager and Trustees on 20 September, 2018.



Babatunde Tinubu
Director
FRC/2013/ICAN/00000002477



Tokunbo Ajayi
Trustees
FRC/NBA/00000008349



Adewale Salau
Financial Controller
FRC/2015/ICAN/000000011077

The accounting policies and other notes on pages 21 to 40 form an integral part of these financial statements

CEAT FIXED INCOME FUND*(FORMERLY BGL SAPPHIRE FUND)***STATEMENT OF CHANGES IN EQUITY UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE, 2018**

	Unit holders Equity ₹'000	Retained Earnings ₹'000	Total ₹'000
As at 1 July 2017	129,582	187,904	317,486
Amounts received on additional subscription	37,668	-	37,668
Amount paid on redemption	(11,710)	-	(11,710)
Transfer from statement of returns	-	39,219	39,219
Dividend paid	-	(35,629)	(35,629)
As at 30 June, 2018	<u>155,540</u>	<u>191,494</u>	<u>347,034</u>
As at 1 July, 2016	208,816	149,516	358,332
Amount received on additional subscription	420	-	420
Amount paid on redemption	(79,654)	-	(79,654)
Transfer from statement of returns	-	38,388	38,388
As at 30 June, 2017	<u>129,582</u>	<u>187,904</u>	<u>317,486</u>

The accounting policies and other notes on pages 21 to 40 form an integral part of these financial statements

PORTFOLIO STATEMENT AS AT 30 JUNE, 2018

	Market values ₹'000	2018 Investment ₹'000	Percentage of portfolio %	Percentage of total assets %
Held to Maturity				
FGN Bonds	277,829	280,005	80	80
Other Money market instruments				
Treasury Bills	<u>71,117</u>	<u>71,185</u>	<u>20</u>	20
Total value of portfolio	<u>348,946</u> =====	<u>351,190</u> =====	100 ===	

The Fund did not contravene its Investment policy as stipulated in the Trust Deed.

The accounting policies and other notes on pages 21 to 40 form an integral part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2018

	Note	2018 ₹000	2017 ₹000
<i>Cash flow from operating activities:</i>			
Operating Profit before working capital changes	17.1	39,225	38,613
Working capital changes	17.2	<u>(1,963)</u>	<u>4,798</u>
		37,262	43,411
Tax paid		<u>(6)</u>	<u>(225)</u>
<i>Net cash flow from operating activities</i>		<u>37,256</u>	<u>43,186</u>
<i>Cash flow from investing activities:</i>			
Disposal / (additional) investments in bond		17,033	(250,676)
Additional investment in Treasury bills		-	<u>(52,515)</u>
<i>Net cash flow (used in)/from investing activities</i>		<u>17,033</u>	<u>(303,191)</u>
<i>Cash flow from financing activities</i>			
Deposit for units		-	(420)
Cash received on subscription		37,668	420
Proceeds from redemption of units		(11,710)	(79,654)
Dividend paid		<u>(35,629)</u>	-
<i>Net cash flow (used in)/from financing activities</i>		<u>(9,671)</u>	<u>(79,654)</u>
Net(decrease) / increase in cash and cash equivalent		44,618	(339,659)
Cash and cash equivalent at beginning of the year		<u>28,018</u>	<u>367,677</u>
Cash and cash equivalent at the end of the year		<u>72,636</u>	<u>28,018</u>
Represented by:			
Cash and bank balances	8	<u>72,636</u>	<u>28,018</u>

The accounting policies and other notes on pages 21 to 40 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2017

1. General Information

(a) Reporting entity

CEAT Fixed Income Fund (formerly BGL Sapphire Fund) (the Fund) is an actively managed open-ended collective Fund. The Fund was opened for subscription on 11 October, 2010 and commenced investment activities in April, 2011. The Fund is registered in Nigeria as a Unit Trust Scheme under section 125 of the Investment Securities Act and is governed by a Trust Deed; it is also listed by memorandum on the Nigerian Stock Exchange. The Fund was previously managed by BGL Asset Management until February, 2016 when Capital Express Asset and Trust Limited took over with UBA Capital Trustees Limited as Trustee to the Fund.

The Fund was established to provide investors and/or their beneficiaries and dependants with income (dividends), as well as an attractive total return in the medium to longterm period while safeguarding capital. The Fund seeks to achieve this objective by investing 75% of its assets in a variety of high quality fixed income securities and 25% in high grade commercial papers as approved by the Commission and the Trust Deed.

The Fund manager draws on its experience in the Nigeria capital market to ensure that investors enjoy returns that exceeds the applicable market benchmark while making continuous assessment of the investments that offer the strongest prospects in the medium to longterm. The Fund's units are redeemable at the holder's option. The address of its registered office is Capital Express Asset and Trust Limited Plot 1626CEIdejo Street, off Adeola Odeku Street, Victoria Island, Lagos.

(a) Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and with the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

(b) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the fund operates ('the functional currency'). The financial statements are presented in Nigeria Naira (N) which is the Fund's functional and presentation currency.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

Additional information required by local regulations is included where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The management believes that the underlying assumptions are appropriate and that the fund's financial statements therefore present the financial position and results fairly.

3. Summary of significant accounting policies**3.1 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets (including money market instruments) with original maturities of less than three months, 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where applicable.

3.2 Financial instruments

(i) Classification: - financial assets

The Fund classifies its financial assets into the following categories:

- a. Held to maturity
- b. Loans and receivables

Held-to-maturity assets

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables that the Fund has the positive intention and ability to hold to maturity. They are recognized initially at transaction cost and are subsequently measured at amortized cost using the effective interest method.

At each balance sheet reporting date, the Fund assesses whether there is any objective evidence that held-to-maturity assets are impaired. If any such evidence exists, the asset's recoverable amount is calculated. If the recoverable amount is less than the asset's book value, an impairment loss is recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Receivables consist primarily of dividend receivable, interest receivable and other sundry receivables which arise in the ordinary course of business.

Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

The Fund's financial liabilities at the financial reporting date include payables to related parties, other payables and accruals. These financial liabilities are initially measured at cost and subsequently measured at amortised cost using the effective interest method. Financial liabilities are classified as current and non-current depending on the repayment period.

(ii) Recognition

The Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of

the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities initially at transaction cost are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

(iv) Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Interest earned and dividend revenue elements of such instruments are recorded separately in 'Interest revenue' and 'Dividend revenue', respectively.

Financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired.
OR
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.
And either
 - (a) the Fund has transferred substantially all the risks and rewards of the asset; or
 - (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Fair value hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

- Level 1: quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.

– Level 3: valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

3.2.2 Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event

occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the 'Credit loss expense'.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

3.2.3 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Related party transactions

Related party transactions are disclosed separately as to the type of relationship that exist and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

3.4 Taxes

The Fund is not subjected to income and education taxes on its income by the concession given to the Fund. This concession was given and approved by the Federal Ministry of Finance in accordance with international best practice. This concession covers:

- a. Exemption from Companies Income Tax, except for withholding tax paid on transactions carried out by the fund as an investor.
- b. Exemption from stamp duties to reduce transaction costs; and
- c. Exemption from Capital Gains Tax on the ground that income arising from sales or disposal will be ploughed back for the purchase of additional properties or distributed as dividend.

3.5 Unit holder equity

3.5.1 Classification of unit holders' equity

Unit holders' equity is classified as an equity instrument when:

- A unit of equity entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.

- The units of equity are in the class of instruments that is subordinate to all other classes of instruments.
- All units of equity in the class of instruments that is subordinate to all other classes of instruments have identical features.
- A unit of equity does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the units of equity over the life of the instrument 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.

3.5.2 Dividend distribution

Dividend distributions are at the discretion of the Fund. Dividend distributed to the Fund's unit holders is accounted for as a deduction from retained earnings. A proposed dividend is recognised as a liability in the period in which it is approved at the Annual General Meeting of Unit holders.

The Fund intends to distribute income in the form of dividend at NO.05 - (NO.15-2016) per unit.

3.6. Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as 'Net foreign exchange gains/ (losses)'.

3.7 Revenue recognition

Interest revenue and expense

Interest revenue and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

3.8 Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accrual basis. Legal and audit fees are included within 'other general expenses'.

3.9 Earnings per share (unit)

The Fund presents basic earnings per share (EPS) data for its unit holders' shares. Basic EPS is calculated by dividing the profit or loss attributable to unitholders' of the Fund by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares as if the bonus shares were outstanding at the beginning of earliest period presented.

Diluted earnings per share are computed by dividing adjusted net income available to unitholders of the Fund by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. Potential dilutive common shares result from stock options and convertible bonds issued by the Company on its own common shares.

3.10 Risk Management Policies

Risk management is essential to help ensure business

sustainability thereby providing customers and the unitholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of trades. The Fund Manager acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The Fund is exposed to market risk (including interest rate risk), equity risk, credit risk, liquidity risk, Legal risk. The Fund Managers reviews and agrees policies for managing each of these risks which are summarized below.

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the company's investments in equity securities, from equity securities sold.

The maximum exposure to equity price risk at the reporting is the carrying value stated below:

Credit risk

Credit risk is the risk that the Fund will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk related to financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Custodian in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Legal risk

Legal risk is the risk that the fund will be exposed to contractual obligations which have not been provided for. The Fund has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

Accounting risk

Accounting risk is the risk that the Fund fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies;
- Establish proper internal accounting controls;

- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the fund. Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the fund.

Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

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

- 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; and

Risk mitigation, including insurance where this is effective

Governance framework

The primary objective of the Fund's risk and financial management framework is to protect the Fund's Unit holders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The principles that guide the management on risk are:

- Effective balancing of risk and reward by aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive and detective controls.
- Shared responsibility for risk management as business segments are responsible for active management of their risks, with direction and oversight provided by company Risk Management and other corporate support groups.

- Business decisions are based on an understanding of risk as we perform rigorous assessment of risks in relationships, products, transactions and other business activities.
- Proper focus on clients reduces our risks by knowing our clients and ensuring that the services we provide are suitable for and understood by our clients.

4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt applicable standards when they become effective.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

A number of standards, interpretations and amendments thereto, had been issued by the IASB and would be expected not to have a material impact on the company are as detailed in the table below:

Pronouncement	Issued	Effective Date
IAS 12 <i>Income Taxes</i> • Amendments resulting from <i>Annual Improvements 2015-2017 Cycle</i> (income tax consequences of dividends)	December 2017	Annual periods beginning on or after 1 January 2019
IAS 19 <i>Employee Benefits</i> • Amendments regarding plan amendments, curtailments or settlements	February 2018	Annual periods beginning on or after 1 January 2019
IAS 23 <i>Borrowing Costs</i> • Amendments resulting from <i>Annual Improvements 2015-2017 Cycle</i> (borrowing costs eligible for capitalisation)	December 2017	Annual periods beginning on or after 1 January 2019

CEAT FIXED INCOME FUND

(FORMERLY BGL SAPPHIRE FUND)

Pronouncement	Issued	Effective Date
IAS 28 <i>Investments in Associates and Joint Ventures</i> <ul style="list-style-type: none"> Amendments resulting from <i>Annual Improvements 2014-2016 Cycle</i> (clarifying certain fair value measurement) Amendments regarding long-term interests in associates and joint ventures 	December 2016	Annual periods beginning on or after 1 January 2018
	December 2017	Annual periods beginning on or after 1 January 2019
IAS 40 <i>Investments Property</i> <ul style="list-style-type: none"> Amendments to clarify transfers or property to, or from, investment property 	December 2016	Annual periods beginning on or after 1 January 2018

	2018 ₹'000	2017 ₹'000
5. Investment income		
Interest on bond investments (5.1)	36,494	30,799
Interest on deposits	119	12,048
Interest on treasury bills	<u>15,586</u>	<u>7,940</u>
	<u>52,199</u>	<u>50,787</u>
5.1 Interest on bond investments		
FGN Savings Bond	353	-
FGN Bond - 16% coupon	7,405	6,570
FGN Bond - 10.7% coupon	22,563	5,178
FGN Bond - 15.54% coupon	5,792	19,051
FGN Bond - 16.39%	381	-
	<u>36,494</u>	<u>30,799</u>

CEAT FIXED INCOME FUND

(FORMERLY BGL SAPPHIRE FUND)

	2018	2017
	₹'000	₹'000
6. Operating expenses		
Management fee	5,303	5,874
AGM expenses	1,840	2,390
Incentive fee (note 6.1)	3,200	1,097
Audit fee	1,000	1,000
Other Professional fees	-	840
Custodian fee	354	392
Registrars fee	265	294
Trustees fee	177	196
Other expenses	50	-
Sitting allowance	200	-
Statutory expenses	-	5
Bank charges	289	86
Advert and promotion	296	-
	<u>12,974</u>	<u>12,174</u>
6.1 Incentive fee	<u>3,200</u>	<u>1,097</u>

Incentive fee represents the money paid to the Fund Manager and which is equivalent to 30% of total returns in excess of 10% of the Fund's Net Asset value per annum.

7. Taxation		
Tax at tributable to franked investment income	6	225
	<u>6</u>	<u>225</u>

The Fund is exempted from paying capital gains tax. Withholding tax on interest received on bank deposit is regarded as the final tax.

8. Cash and cash equivalents		
Bank balances (note 8.1)	72,636	28,018
	<u>72,636</u>	<u>28,018</u>

8.1. Cash and cash equivalents comprise cash held with United Bank for Africa Plc and fixed deposits held with various financial institutions which are sub divided into the following:

UBA Trustees Account	7,604	5,545
Fixed deposit	-	-
Treasury bill	65,032	22,473
	<u>72,636</u>	<u>28,018</u>

CEAT FIXED INCOME FUND

(FORMERLY BGL SAPPHIRE FUND)

	2018	2017
	₦'000	₦'000
9. Financial Assets held to maturity		
Bonds and Treasury bills (note 9.1)	<u>286,158</u>	<u>303,191</u>
Fair value information		
As at 30 June, 2018		
9.1 FGN Bond - 16%	50,692	51,293
FGN Bond - 10.7%	11,054	38,488
FGN Bond - 15.54%	160,154	160,895
FGN Bond - 13.39%	58,105	-
Treasury bill (above 3 months)	<u>6,153</u>	<u>52,515</u>
	<u>286,158</u>	<u>303,191</u>
10. Other liabilities		
Parties to the Fund's operations include, Capital Express Asset and Trust Limited, UBA Trustees Limited, UBA Global Services Limited and Meristem Registrars Limited, who are Fund manager, Trustees, Custodian and Registrar to the Fund respectively and for which fees were paid or are payable to them in line with the Trust Deed and contractual agreements.		
	Type of relationship Outstanding	Outstanding
	Balances	Balance
	2018	2017
	₦'000	₦'000
Capital Express Asset and Trust Ltd. Fund Manager	1,652	6,411
Meristem Registrar Limited Registrar	83	266
UBA Trustees Nigeria Limited Trustee	55	177
UBA Global Investor Services Custodian	<u>110</u>	<u>355</u>
	<u>1,900</u>	<u>7,209</u>
11. Accruals		
Audit fee	1,000	1,000
Other payables (11.1)	<u>8,738</u>	<u>5,392</u>
	<u>9,738</u>	<u>6,392</u>
11.1 Other payables		
BGL Asset Management Limited	2,112	2,112
WHT payable	491	430
Diamond Bond	17	17
Account payable - others	<u>6,118</u>	<u>2,833</u>
	<u>8,738</u>	<u>5,392</u>

CEAT FIXED INCOME FUND
(FORMERLY BGL SAPPHIRE FUND)

	2018	2017
	₹' 000	₹' 000
12. Deposit for units	122	122
	<u> </u>	<u> </u>

This represents subscription in the books of the Fund in respect of which units have not been allocated.

13. Unit holders' equity

2018	No. of units	Unit holder Equity ₹'000	Retained earnings ₹'000	Total ₹'000
Opening balance	191,405	129,582	187,904	317,486
Additional subscription	23,185	37,668	-	37,668
Amount paid on redemption of units	(7,395)	(11,710)	-	(11,710)
Transfer from statement of return	-	-	39,219	39,219
Dividend	-	-	(35,629)	(35,629)
	<u>207,195</u>	<u>155,540</u>	<u>191,494</u>	<u>347,034</u>

2017	No. of units	Unit holder Equity ₹'000	Retained earnings ₹'000	Total ₹'000
Opening balance	356,327	208,816	149,516	358,332
Unreconciled units	(109,462)	-	-	-
Additional subscription	248	420	-	420
Amount paid on redemption of units	(55,708)	(79,654)	-	(79,654)
Transfer from statement of return	-	-	38,388	38,388
	<u>191,405</u>	<u>129,582</u>	<u>187,904</u>	<u>317,486</u>

There exists a difference of 26,781416 units as at 30 June 2018 between the registrars and the funds books.

14. Retained earnings

At beginning of year	187,904	149,516
Profit for the year	39,219	38,388
Dividend on subscription	<u>(35,629)</u>	-
At end of the year	<u>191,494</u>	<u>187,904</u>

15. Statistical information

Gross income	52,199	50,787
Number of units	<u>207,195</u>	<u>191,405</u>
Gross income per unit (₹)	<u>0.25</u>	<u>0.27</u>

16. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2018	2017
	₹ 000	₹ 000
Net profit attributable to unit holders for basic and diluted earnings	<u>39,219</u>	<u>38,388</u>
Weighted average number of units for basic and diluted units	<u>207,195</u>	<u>191,405</u>
Basic earnings per unit holding	<u>19k</u>	<u>20k</u>

There have been no material transactions involving units held or potential units between the reporting date and the date of completion of these financial statements.

17. Cash flow Statement
17.1 Operating profit before working capital changes

Net income before taxation	39,225	38,613
Adjustment	-	-
	<u>39,225</u>	<u>38,613</u>

17.2 Working Capital Changes

Changes in other liabilities	(5,309)	4,055
Changes in accruals and other payables	<u>3,346</u>	<u>743</u>
	<u>(1,963)</u>	<u>4,798</u>

18. Going Concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

19. Contingent liabilities

The Fund Manager is of the opinion that there are no known contingent liabilities as at the end of the year.

20. Events after the reporting period

As at the time of writing this report, no material subsequent events which would have had significant effect on the Fund position as at 30 June, 2018 has come to our attention.

21. Approval of financial statements

The Board of Directors approved these financial statements on 20 September, 2018.

OTHER NATIONAL DISCLOSURES

**STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 JUNE, 2018**

	2018		2017	
	₹000	%	₹000	%
Gross earnings	52,199		50,787	
Administrative overheads and payments for other services	<u>(7,671)</u>		<u>(6,300)</u>	
Value added	<u>44,528</u>	<u>100</u>	<u>44,487</u>	<u>100</u>
Applied as follows:				
Fund Manager's remuneration	5,303	12	5,874	13
Government as taxes	6	-	225	1
Net income after tax	<u>39,219</u>	<u>88</u>	<u>38,388</u>	<u>86</u>
Value added	<u>44,528</u>	<u>100</u>	<u>44,487</u>	<u>100</u>

FIVE YEAR FINANCIAL SUMMARY

	2018	2017	2016	2015	2014
	₹'000	₹'000	₹'000	₹'000	₹'000
Assets and liabilities					
Cash and cash equivalents	72,636	28,018	367,677	307,363	218,244
Loans and other receivables	-	-	-	-	3,628
Receivable from related party	-	-	-	-	20,827
Financial assets HTM	286,158	303,191	-	-	190,871
Financial assets loans & receivables	-	-	-	39,800	79,600
Accruals and other payables	(11,638)	(13,601)	(8,803)	(4,982)	(3,499)
Deposit for units	<u>(122)</u>	<u>(122)</u>	<u>(542)</u>	<u>(420)</u>	<u>-</u>
Net assets	<u>347,034</u>	<u>317,486</u>	<u>358,332</u>	<u>341,761</u>	<u>509,671</u>
Financed by:					
Unit holders equity	155,540	129,582	208,816	208,090	407,962
Retained earnings	<u>191,494</u>	<u>187,904</u>	<u>149,516</u>	<u>133,671</u>	<u>101,709</u>
	<u>347,034</u>	<u>317,486</u>	<u>358,332</u>	<u>341,761</u>	<u>509,671</u>
Turnover and net income					
Turnover	<u>52,199</u>	<u>50,787</u>	<u>21,365</u>	<u>39,132</u>	<u>58,418</u>
Net income before taxation	<u>39,225</u>	<u>38,613</u>	<u>17,544</u>	<u>32,262</u>	<u>46,305</u>
Net income after taxation	<u>39,219</u>	<u>38,388</u>	<u>15,845</u>	<u>31,962</u>	<u>46,153</u>
*Earnings per unit- basic	<u>19k</u>	<u>20k</u>	<u>4k</u>	<u>9k</u>	<u>11k</u>

CEAT FIXED INCOME FUND
(FORMERLY BGL SAPPHIRE FUND)

PROXY FORM

I/We
of
being a holder/holders of units in the CEAT FIXED INCOME FUND, hereby appoint**

THIS PROXY IS SOLICITED ON BEHALF OF THE FUND MANAGER AND IS TO BE USED AT THE ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, 24TH OF JANUARY, 2019

.....
.....
.....
(block capitals please)

or failing him/her, the Chairman of the meeting as my/our* proxy to act and vote for me/us* on my/our* behalf at the General Meeting of the Fund to be held on Thursday, 24th of January, 2019 at 11.00am or at any adjournment hereof.

Dated this day of 2019

Unit-holder's signature:.....

NOTE

Please sign this form and deliver or post it to reach the Fund Manager, Capital Express Asset & Trust Limited, Plot 1626C-E Idejo Street, off Adeola Odeku Street, Victoria Island, Lagos, not later than 48 hours before the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.

Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked**) the name of any person whether a Unit-holder of the Fund or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

If the Unit-holder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

ORDINARY BUSINESS		FOR	AGAINST	ABSTAIN
1.	To receive and consider the audited Financial Statements for the years ended June 30, 2017 and 2018 and the Report of the Manager therein.			
2.	To declare a 5 kobo per unit Distribution.			
3.	To authorize the Manager to fix the remuneration of the Auditors who have indicated their intention to continue in office			
Please indicate, by marking 'X' in the appropriate space, how you wish your votes to be cast on the resolutions set out above failing which the proxy would vote as he/she pleases				

Before posting the above form, please tear off this part and retain it for admission to the meeting

CEAT FIXED INCOME FUND
(Formerly: BGL SAPPHIRE FUND)
GENERAL MEETING
ADMISSION CARD

PLEASE ADMIT THE UNIT-HOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE GENERAL MEETING OF THE FUND TO BE HELD ON THURSDAY, 24TH OF JANUARY, 2019 AT 11.00 AM AT HALL 'B' ARCHBISHOP SOREMEKUN MEMORIAL HALL, 11, BROAD STREET, LAGOS ISLAND, LAGOS STATE.

Name and address of Unit-holder

Account Number

	Proxy
	Unit-holder

Please tick () appropriate box before admission to the meeting

