

**SKYE SHELTER FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2010**

**SKYE SHELTER FUND****FINANCIAL STATEMENTS 31ST DECEMBER, 2010**

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## SKYE SHELTER FUND

### FINANCIAL STATEMENTS 31ST DECEMBER, 2010

#### CORPORATE INFORMATION

FUND MANAGER:	Skye Bank Plc 3, Akin Adesola Street, Victoria Island, Lagos
DIRECTORS OF FUND MANAGER:	Mrs. Morenikeji Onasanya (Chairman) Mr. Kehinde Durosinmi-Etti (Managing Director / CEO) Mr. Gbenga Ademulegun (Executive Director) Mr. Dotun Adeniyi (Executive Director) Mrs. Ibiye Ekong (Executive Director) Mr. Timothy Oguntayo (Executive Director ) Mrs. Amaka Onwughalu (Executive Director) Mr. Victor Sola Adenigbagbe Princess Adenike Adeniran Mr. Kolawole Awodein (SAN) Mr. Olatunde Ayeni Dr. Jason Fadeyi Mr. Michael Tarfa Mr. Vinay Tuteja Brig. General Anthony Ukpo (Rtd) Mr. Victor Odozie ( Independent Director)
TRUSTEES:	PHB Capital & Trust Limited 1st Floor, Old Niger House, 163/164, Broad Street, Lagos
AUDITORS:	Dele Olufon & Co. Chartered Accountants 788, Somide Odujinrin Avenue, Omole Phase 2, Ikeja, Lagos
REGISTRARS	Sterling Registrars 24 Campbell Street. Lagos
REAL ESTATE SURVEYORS & VALUERS	Ubosi Eleh & Co NUJ Lighthouse 3/5 Adeyemo Alakija Street Victoria Island , Lagos



**Dele Olufon & Co.**  
(Chartered Accountants)

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Omole Phase 2, Ikeja.  
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**REPORT OF THE AUDITORS  
TO THE UNIT HOLDERS OF SKYE SHELTER FUND  
FINANCIAL STATEMENTS: 31ST DECEMBER, 2010**

We have audited the accompanying financial statements of SKYE SHELTER FUND for the financial year ended 31 December 2010, set out on pages 6 to 12, which have been prepared on the basis of the accounting policies set out on page 5 and other explanatory notes on pages 10 to 12.

**Fund Manager's Responsibility**

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with Nigerian Statements of Accounting Standards, the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Trustees Investment Act, CAP T22, LFN 2004, the Investment and Securities Act 2008, and the provisions of the Trust Deed, together with the rules and regulations set out by the regulatory bodies established pursuant to the legislation referred to within this paragraph. This responsibility includes designing, implementing and maintaining 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.

**Auditors' responsibility**

It is our responsibility as auditors to express an independent opinion on the financial statements based on our audit to you.

**Basis Of Opinion**

We conducted the audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An Audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes an assessment of the significant estimates and judgments made by the Fund Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances and are consistently and adequately disclosed.



**Dele Olufon & Co.**

(Chartered Accountants)

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

### Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Fund's financial position as at 31 December 2010, in accordance with Nigerian Statements of Accounting Standards and the Companies and Allied Matters Act, CAP C20, LFN 2004, the Trustees Investment Act, CAP T22, LFN 2004, the Investment and Securities Act 2008, and the provisions of the Trust Deed

### Report on other legal requirements

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

- 1) We obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- 2) In our opinion proper books of account have been kept by the Fund; and
- 3) The Fund's balance sheet and its surplus of income over expenditure are in agreement with the books of account.

Ikeja, Lagos  
March 14, 2011.

**DELE OLUFON & CO**  
Chartered Accountants

## SKYE SHELTER FUND

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FINANCIAL STATEMENTS 31ST DECEMBER, 2010

#### A BASIS OF ACCOUNTING

The financial statements are prepared in compliance with Nigerian Statement of Accounting Standards (SAS). The financial statements are presented in the Naira, rounded up to the nearest thousand, and prepared under the historical cost convention as modified by the revaluation of investment property.

#### B INCOME RECOGNITION

##### 1) Income on Investment Property

Income on real estate property is recognised when the property is rented out. Capital gain or loss is also recognised whenever the property is sold.

##### 2) Interest Income

Interest income on money market investment is recognised on an accrual basis.

#### C INVESTMENT PROPERTIES

Investment properties are held for capital appreciation. They are initially measured at cost including transaction cost. Subsequent to initial recognition, investment properties are measured at fair value. Differences arising from changes in the fair value of these properties are transferred to the revaluation reserve.

#### D MANAGEMENT AND INCENTIVE FEES

The Fund Manager's fee for the year is calculated as 1.5% of the Fund's net assets value as at the balance sheet date. The Fund Manager is entitled to an annual incentive fee calculated as 3% of the amount by which the annual return on the Fund exceeds 10% of the Fund's net asset value.

#### E PROVISIONS

Provisions are recognised when the Fund has a present obligation, whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate amount of the obligation can be made in accordance with Statement of Accounting Standard (SAS) 23

**SKYE SHELTER FUND**

**BALANCE SHEET  
AS AT 31ST DECEMBER, 2010**

	Notes	2010 N'000	2009 N'000
<b>ASSETS</b>			
Bank Balance		9,740	10,753
Fixed Income Investment		564,023	432,885
Development Fund Deposit	6	380,944	500,000
Deferred Expenses		37,056	44,554
Investment Properties	7	1,696,190	1,625,000
Fixed Asset		129	
		<hr/>	<hr/>
<b>Total Assets</b>		<b>2,688,082</b>	<b>2,613,192</b>
<b>LIABILITIES</b>			
Payables & Accruals	8	(255,789)	(32,723)
Deferred Income	9	(22,127)	(125,235)
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>2,410,165</b>	<b>2,455,235</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Represented By:</b>			
Unitholders' Equity	10	2,000,000	2,000,000
Revenue Reserve	11	269,785	234,855
Revaluation Reserve	13	140,380	220,380
		<hr/>	<hr/>
<b>UNITHOLDERS' FUNDS</b>		<b>2,410,165</b>	<b>2,455,235</b>
		<hr/> <hr/>	<hr/> <hr/>
Net assets per unit	12	1.21	1.23

.....  
DIRECTOR

.....  
DIRECTOR

The accounting policies on page 5 and the notes on pages 10 to 12 form an integral part of these financial statements.

**SKYE SHELTER FUND**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER, 2010**

		2010 N'000	2009 N'000
Income	2	306,780	251,381
Less: Total Expenses	3	(71,850)	(76,753)
		<hr/>	<hr/>
Net Income		234,930	174,628
Interim Distribution paid		(60,000)	
		<hr/>	<hr/>
<b>Net Income after distribution</b>		<b>174,930</b>	<b>174,628</b>
		<hr/> <hr/>	<hr/> <hr/>
Net income per unit (Naira)		11.75	8.73
Proposed Final Distribution		127,944	140,000
Proposed Final Distribution per unit (Naira)		6.4	7

The accounting policies on page 5 and the notes on pages 10 to 12 form an integral part of these financial statements.



## SKYE SHELTER FUND

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER, 2010

	2010 N'000	2009 N'000
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income for the year	234,930	174,628
Profit on investment property disposed	(84,849)	
Movement in Deferred Expenses	7,498	14,851
Increase in Receivable	-	
Increase in Creditors & Accruals	119,958	(51,695)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>277,538</b>	<b>137,784</b>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Investment Properties	(821,190)	(927,000)
Purchase of fixed asset	(129)	
Proceeds on disposal of property	754,849	380,000
	<hr/>	<hr/>
<b>Cash outflow from investing activities</b>	<b>(66,470)</b>	<b>(547,000)</b>
CASH FLOW FROM FINANCING ACTIVITIES:		
Distribution Paid	(200,000)	(93,000)
	<hr/>	<hr/>
<b>Cash outflow from financing activities</b>	<b>(200,000)</b>	<b>(93,000)</b>
<b>Net increase/ (decrease) in cash and cash equivalent</b>	<b>11,068</b>	<b>(502,216)</b>
Cash & cash equivalent at the beginning of the year	943,639	1,445,855
	<hr/>	<hr/>
<b>Cash &amp; cash equivalent at the end of the year</b>	<b>954,707</b>	<b>943,639</b>
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies on page 5 and the notes on pages 10 to 12 form an integral part of these financial statements.

**SKYE SHELTER FUND PLC**

**STATEMENT OF CHANGE IN NET ASSETS  
FOR THE YEAR ENDED 31ST DECEMBER, 2010**

	2010 N'000	2009 N'000
Assets Value, Beginning of Year	2,455,235	2,594,415
Net income for the year	234,930	174,628
Revaluation reserve	(80,000)	(259,395)
Tax provision no longer required	-	38,587
Distributions paid	(200,000)	(93,000)
	<hr/>	<hr/>
Net Assets Value (before deducting Fund Manager's Incentive)	2,410,165	2,455,235
Fund Manager's Incentive	-	-
	<hr/>	<hr/>
Net Assets Value, End of Year	<b>2,410,165</b>	<b>2,455,235</b>
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies on page 5 and the notes on pages 10 to 12 form an integral part of these financial statements.

## SKYE SHELTER FUND

NOTES TO THE FINANCIAL STATEMENTS  
31ST DECEMBER, 2010

## 1 THE SKYE SHELTER FUND

The Skye Shelter Fund is a closed-ended Real Estate Investment Trust (REIT), which is authorised and registered in Nigeria. It is governed by a Trust Deed approved by the Securities and Exchange Commission. 20,000,000 units were allotted at a par value of N100 each and were listed on the floor of the Nigerian Stock Exchange on 28th of February, 2008.

In August 2010 it was resolved that the units be redenominated into 200,000,000 units of N10 each. The redenomination is awaiting regulatory approval.

Skye Bank PLC is the Fund Manager. PHB Capital and Trust Limited are the Trustees.

## 2 INCOME

	2010 N'000	2009 N'000
Fixed Interest Income	74,569	250,054
Profit on investment disposal	210,084	
Rental Income	22,127	1,327
	<u>306,780</u>	<u>251,381</u>

## 3 EXPENSES

	2010 N'000	2009 N'000
a) Offer Expenses written off	14,851	14,851
Manager's Fees (Note 5)	36,152	36,829
Manager's Incentive (Note 5)		
AGM & Other Expenses*	16,559	21,197
Auditors Fee	1,250	1,000
Others	3,038	2,876
	<u>71,850</u>	<u>76,753</u>

## b) AGM and Other Expenses comprise\*

AGM	5,000	6,751
Insurance/	3,613	3,360
Trustee fee	2,667	2,667
Stock exchange	1,285	1,284
Registrars' fees	1,315	665
Advert and publicity	1,490	1,084
Valuation	160	650
Global rating		1,575
architects fees		2,500
Other administrative expenses	1,029	660
	<u>16,559</u>	<u>21,197</u>

**SKYE SHELTER FUND**

**NOTES TO THE  
FINANCIAL STATEMENTS 31ST DECEMBER, 2010**

**4 MANAGEMENT AND INCENTIVE FEES**

The Fund Manager's fee for the year was calculated as 1.5% of the Fund's Net Assets Value as at the Balance Sheet date, this amounted to N36,152,000. The fee for the year was equivalent to 11.8% of the Fund's gross income for the year.

**5 DISTRIBUTION**

The Fund Manager has proposed a final distribution of N6.4 per unit amounting to N128 million for the year ended December 31, 2010 . A distribution of N7 per unit based on 2009 accounts and an interim distribution of N3 per unit based on the unaudited half- year financial statements ended June 30, 2010 were declared and paid during the year.

**6 DEVELOPMENT FUND DEPOSIT**

The Fund Manager earmarked the sum of N381 million from the Investments of the Fund for the development of property.

**7 INVESTMENT IN PROPERTIES**

	2,010 Cost N'000	2010 Surplus N'000	2010 Value N'000	2009 Value N'000
Property in Mosley Road Ikoyi	-	-	-	500,000
Property in Onike Road, Yaba	-	-	-	230,000
Properties in Ikeja GRA	277,000	3,000	280,000	280,000
Properties in Lekki- Victory Park	365,400	66,600	432,000	432,000
Properties in Kabusa Gardens Abuja	112,220	70,780	183,000	183,000
Properties in Maccido Royal Estate Abuja	192,000	-	192,000	-
Properties in Sapphire Estate Lekki	132,000	-	132,000	-
Properties in Kabusa Gardens 2 Abuja	39,690	-	39,690	-
Properties in Northern Star Garden Abuja	104,000	-	104,000	-
Protea Hotel Alausa Ikeja,	333,500	-	333,500	-
	<u>1,555,810</u>	<u>140,380</u>	<u>1,696,190</u>	<u>1,625,000</u>

The properties were revalued on an open market basis by Ubosi Eleh & Co ( Estate Surveyors & Valuers) as at September 30, 2009. Investments made in 2010 were stated at cost.

**8 PAYABLES AND ACCRUALS**

	2010 N'000	2009 N'000
Payables	249,313	15,435
Accruals	6,476	17,288
	<u>255,789</u>	<u>32,723</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST DECEMBER, 2010**

9	<b>DEFERRED INCOME</b>	2010	2009
		N'000	N'000
	Balance brought forward	125,235	125,235
	Transfer to income	(125,235)	
	Rental income received in advance	22,127	
		<u>22,127</u>	<u>125,235</u>

10 **UNITHOLDERS' EQUITY**

A special resolution was passed at the Annual General Meeting, to subdivide the 20,000,000 units of N100 each of the Fund into 200,000,000 units of N10 each. Such units were to be credited as fully paid and to rank pari passu with the capital of the Fund. The units were to be allotted to existing holders on the basis of 10 units for every 1 unit previously held.

This resolution is awaiting regulatory authority's approval before its implementation.

11 **REVENUE RESERVE**

	2010	2009
	N'000	N'000
Balance brought forward	234,855	114,640
Net income for the year	234,930	174,628
Tax write back		38,587
	<u>469,785</u>	<u>327,855</u>
2009/ 2008 distribution paid	(140,000)	(93,000)
2010 Interim distribution paid	(60,000)	
Balance brought forward	234,855	-
Reserve carried forward	<u>269,785</u>	<u>234,855</u>

12 **NET ASSETS VALUE PER UNIT**

The net assets value per unit of N1.21 (2009 N1.23) is based on the net assets of the Fund and the total number of units in issue at the balance sheet date.

13 **REVALUATION RESERVE**

	2010	2009
	N'000	N'000
Balance brought forward	220,380	479,775
Write back of surplus on assets disposed	(80,000)	(479,775)
Surplus on revaluation for the year	-	220,380
Surplus on revaluation	<u>140,380</u>	<u>220,380</u>

14 **RELATED PARTY TRANSACTIONS**

Skye Bank PLC manages and carries out the Fund's operations. The Fund has also engaged the services of Skye Bank PLC to provide banking services. The services provided by the bank were on commercial terms. Skye Bank PLC owns 50,000,000 units of the Fund.

15 **APPROVAL OF THE ACCOUNTS**

The Financial Statements were approved on February 18, 2011.

## FINANCIAL SUMMARY (2008- 2010)

	DECEMBER 31ST '2010 N'000	DECEMBER 31ST '2009 N'000	DECEMBER 31ST '2008 N'000
<b>TOTAL ASSETS</b>	2,688,082	2,613,192	2,717,260
<b>TOTAL LIABILITIES</b>	(277,916)	(157,958)	(122,845)
<b>NET ASSETS</b>	<u>2,410,165</u>	<u>2,455,235</u>	<u>2,594,415</u>
<b>CAPITAL</b>	2,000,000	2,000,000	2,000,000
<b>REVENUE RESERVES</b>	269,785	234,855	114,640
<b>REVALUTION RESERVES</b>	<u>140,380</u>	<u>220,380</u>	<u>479,775</u>
<b>FUND VALUATION</b>	<u>2,410,165</u>	<u>2,455,235</u>	<u>2,594,415</u>
<b>GROSS INCOME</b>	306,780	251,381	236,106
<b>NET INCOME</b>	234,930	174,628	153,227
<b>NET ASSETS VALUE PER UNIT</b>	1.21	1.23	1.31
<b>DIVIDEND PAID</b>		200,000	93,000