



(Authorised and Registered in Nigeria as a Unit Trust Scheme)

# FBN HERITAGE FUND

It's a  
FUND  
for all...

Fund Manager



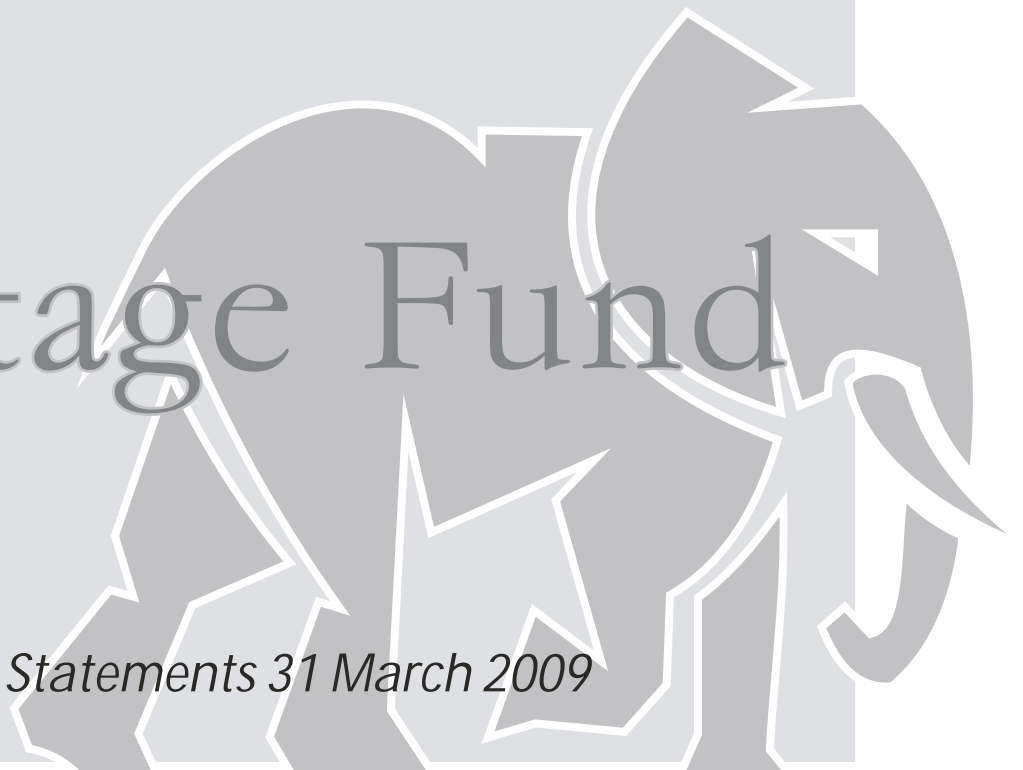
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ANNUAL REPORT & ACCOUNTS 2009

EBN

# Heritage Fund

*Financial Statements 31 March 2009*





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# THE FBN HERITAGE FUND



## NOTICE OF FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Unit holders of the FBN Heritage Fund (the "Fund") will be held on Thursday 12<sup>th</sup> November 2009 at 10 o'clock in the forenoon at The Ayo Rosiji Hall, Cathedral House, 2, Odunlami Street, Lagos Island to transact the following business:

### ORDINARY BUSINESS

1. The presentation of the Audited Financial Statements for the year ended 31 March 2009 and the reports of the Fund Manager, the Auditors and the Trustees thereon.
2. To consider and if thought fit authorise the Fund Manager to appoint and fix the remuneration of the Auditors for the ensuing year.

### SPECIAL BUSINESS

1. To consider and if thought fit pass the following amendments, subject to Regulatory Approval to the Trust Deed dated November 12, 2007 between FBN Capital Limited and Leadway Trustees Limited under which the Fund was constituted (the "Trust Deed"):

- a. By deleting in its entirety Clause 1.30 and substituting thereof the following new Clause 1.30:

*"Minimum Number of Units means 500 Units or such number of units that can be purchased with an investment of N50,000 at any point in time, whichever is higher, or such number of Units as the Fund Manager may in any particular case or generally from time to time prescribe"*

- b. By deleting in its entirety Clause 8.4 and substituting thereof the following new Clause 8.4:

*"The asset allocation policy of the Fund to be computed at actual acquisition cost from time to time, shall be as follows:*

Asset Class	Asset Allocation
Equities	20 - 65%
Fixed Income Securities	10 - 25%
Cash or Money Market Investments	10 - 75%
Real Estate and Other Investments	0 - 10%

- c. By deleting in its entirety Clause 11.1.1 and substituting thereof the following new Clause 11.1.1:

*"not more than 30% of the Net Asset Value shall be invested in securities issued by issuers in any one industry sector, 'industry sector' being understood to mean category such as "Agriculture" "Airline" or "Banks" indicated on the Daily Official List of the Exchange."*

- d. By deleting in its entirety Clause 14.3.2 and substituting thereof the following new Clause 14.3.2:

*"new investors shall subscribe to a Minimum Number of Units means 500 Units or such number of Units that can be purchased with an investment of N50,000 at any point in time, whichever is higher and thereafter in multiples of 10 Units; and"*

- e. By deleting in its entirety Clause 14.3.3 and substituting thereof the following new Clause 14.3.3:

*"all Foreign Currency Subscribers shall subscribe to a Minimum Number of Units means 500 Units or such number of Units that can be purchased with an investment of N50,000 at any point in time, whichever is higher" and thereafter in multiples of 10 Units;"*

- f. By creating a new Clause 21.4 to be inserted immediately after Clause 21.3:

*"Notwithstanding the provisions of Clauses 20 and 21, contained herein, the Fund Manager may, with the consent of the Trustee issue Purchase Statements in respect of Units purchased by Unit Holders and the provisions requiring the issuance of Certificate in respect of the purchase of Units shall be fully satisfied by the issuance of such Purchase Statements."*

- g. By creating a new Clause 22.3 to be inserted immediately after Clause 22.2:

*"If any Certificate is worn out, mutilated, defaced or soiled, is lost, stolen or destroyed the Fund Manager a Duplicate Purchase Statement or Statements indicating the name and account number of the Unit Holder whose Units are being re-issued as provided the said Clause 22.1 and 22.2 hereof."*

Dated this 19<sup>th</sup> day of October 2009

BY ORDER OF THE FUND MANAGER

  
A  
C  
FBN Capital Limited

### Notes

1. Only Unit Holders are entitled to be represented at the Meeting. A Unit Holder entitled to attend and vote may appoint a Proxy to attend and vote instead of the unit holder. A Proxy need not be a Unit Holder.
2. All Proxies should be stamped to the value of N500 as duty thereon and should be deposited at the office of the Registrars to the Fund, First Registrars Nigeria Limited at Plot 2, Abebe Village Road, Iganmu, Lagos at least 48 hours before the time fixed for the Meeting.

## Trustees' Report

For the year ended 31 March 2009.

The Trustees present their report for the year ended 31 March, 2009.

### PRINCIPAL ACTIVITY

The principal activity of this Fund is the subscription of funds from the members of the public and the investment of such funds in quoted equities, government securities, and other financial instruments as determined by the Fund Manager in accordance with the Trust Deed. The Fund Manager's report is set out on pages 4 to 6.

### RESULTS

The results for the year which are set out on pages 13 to 15, have been duly audited in accordance with section 169 (1) of the Investments and Securities Act, 2007, Section 354 (1) of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Trust Deed establishing the Fund.

### DIRECTORS

The Directors of the Fund Manager who served during the year under review were:

- Chief Oluwole Adeosun (Chairman)
- Mr. Adebayo Adeleke (Managing Director/CEO)
- Mr. Taiwo Okeowo (Executive Director)
- Mrs. Bola Adesola
- Mr. Lamido Sanusi
- Mr. Udo Udo-Aka (MON) (resigned on 6/10/2008)

None of the Directors of FBN Capital Limited hold beneficial interest in the units of the Fund as at 31 March, 2009.

There is no direct or indirect beneficial interest in the units of the Fund by any of the directors of Leadway Trustees Limited.

### RESPONSIBILITIES OF THE FUND MANAGER

The Investment and Securities Act requires the Fund Manager to keep proper books of account and prepare annual financial statements which give a true and fair view of the state of affairs of the Fund during the year covered by the financial statements.

The Fund Manager is responsible for keeping proper accounting records which disclose with reasonable accuracy, the financial position of the Fund and comply with the Companies and Allied Matters Act, CAP C20 LFN 2004, the Trustees Investment Act, CAP T22 LFN 2004, the Investments and Securities Act, 2007, the provisions of the Trust Deed and the rules and regulations set out by the regulatory bodies established pursuant to the legislations referred to within this paragraph.

The Fund Manager is also responsible for the safeguarding of the assets of the Fund and instituting appropriate controls to prevent fraud and irregularities.

## Trustees' Report (Cont'd)

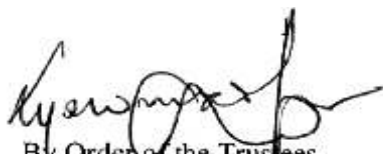
### RESPONSIBILITIES OF THE TRUSTEES

The responsibilities of the Trustees as provided by Securities and Exchange Commission's rules made pursuant to the Investments and Securities Act are as stated below:

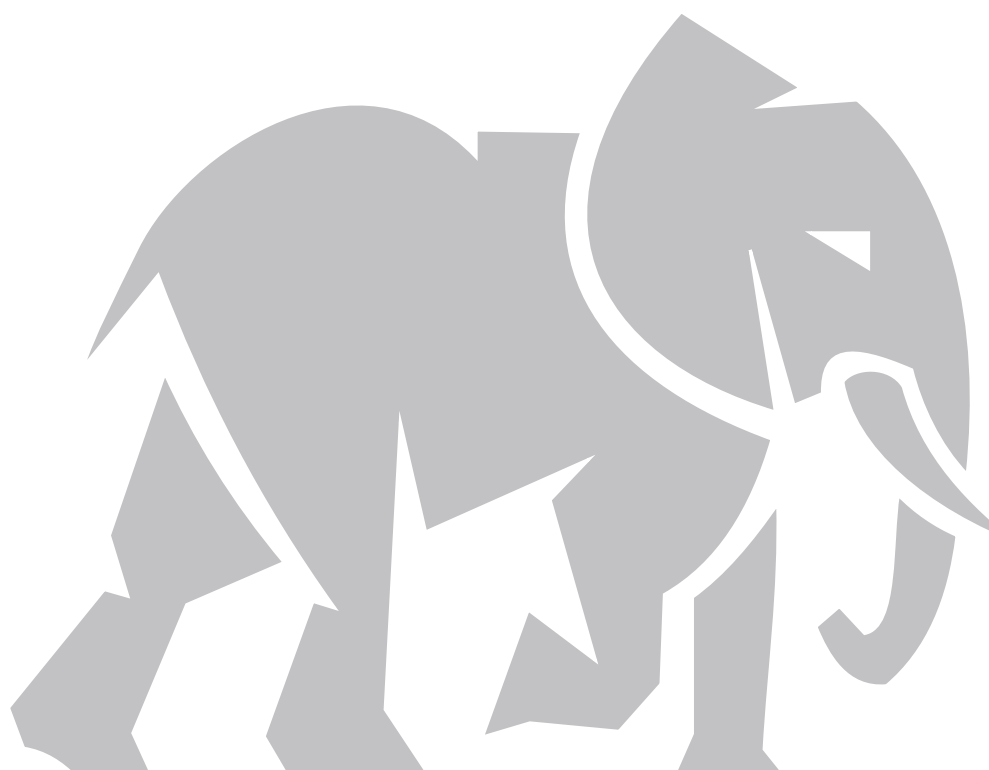
- Monitoring of the activities of the Fund Manager on behalf of and in the interest of unitholders or fund contributors;
- Maintaining custody of the Fund assets and the documents relating to the investments of the Fund;
- Monitoring the register of the unitholders or contributors;
- Ascertaining the profitability rationale for the investment decision making of the Fund Manager;
- Ascertaining compliance with the provisions of the Trustee Investments Act, CAP T22 LFN 2004, the Investments and Securities Act, 2007 and the Trust Deed by the Fund Manager; and
- Ascertaining that the monthly and other periodic returns/reports relating to the scheme or Fund are sent by the Fund Manager to the Commission.

### AUDITORS

KPMG Professional Services were appointed auditors to the Fund during the year, and having indicated their willingness to continue in office shall do so in accordance with section 357 (2) of the Companies and Allied Matters Act, CAP C20 LFN 2004.



By Order of the Trustees  
**Leadway Trustees Limited**





## Fund Manager's Report

For the year ended 31 March 2009

### Background Information

The FBN Heritage Fund ("the Fund") which was launched in December 2007 is registered with the Securities & Exchange Commission and was cleared for allotment in March 2008 and listed by memorandum on the Nigerian Stock Exchange. The Trust Deed prescribes a 50% - 65% investment in equities, 15% - 25% in fixed income securities, 5% - 10% in money market instruments and up to 5% in real estate and other investments.

The Fund is managed by FBN Capital Limited, a wholly-owned subsidiary of First Bank of Nigeria Plc.

### The Operating Environment

The year 2008 presented a very challenging business environment worldwide. The subprime mortgage crisis which started in the USA mid-2007 began to take its toll on other major world economies across Europe, Asia and the emerging economies from the first quarter of year 2008. This resulted in banks cutting back on lending and raising credit standards. Foreign portfolio investors also exited emerging economies in droves with negative consequences for most economies around the globe.

The Nigerian economy performed below projections, with GDP growth rate of 6.7% as against the target of 9.8% for the year. The minimal growth in the GDP compared to that of year 2007 (at 6.2%) was driven largely by the non-oil sector exports, mostly in agricultural products. The Niger Delta crisis led to reduction in crude oil explorations and production with consequences for Nigeria's export revenues, balance of trade, external reserves and budget funding gap for the government.

### Review of the Equities Market

The Nigerian stock market and, indeed the entire financial system felt the impact of the global meltdown from the first quarter of 2008 with the NSE All-Share Index dipping 45.8% in the year 2008. Equities market capitalization also dropped from a high of N12.64 trillion on March 3, 2008 to an all year low of N6.21 trillion in December 16, 2008 before closing the year at N7.01 trillion on December 31, 2008.

The banks also flooded the stock market with unprecedented volume of stocks for disposal to address the margin loan overhang. This led to further decline in the stock market even up till the end of March 2009 when the stock market dipped further to below N4.5 trillion in market capitalization. As at the quarter ended March 31, 2009, the NSE All Share Index dropped by 35.56%.

The period between July and October 2008 was particularly challenging for the stock market in Nigeria, a situation akin to a total loss of confidence in the market. In a bid to address the stock market meltdown, the Nigerian Stock Exchange adopted some panic measures between August and October 2008, which included the pegging of share price depreciation on a single day to not more than 1%. This system had to be abandoned late in October 2008 as it could not address the issue at hand.

The stock market illiquidity was further compounded by the panic sale of equity holdings by foreign portfolio investors in the second and third quarters of year 2008. The total outflow from the stock market and the Nigerian financial system by offshore portfolio investors within this period is estimated at over US\$3.5 billion.

### Review of the Money Market

During the period under review, interest rate on money market instruments moved in tandem with the inflow of funds from the release of government allocations. Nevertheless, the CBN maintained the Monetary Policy Rate (MPR) at 9.5% for most part of 2008. Interest rates on money market instruments across all tenors hovered between 15% and 18.5% for the period under review.



## Fund Manager's Report (Cont'd)

### Fund Performance

The end of March 2009 marked the first anniversary of the Fund. The Fund commenced operations effectively on April 1, 2008 at an offer price of N100.00 out of which the sum of N3.88 (or 3.88%) was expended on initial offer expenses. The Fund closed at financial year ended March 31, 2009 with an offer and bid price of N75.74 and N73.52 respectively. This represents N24.26 depreciation in absolute terms (or about 24.3%) on the offer price since inception. This was attributable to the substantial diminution in the value of equities holdings of the Fund.

Measured against the All Share Index as benchmark, the Fund outperformed the market, which recorded a year-on-year loss of 68.5% between April 1, 2008 and March 31, 2009. The NSE All Share Index opened at 63,016.56 on April 1, 2008 and closed at 19,851.89 on March 31, 2009. The Fund also did better in comparison with other mutual funds in its class.

Owing to the negative returns and diminution in the value of the Fund, there will not be any distribution of dividend for the year ended March 31, 2009. We are confident that the Fund will reverse the negative trend and post positive returns during the 2009/2010 financial year.

### Equities Market Outlook

The outlook for the current year can at best be that of cautious optimism. Nevertheless, we expect to see a lower level of volatility in the equities market up till the end of third quarter of year 2009 than previously. It is however expected that corporate earnings of quoted companies may decline in year 2009 due to a combination of factors which include: weak aggregate consumer demands, credit squeeze in the financial market and high cost of funds, exchange rate losses and increase in provisions for non-performing assets, particularly in the banking sector.

The prognosis for the equities market for the year 2009 generally remained bearish. However, we expect that the stock market will experience some recovery during the second and third quarters of the year 2009. This optimism is hinged on the sustenance of the efforts at addressing the margin loan issues with the banks. Nevertheless, the adoption of the common year end by all the banks may lead to a rash of panic disposal of equities towards the last quarter of the year. Stability in the stock market may start to manifest from the first quarter of year 2010 but the indices are not likely to reach the level experienced in the first quarter of 2008 in the near future.

### Money Market Outlook

Much as we do not envisage a significant upward review of the CBN MPR in 2009 in view of the government desire for low interest rate regime, we expect interest rates to trend upwards as banks embark on aggressive competition to mobilize deposits for the December common year-end. We therefore see significant opportunities for good returns in the money market in year 2009 as expected yield on money market instruments across all tenors is expected to exceed an average of 17.5% per annum.

### Fund Strategy

Against the background of the Fund performance in the past year, we had, within the limit of the enabling Trust Deed, made a strategic re-allocation to the investment class to minimize the impact of the meltdown in the equities market. This has seen the value of the Fund moved from a bid price of N73.52 as at March 31, 2009 to N83.00 as at June 30, 2009.

We shall be seeking an amendment to the Trust Deed to enable us refocus the investments of the Fund for better performance in view of the prolonged downturn in the equities market, which constitutes the highest of the asset class for investment in the Trust Deed (currently 50% - 65%). Our strategy for the current financial

## Fund Manager's Report (Cont'd)

year and beyond will be directed at taking maximum advantage of the highlighted market opportunities towards delivering long-term returns that will continue to consistently outperform the market. In doing this, we will ensure that we minimize down-side risk associated with equities investment by ensuring a timely switch from such investment as and when market conditions dictate.

Statement of Fund Manager's Responsibilities in Relation to the Financial Statements for the year ended 31 May 2009

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

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

The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities;
- (b) the Fund keeps accounting records which disclose with reasonable accuracy the financial position of the Fund and which ensure that the financial statements comply with the requirements of the Investments and Securities Act, 2007 and relevant Securities and Exchange Commission circulars;
- (c) the Fund has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed; and
- (d) the financial statements are prepared on a going concern basis unless it is presumed that the Fund will not continue in business

BY ORDER OF THE FUND MANAGER  
FBN Capital Limited  
Lagos



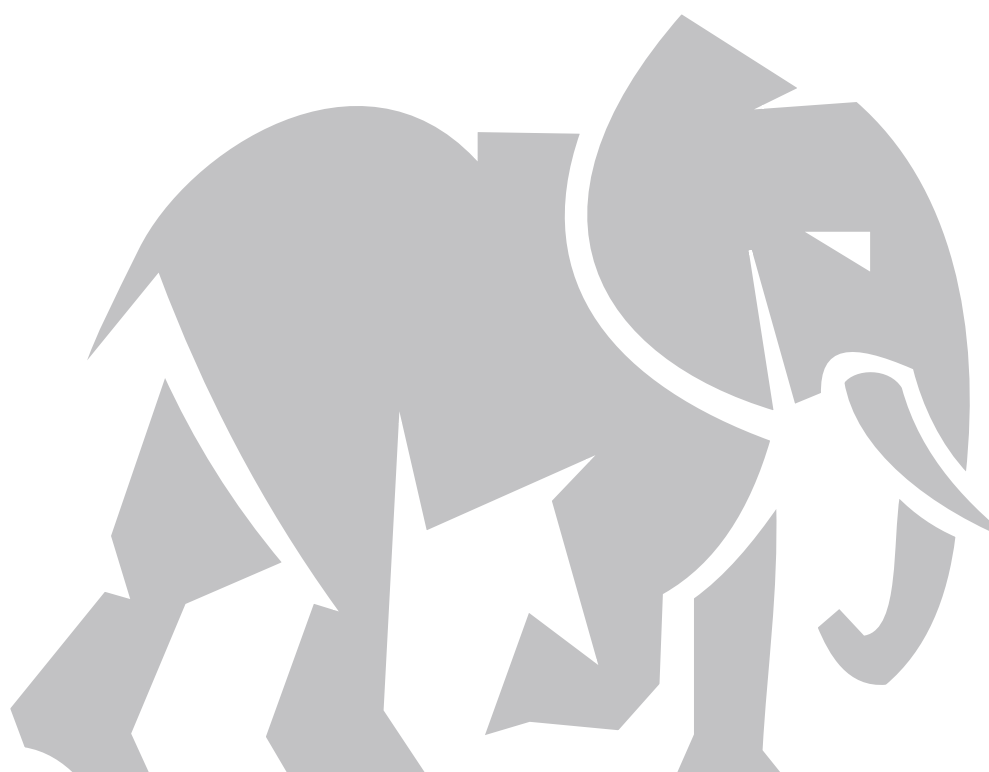
## Certification of Accounts by Directors of the Fund Managers

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

- (a) Acquired or disposed of investments for the account of the Fund otherwise than through a recognized Stock Exchange except where such investments consist of money market instruments or cash deposits; or
- (b) Disposed of units to another person for a price lower than the prevailing offered price.

Taiwo Okeowo  
Director  
FBN Capital Limited

Adebayo Adeleke  
Director  
FBN Capital Limited





## Independent Auditor's Report

To the Unit holders of FBN Heritage Fund:

### Report on the Financial Statements

We have audited the accompanying financial statements of FBN Heritage Fund ('the Fund'), which comprise the balance sheet as at 31 March 2009, the statement of total returns, statement of cash flows and value added statement for the year then ended, the statement of accounting policies, and the notes to the financial statements as set out on pages 11 to 19.

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

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund Manager, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of FBN Heritage Fund as at 31 March 2009, and of its financial performance and cash flows for the year then ended in accordance with Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria.



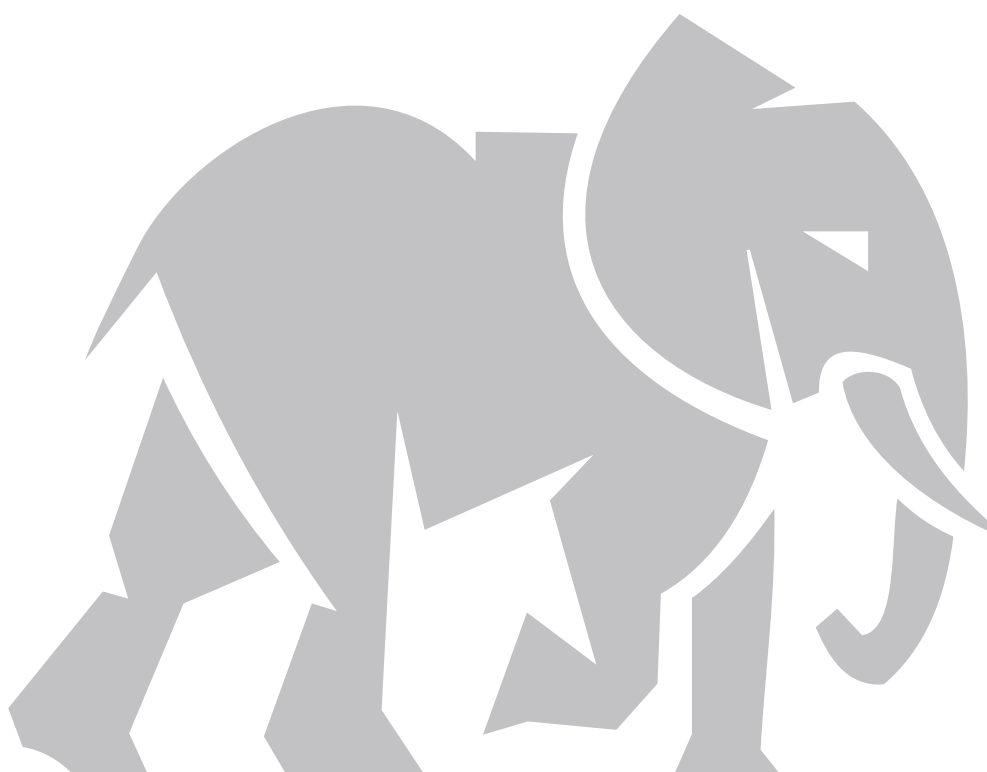
## Report on Other Legal and Regulatory Requirements

*Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act of Nigeria and relevant sections of the Securities and Exchange Commission circulars and guidelines.*

In our opinion, proper books of account have been kept by the Fund, so far as appears from our examination of those books and the Fund's balance sheet and statement of total returns are in agreement with the books of accounts.

27 July, 2009  
Lagos, Nigeria

KPMG



## Statement of Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

(a) **Basis of accounting**  
The financial statements are prepared under the historical cost convention as modified by the revaluation of equity securities.

(b) **Income recognition**  
Investment income is recognized on an accrual basis and credited to the statement of total returns in the period in which it is receivable. Interest income on money market investments is recognized on an accrual basis.

Dividend on investments in quoted ordinary shares is recognized when the Fund's right to receive payment is established.

Realised and unrealised gains and losses from trading and holding of equity securities are reported in the statement of total returns.

(c) **Investments**  
Investment transactions are recorded on the date of trade and are shown in the accounts at market value which is determined as follows:

· **Equity securities**

- Equity securities are valued at market price ruling on the date of the financial statements as quoted on the Nigeria Stock Exchange (NSE).
- Transaction costs of equities are treated as part of investment cost.
- Unrealised appreciation or depreciation due to increase or decrease in carrying value is included as part of net gains or losses in the statement of total returns. Realised surplus or deficits on part sales of investments are arrived at by deducting the average cost of such investments from the sales proceeds and recognised in the statement of total returns.

· **Money market instruments**

- Money market instruments are stated at principal value plus any accrued and unpaid interest.

· **Debt securities**

- Debt securities are valued at acquisition cost plus any accrued but unpaid interest. - Discounts or premiums arising on acquisition of debt securities are amortised over the period to maturity so that earnings from the investment reflect a constant yield based on acquisition cost.

(d) **Assets under repurchase agreement**  
This represents the value of Federal Government of Nigeria Bonds sold to counter parties where the Fund has a commitment to buy back the bonds at a later date.

(e) **Liabilities against repurchase agreement**  
This represents consideration received for Federal Government of Nigeria Bonds sold to counter parties where the Fund has a commitment to buy back the bonds at an agreed future date. Amount received as proceeds from the sale are classified as liabilities on repurchase agreement in the financial statements.

## Statement of Accounting Policies (Cont'd)

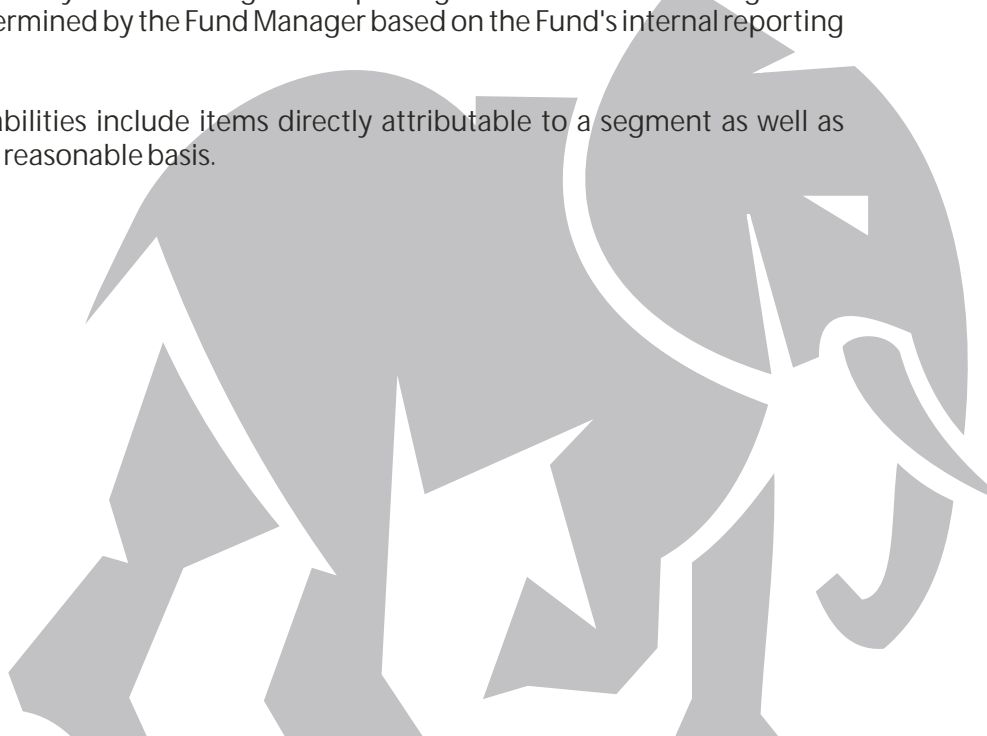
- (f) Cash and bank balances  
Cash and bank balances comprise the Fund's cash deposited with banks in Nigeria.
- (g) Operating expenses  
Operating expenses of the Fund represent administrative, research and other related expenses incurred in the course of the day to day operation of the Fund including fees payable to the parties to the Fund. It comprises the following:
- Management fee expense - The Fund Manager is entitled to management fees, of 2.5% of all subscriptions received by the Fund.
  - Annual Management fee expense - The Fund Manager is entitled to annual management fee of 1.5% of the daily Net Asset Value of the Fund.
  - Trustee's fee expense - The Trustee to the Fund is entitled to Trustee fees of 0.02% of the daily Net Asset Value of the Fund.

Operating expenses are recognized on an accrual basis.

- (h) Receivables  
Receivables are stated at cost net of allowance for bad and doubtful receivables.
- (i) Other liabilities  
Other liabilities are stated at cost.
- (j) Segment reporting  
A segment is a distinguishable component of the Fund that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

Segment information is presented in respect of the Fund's business and geographical segments, where applicable. The Fund's primary format for segment reporting is based on business segments. The business segments are determined by the Fund Manager based on the Fund's internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



## Statement of Total Returns

For the year ended 31 March 2009

	Notes	<u>2009</u> N'000
Income		
Interest income		608,204
Dividend income		28,725
Gain on sale of investment		32,753
		<u>669,682</u>
Gross income		669,682
Unrealized loss on quoted securities		(1,678,780)
		<u>(1,009,098)</u>
Expenses		
Management fees		(68,117)
Trustee fees		(2,098)
Registrar fees		(1,220)
Audit fees		(1,500)
Administrative fees		(138,365)
Pre-operational expenses	1	(218,084)
		<u>(429,384)</u>
Total expenses		(429,384)
Total return		(1,438,482)
Taxation	2	-
		<u>(1,438,482)</u>
Total returns		<u>(1,438,482)</u>

The statement of accounting policies as set out on pages 11 to 12 and accompanying notes as set out on pages 16 to 18 form an integral part of this Statement of Total Returns

## Balance Sheet

As at 31 March 2009

	Notes	<u>2009</u> N'000
<b>Assets:</b>		
Cash and bank balances		36,637
Investments	3	4,137,573
Receivables	4	27,616
		<u>4,201,826</u>
<b>Liabilities:</b>		
Other liabilities	5	(217,053)
Net assets attributable to Unitholders		<u>3,984,773</u>
<b>Represented by:</b>		
Unitholders' equity	6	5,423,255
Loss for the year		(1,438,482)
		<u>3,984,773</u>

SIGNED ON BEHALF OF THE DIRECTORS BY:



Approved by the Directors of the Fund Manager on 27 July, 2009

The statement of accounting policies as set out on pages 11 to 12 and accompanying notes as set out on pages 16 to 18 form an integral part of these financial statements.



## Statement of Cash Flows

For the year ended 31 March 2009

	Notes	<u>2009</u> N'000
Operating activities		
Net cash flow from operating activities before changes in operating assets	7	(367,906)
Changes in operating assets	8	<u>(5,626,916)</u>
Net cash flow from operating activities		<u>(5,994,822)</u>
Investing activities		
Interest received		<u>608,204</u>
Net cash flow from Investing activities		<u>608,204</u>
Financing activities		
Proceeds from sale of Units	6	5,534,829
Redemptions during the year	6	<u>(111,574)</u>
Net cash flow from financing activities		<u>5,423,255</u>
Cash and bank balance - End of year		<u>36,637</u>

The statement of accounting policies as set out on pages 11 to 12 and accompanying notes as set out on pages 16 to 18 form an integral part of these financial statements.

## Notes to the Financial Statements

For the year ended 31 March 2009

1. Pre-operational expenses

Pre-operational expenses represent the initial administration charge and the Fund's initial public offer expenses.

2. Taxation

In line with the provisions of Section 17 of Companies Income Tax Act (CITA), Laws of the Federation of Nigeria 2004 (as amended), the Fund is not liable to pay tax.

3. Investments

Investments comprise:

	<u>2009</u> N'000
(a) Investment in money market instruments	2,323,000
Equity investments (see note (b) below)	2,593,353
Investment in FGN bonds	700,000
Assets (bonds) on repurchase	200,000
	<hr/>
Total investments	5,816,353
Unrealized loss on investment (see note (b) below)	(1,678,780)
	<hr/>
	4,137,573
	<hr/>
(b) Equity investments at cost	2,593,353
Unrealized loss on investment	(1,678,780)
	<hr/>
Market value of equity investments	914,573
	<hr/>
	<hr/>
4. Receivables	
Receivables comprise:	
	<u>2009</u> N'000
Interest receivable	24,043
Dividend receivable	3,331
Sundry receivables	242
	<hr/>
	27,616
	<hr/>
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## Notes to the Financial Statements (Cont'd)

5. Other liabilities		
Other liabilities comprise:		
		<u>2009</u>
		N'000
Bonds on repurchase		200,000
Accrued expense		17,053
		<u>217,053</u>
6. Unitholders' equity		
The movement in unitholders' equity during the year was as follows:		
		<u>2009</u>
		N'000
Issued and fully paid 5,534,829 Units of N100 each		5,534,829
		<u>5,534,829</u>
Redemption of Units by holders during the year		(111,574)
Units in issue, end of year		<u>5,423,255</u>
7. Cash flow from operating activities before changes in operating assets		
		<u>2009</u>
		N'000
Total returns		(1,438,482)
Adjustment to reconcile total returns to net cash flow from operating activities		
- Interest receivable		(608,204)
- Unrealized loss on investment		1,678,780
		<u>(367,906)</u>
Net cash flow before changes in operating assets		
8. Changes in operating assets		
		<u>2009</u>
		N'000
Increase in operating assets:		
- Investments		(5,816,353)
- Receivables		(27,616)
		<u>(5,843,969)</u>
Increase in operating liabilities:		
- Other liabilities		217,053
		<u>(5,626,916)</u>

## Notes to the Financial Statements (Cont'd)

### 9. Related parties

The following are the related parties to the Fund:

#### FBN Capital Limited

FBN Capital Limited is the Fund Manager and is responsible for keeping the Fund's books of account and managing its investments. The Fund Manager's holding in the Fund as at 31 March 2009 was N850,000,000. The Fund Manager is entitled to initial management fees of 2.5% of all subscriptions received by the Fund. In addition, the Fund Manager receives an annual management fee of 1.5% of the daily Net Asset Value of the Fund calculated on a daily basis.

#### Leadway Trustees Limited

Leadway Trustees Nigeria Limited is the Trustee to the Fund and is responsible for the administration of the Fund. As stipulated in the Trust Deed, the remuneration of the Trustee is 0.02% of the daily Net Asset Value of the Fund calculated on a daily basis.

#### First Registrars Nigeria Limited

First Registrars Nigeria Limited is the Registrar to the Fund and is responsible for maintaining the register of unitholders. The Registrar's fees include professional fees for register maintenance payable annually, calculated on the basis of N100 per unit holder, and transfer fees payable quarterly, calculated on the basis of N100 per verification and redemption.

#### First Bank of Nigeria Plc

First Bank of Nigeria Plc is the parent Company of FBN Capital Ltd, the Fund Manager and provides banking services to the Fund. The balance held with the bank as at year end was N36.637 million.

### 10. Segment reporting

Nigeria is the Fund's primary geographical segment as all the Fund's income is derived in Nigeria.

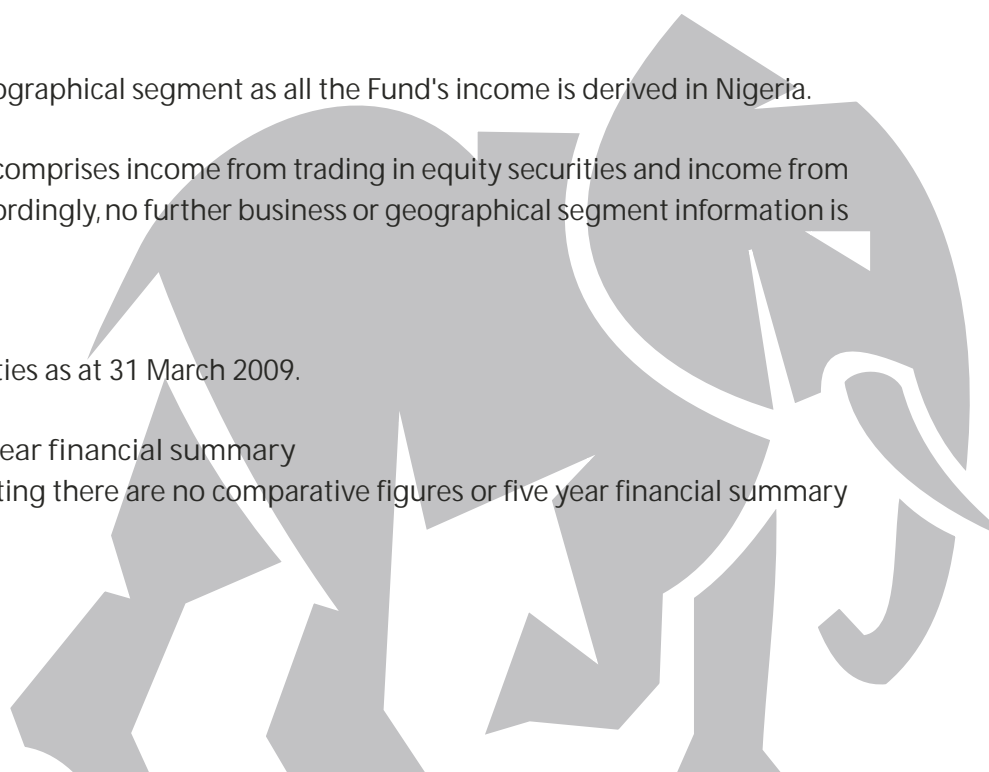
Additionally, the Fund's income comprises income from trading in equity securities and income from money market investments. Accordingly, no further business or geographical segment information is reported.

### 11. Contingent Liabilities

There were no contingent liabilities as at 31 March 2009.

### 12. Comparative figures and five year financial summary

As this is the first year of accounting there are no comparative figures or five year financial summary presented.





## Value Added Statement

For the year ended 31 March 2009

	<u>2009</u> N'000	<u>%</u>
Gross income	669,682	
Bought-in materials and services - Local	(429,384)	
Unrealized loss on investment	(1,678,780)	
	<u>(1,438,482)</u>	<u>100.00</u>

### Distribution of value eroded:

Retained in the business:		
Loss for the year	(1,438,482)	100.00
Value eroded	<u>(1,438,482)</u>	<u>100.00</u>



## Management and Administration

The Fund has no employees of its own.

### Fund Manager:

FBN Capital Limited  
16, Keffi Street,  
S.W. Ikoyi, Lagos  
Telephone: +234 1 2798300-9, Facsimile: +234 1 2707195  
Email: [fbnheritagefund@fbncapital.com](mailto:fbnheritagefund@fbncapital.com)  
Website: [www.fbnheritagefund.com](http://www.fbnheritagefund.com);  
[www.fbncapital.com](http://www.fbncapital.com)

Abuja  
FBN Capital Ltd  
2 Jos Street,  
Area 3, Garki, Abuja.  
Telephone: 09-8704159

Port Harcourt  
FBN Capital Ltd  
22/24 Aba Road,  
Port Harcourt, River State.  
Telephone: 08-4802746

### Directors Of The Fund Manager:

Chief Oluwole A. Adeosun OON (*Chairman*)  
Mr. Bayo Adeleke (*Managing Director/Chief Executive*)  
Mrs. Bola Adesola (*Director*)  
Ambassador Isaac Aluko-Olokun (*Director*)  
Mrs. Adenrele Kehinde (*Director*)  
Mr. Kehinde Lawanson (*Director*)  
Mrs. Remi Odunlami (*Director*)  
Mr. Taiwo Okeowo (*Executive Director*)

### Trustees to the Fund:

Leadway Trustees Limited  
7 Afrique Road  
Off Western Avenue, Iponri, Lagos.

### Registrars to the Fund:

First Registrars Nigeria Limited  
Plot 2 Abebe Village Road  
Iganmu, Lagos

### Auditors to the Fund:

KPMG Professional Services  
22A, Gerrard Road  
Ikoyi, Lagos

### Bankers to the Fund:

First Bank of Nigeria Plc  
Samuel Asabia House  
35 Marina, Lagos





# PROXY FORM

FIRST ANNUAL GENERAL MEETING OF THE FBN HERITAGE FUND TO BE HELD AT THE AYO ROSIJI HALL, CATHEDRAL HOUSE, 2 ODUNLAMI STREET, LAGOS ISLAND ON THURSDAY 12<sup>TH</sup> NOVEMBER 2009 AT 10.00 A.M.

\*I/WE .....  
(Name of Unitholder in block letters)

The undersigned, being a Unitholder of the above named Unit Trust Scheme hereby appoint the Chairman of the meeting or failing him

..... as my/our Proxy to vote for me/us and on my/our behalf at the First Annual General Meeting of the Unit Trust Scheme to be held on Thursday, November 12, 2009 and at any adjournment thereof."

Unless otherwise instructed, the Proxy will vote or abstain from voting as he/she thinks fit.

Dated this ..... day of ..... 2009

Signature.....

NUMBER OF UNITS	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. The presentation of the Audited Financial Statements for the year ended 31 <sup>st</sup> March 2009 and the reports of the Fund Manager, the Auditors and the Trustees thereon.			
2. To authorize the Fund Manager to appoint and fix the remuneration of the Auditors for the ensuing year.			
SPECIAL BUSINESS			
1. To amend the Trust Deed as proposed in the notice.			
Please indicate by marking 'X' in the appropriate space how you wish your votes to be cast on the resolutions set above out above, unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.			

**NOTES:**

1. This form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarilly certified copy thereof must reach the registrar, FIRST REGISTRARS NIGERIA LIMITED, PLOT 2, ABEBE VILLAGE ROAD, IGANMU, LAGOS not later than 48 hours before the time for holding the meeting.
2. Where the appointer is a corporation, this form may be under sealed or under the hand of any officer or attorney duly authorized.
3. This proxy will be used only in the event of poll being directed, or demanded.
4. In the case of joint holders, the signature of anyone of them will suffice, but the names of all joint holders should be shown.
5. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty (currently ₦500.00).

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

**ADMISSION FORM FBN HERITAGE FUND ("THE FUND")**

FIRST ANNUAL GENERAL MEETING TO BE HELD AT THE AYO ROSIJI HALL, CATHEDRAL HOUSE, 2 ODUNLAMI STREET, LAGOS ISLAND ON THURSDAY 12<sup>TH</sup> NOVEMBER 2009 AT 10.00 A.M.

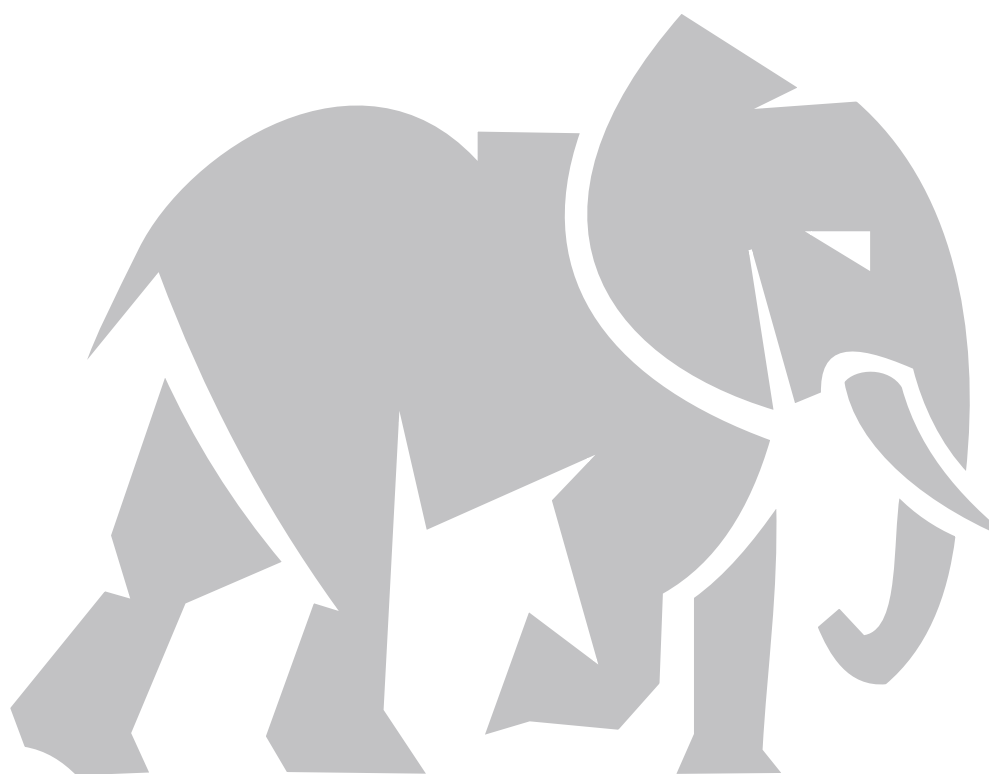
\*Name of Unitholder ..... \*Name of Proxy .....

**IF YOU ARE UNABLE TO ATTEND THE MEETING**

A Unitholder entitled to attend and vote is entitled to appoint one or more Proxies to attend and vote instead of him. A proxy need not be a Unitholder. The proxy form has been prepared to enable you exercise your right to vote.

**IMPORTANT**

Please insert your name in BLOCK CAPITALS on both proxy and admission forms where asterisked. Insert the name of any person whether a Unitholder of the Unit Trust Scheme or not who will attend the meeting and vote on your behalf in the blank space asterisked other than the Chairman of the Unit trust Scheme.





# FBN HERITAGE FUND

Fund Manager



RC445599

## PURCHASE ORDER FORM

Minimum Amount: N50,000.00

PLEASE COMPLETE IN CAPITAL LETTERS, SIGN AND DATE THE FORM.

Control No. (Registrars use only)

### 1. INDIVIDUAL APPLICANT

Title  Mr  Mrs  Miss Others(Please specify)

Surname

Other names

### 2. INDIVIDUAL APPLICANT UNDER 18YRS

Master  Miss

Date of Birth

Child's Surname

Other names

NOTE: IF YOU WISH TO PURCHASE UNITS OF THE FBN HERITAGE FUND FOR A CHILD UNDER 18 YEARS, PLEASE WRITE THE CHILD'S FULL NAMES AND DATE OF BIRTH ABOVE.

### 3. JOINT APPLICANT

Title  Mr  Mrs  Miss Others(Please specify)

Joint Name

### 4. CORPORATE APPLICANT

Corporate Name

HOME/OFFICE/POSTAL ADDRESS

City

State

Daytime Telephone Number

Mobile(GSM) Phone Number

E-mail Address

Next of kin (Please state title)

Relationship

Mother's Maiden name

### INVESTMENT DETAILS

Are you an existing subscriber:  Yes  No

Dividend payment:  Re-invest in Fund  Issue cheque in my name

Amount Paid

N

(Please specify mode of payment)

Cash

Bank draft

Cheque

Cheque No

Transfer

Direct Debit

How did you hear about FBN Heritage Fund

Newspaper Advert

Internet

Friend

Others (please specify)

### DECLARATION BY APPLICANT(S)

I am 18 years or over.

I/We have attached a bank draft or cheque in favour of FBN Heritage Fund

I/We understand that, as with all stock market investments, the prices of quoted securities including this Fund may go up or down and that past performance is not necessarily an indication of future performance.

I/We agree that if these units are redeemed within 6 months of the date of purchase, the Fund Manager shall deduct a handling charge equivalent to 1% of the redemption proceeds.

I/We authorize you to send my unit certificate/Statement by registered post at my/our risk to the address first given above

Signature or Thumbprint (For individual & Joint application)

Signature & Seal (For Corporate application)

Designations

Date

Date

Corporate applicant should ensure two signatories sign, state their designations and apply company seal

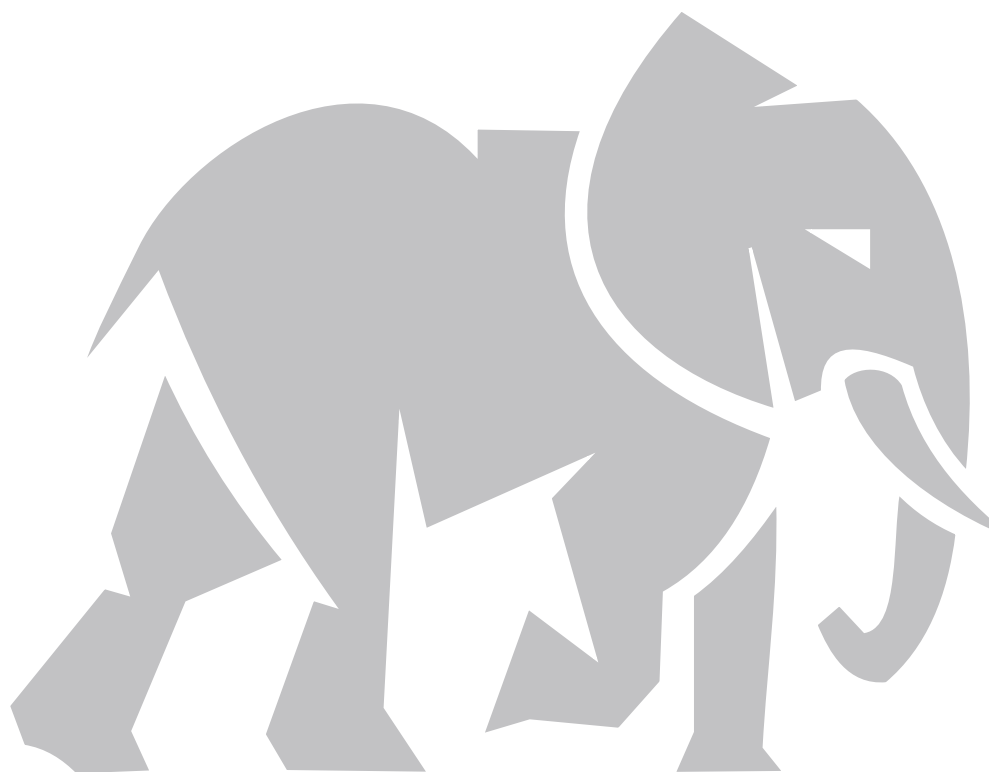
### (TO BE COMPLETED BY FUND MANAGER)

Offer Price

Date

No of Units allotted

23





To: The Manager

.....  
.....

DIRECT DEBIT MANDATE

I/We hereby authorised you to debit my/our bank and transfer the sum of N.....

Words.....

In favour of FBN HERITAGE FUND ACCOUNT/2302050154420/First Bank Plc

Bank Name [Redacted]

Branch [Redacted]

Account Name [Redacted]

Account No [Redacted]

FREQUENCY OF TRANSFER

Monthly                      Quarterly                      Half-yearly                      Annually

For investment in FBN Heritage Fund on behalf of the following investors:

(1).....

(2).....

(3).....

Dated.....this day of.....

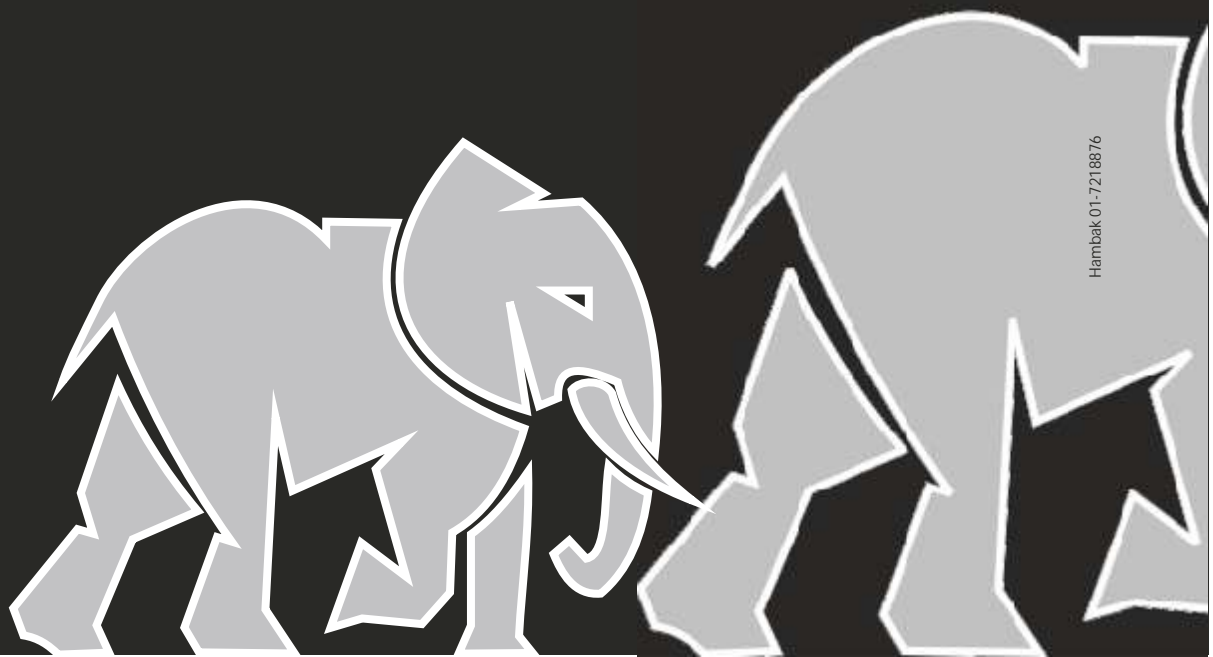
I/We agree

that the bank will be informed in writing if I/we wish to cancel this instruction

that the price at which the Fund Manager will purchase the units of the Fund will be at the current offer price on the date value is received from my/our Bank.

INDIVIDUAL/JOINT HOLDER SIGNATURE/THUMBPRINT

CORPORATE SEAL & SIGNATURE



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