

DISCOVERY FUND

Managed by

***ASSET & RESOURCE
MANAGEMENT COMPANY LIMITED***

FINANCIAL STATEMENTS

for the year ended

31ST DECEMBER, 2003

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Contents	Page (s)
Corporate information	1
Report of the Trustees	2 - 3
Report of the Fund Manager	4 - 6
Statement of the responsibilities of the Fund Manager and the Trustees	7
Report of the Auditors	8
Balance sheet	9
Profit and loss account	10
Statement of cash flows	11
Notes to the financial statements	12 - 17
Statement of value added	18
Five year financial summary	19

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Corporate information

Trustees to the Fund First Trustees Nigeria Limited

Auditors to the Discovery Fund Horwath Dafinone
Chartered Accountants

Directors of the Fund Manager

Chairman Mr. T. A. Adeola

Managing Director/Chief Executive Mr. A. Alli

Directors Mr. A. Aderinokun
Mr. J. K. Agbaje
Mrs. M. Olusoga

***Acting Company Secretary
and Legal Adviser*** Mr. Fatai Oladipo

Registered office 1, Mekunwen Road
Ikoyi
Lagos

E mail address www.armdiscoveryfund.com

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Report of the Trustees

The Trustees present their annual report for the year ended 31st December, 2003.

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 securities, real estate and other financial instruments. The report of the Fund Manager is set out on pages 4 to 6.

Results

The results for the year are set out on page 10 as extracted from the financial records prepared by the Fund Manager and duly audited in accordance with Section 134(1) of the Investments and Securities Act, 1999 and Section 354(1) of the Companies and Allied Matters Act, 1990.

Tangible fixed assets

The summary is set out in note 2 to these financial statements.

Dividend

The Fund Manager in consultation with the Trustees has proposed a dividend of ₦ 5.00 per unit for the year (2002: ₦ Nil).

Directors

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

- Mr. T. A. Adeola
- Mr. A. Alli
- Mr. A. Aderinokun
- Mr. J. K. Agbaje
- Mrs. M. Olusoga

**Directors' interest
in the units of the fund**

The Directors of Asset and Resource Management Company Limited who held beneficial interest in the units of the Fund as at 31st December, 2003 are as stated below:

	<u>Units held</u> <u>2003</u>
Mr. T. A. Adeola	23,664
Mrs. M. Olusoga	9,409
Mr. A. Alli	17,766

No director of First Trustees Nigeria Limited has, or had any direct or indirect beneficial interest in the units of the Fund.

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Report of the Trustees (continued)

Charitable donations

The Fund did not make any charitable donations during the year (2002: Nil)

Company Secretary

Mr. Kolapo Omidire resigned as the Company Secretary on 22nd December, 2003. Mr. Fatai Oladipo was appointed to succeed him in an acting capacity on 22nd December, 2003.

Auditors

Messrs Horwath Dafinone, Chartered Accountants, having indicated their willingness to continue in office shall do so, in accordance with Section 357(2) of the Companies and Allied Matters Act, 1990.

By Order of the Trustees

***Fatai Oladipo
Acting Company Secretary
Lagos, Nigeria
16th March, 2004***

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Report of the Fund Manager

Economic Review

Though the year 2003 marked the fifth year of democratic rule in Nigeria, the economy is yet to register significant economic growth. The past year saw a shift in the government's attention from the economy to the April elections, the hosting of the All Africa Games and the Commonwealth Head of Governments. These distractions, coupled with the impasse between the legislative and executive arms of government led to the non-implementation of the 2003 budget, resulting in major setbacks in various sectors of the economy and deterioration in key economic aggregates. Money supply grew by 32% in the year to November, exceeding government's target; inflation hit a year high of 19.7% in November while the Naira depreciated 8.78% at the official market. Overall, the Central Bank estimates that GDP expanded 3.5%, with the agricultural sector being the major contributor to expansion.

Equity Market Review

Equity market performance in 2003 was atypical of previous years' trend as the market rose sharply in the second half of the year to close the year at 65.84%. Key factors that supported this performance were the relatively low level of interest rates, money supply growth, increased speculative trading activities and the deregulation of the petroleum downstream sector which significantly improved the fundamentals for the sector.

Asset Allocation

In line with our strategy at the beginning of the year, your Fund Manager increased the Fund's allocation to equities from 27% at the beginning of the year to 44% by December 2003. Conversely, fixed income and cash declined to 36% of the portfolio with real estate exposure rising to 17%.

The Fund's investment strategy is to create value for unit holder's using stocks, fixed income and real estate investments to structure a portfolio which will participate in the appreciation in the NSE All-Share Index during market increases whilst limiting the downside in periods the NSE All-Share Index declines.

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Report of the Fund Manager (continued)

Performance Review

The Discovery Fund delivered a net return of 37.38% in 2003. Performance during the period was driven largely by the equity portion of the Fund as well as its real estate exposure. Contribution from the Fund's equity exposure was the largest as it increased 115% over the period while the real estate exposure increased by 33%. However, the Fund's return trailed the 65.84% return of the Nigerian All Share Stock Exchange Index, limited by its underweight exposure

to equities during the year. Furthermore, the Fund has exposure to the real estate sector via a residential estate development along the Lekki-Epe axis called Fara-Park. Real estate investments typically have long gestation periods, consequently, the full benefit of these investments will only be realised at maturity.

Fara Park – Lekki-Epe Axis



.....*Creating Value In Every Household*

Outlook & Strategy

We expect increased government spending and the recent deregulation of the Petroleum sector to further distort growth in money supply, push inflation higher and weaken the Naira in 2004. Given the CBN's avowed commitment to ensuring stability of the Naira, we expect the apex bank to revert to a tightening stance in 2004 should inflationary and devaluation pressures intensify.

We see further upside potential for the market in 2004; likely to be supported by strong corporate earnings growth in the Petroleum marketing and consumer goods (food & beverages & conglomerate) sectors. Whilst we expect petroleum marketing companies to continue to benefit from deregulation, a rise in money supply, and, consequently, inflation should benefit conglomerates and the food and beverage sectors.

Our strategy going forward will continue to be focused on:

Attractive valuation opportunities where:

The intrinsic value of the business is not reflected in the stock price

Well-positioned businesses that will offer

Attractive returns on capital over time

Sustainable earnings and cash flows

Strong company management focused on long term returns to shareholders

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Report of the Fund Manager (continued)

Taking advantage of opportunities like Fara Park in the real estate sector to continue to create value for investors

Though it is impossible to predict the future direction of the markets with any degree of certainty, we leave you with a few basic principles that can help investors plan for their future needs.

First, we encourage investors to take a long-term view of their investments. If you can afford to leave your money invested through the inevitable up and down cycles of the financial markets, you will greatly reduce your vulnerability to any single decline. We know from experience that stock prices have gone up over longer periods of time, have delivered better returns than other types of investments and have stayed ahead of inflation.

Second, you can further manage your investing risk through diversification across different stocks and asset classes. The Discovery fund, for instance, is already diversified, because it invests in many different companies. Furthermore, it also invests in different asset classes, which further reduces aggregate risk of the portfolio of investments.

.....*Creating Value In Every Household*

Finally, no matter what your time horizon or portfolio diversity, it makes good sense to follow a regular investment plan, investing a certain amount of money in a fund at the same time each month or quarter and periodically reviewing your overall portfolio. By doing so, you will not get caught up in the excitement of a rapidly rising market, nor will you buy all your shares at market highs. Again, the Discovery Fund allows you this flexibility of making periodic investments.

We thank you for selecting the Discovery Fund to be part of your financial life and look forward to working with you in the pursuit of your investment goals.

DISCOVERY FUND

(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)

Statement of the responsibilities of the Fund Manager and the Trustees

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

In preparing these financial statements, the Fund Manager is required to:

- select suitable accounting policies and to consistently apply such policies ;
- make judgments and estimates that are both reasonable and prudent;
- ensure that the applicable accounting standards have been followed, and in the case of any material departures, that these are fully disclosed and explained in the financial statements; and;
- prepare the financial statements on a going concern basis, unless it is deemed inappropriate to assume that the Fund shall continue to exist.

The Fund Manager is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any point in time, the financial position of the Fund, and enable them to ensure that the financial statements comply with the Companies and Allied Matters Act, 1990, the Trustees Investment Act, 1962 and the Investments and Securities Act, 1999 together with the rules and regulations set out by the regulatory bodies, established pursuant to the legislation referred to within this paragraph.

The Fund Manager is also responsible for the safeguarding of the assets of the Fund, and therefore for taking any reasonable steps for the prevention and detection of fraud and other irregularities.

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

- Monitoring of the activities of the Fund Manager on behalf of and in the interest of unit holders.
- Maintaining custody of the funds and the documents relating to the investments by the scheme or fund.
- Monitoring of the register of unit holders.
- Ascertaining the profitability rationale for the investment decision making of the Fund Manager.
- Ascertaining compliance with the provisions of the Trustee Investments Act, 1962, the Investments and Securities Act, 1999 and the Trust Deed, by the Fund Manager.
- Ascertaining that the monthly and other periodic returns/reports relating to the scheme or fund are sent by the Fund Manager to the Commission.

***REPORT OF THE AUDITORS TO THE MEMBERS OF THE DISCOVERY FUND
(MANAGED BY ASSET AND RESOURCE MANAGEMENT COMPANY LIMITED)***

We have audited the financial statements set out on pages 9 to 19 for the year ended 31st December, 2003 which have been prepared under the historical cost convention (as modified by the revaluation of certain assets).

Respective responsibilities of the Trustees, Fund Manager and the Auditors

As described in the statement of responsibilities of the Trustees and the Fund Manager, while the Trustee is responsible for monitoring the actions of the Fund Manager and ascertaining compliance with the provisions of the Trust Deed and other relevant laws, the Directors of the Fund Manager are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit and report our opinion to the members of the Fund.

Basis of opinion

We conducted our audit in accordance with Approved Standards on Auditing. These Standards require that we plan and perform the audit in such manner as to obtain reasonable assurances as to whether or not, the financial statements are free of any material misstatement. This audit included the examination on a test basis, of the evidence supporting the amounts and disclosures in these financial statements. The audit also included the assessment of the various accounting policies used and the significant estimates made by the management, as well as the evaluation of the overall presentation of the information contained within the financial statements.

We obtained all the information and explanations that were required for the purpose of our audit. The financial statements are in agreement with the books of accounts, which have been properly kept.

We believe that this audit provides a reasonable basis for our opinion.

As set out in note 21 to these financial statements, the penalty imposed by the Securities and Exchange Commission for the late submission of its returns has been settled.

Opinion

In our opinion, the financial statements give a true and fair view of the Fund's affairs as at 31st December, 2003 and of its profit and cash flows for the year ended on that date and have been properly prepared in accordance with the Companies and Allied Matters Act, 1990 and the Trustee's Investment Act, 1962 and the Investment and Securities Act, 1999.

***Lagos, Nigeria
16th March, 2004***

***Horwath Dafinone
Chartered Accountants***

DISCOVERY FUND

MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED

Balance sheet as at 31st December, 2003

		2003 N	2002 N
Tangible fixed assets	2	4,571,312	4,965,558
Current assets			
Quoted equity securities	3	551,308,114	201,722,859
Fixed income securities	4	459,318,994	697,533,795
Property investment	5	211,022,906	-
Debtors	6	60,036,434	89,221,649
Cash at bank and in hand		36,198,484	5,238,116
		1,317,884,932	993,716,419
Creditors: amounts falling due within one year	7	(69,338,445)	(70,444,544)
Net current assets		1,248,546,487	923,271,875
Net assets		1,253,117,799 =====	928,237,433 =====
Financed by			
Members' capital account	8(i)	945,055,271	833,241,934
Capital appreciation reserve	9	139,110,934	10,918,243
Revenue reserves		168,951,594	84,077,256
		1,253,117,799 =====	928,237,433 =====
<hr/> Trustees			
<hr/> Fund Manager			

The notes on pages 12 to 17 which includes the statement of the principal accounting policies set out on pages 12 and 13, form an integral part of these financial statements.

DISCOVERY FUND**(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)****Profit and loss account for the year ended 31st December, 2003**

	Note	2003 ₹	2002 ₹
Gross income	10	341,713,784	148,198,751
Operating expenses	11	(74,150,292)	(35,859,470)
Operating profit		267,563,492	112,339,281
Exceptional item	12	-	(79,210,250)
Profit for the year after exceptional item	13	267,563,492	33,129,031
Taxation	14	(2,499,852)	(1,425,149)
Profit for the year after taxation		265,063,640	31,703,882
Capital distribution through redemption	15	(132,340,837)	-
Proposed dividend	16	(47,848,465)	-
Retained profit for the year		84,874,338	31,703,882
Revenue reserves brought forward		84,077,256	52,373,374
Revenue reserves carried forward		168,951,594 =====	84,077,256 =====

The notes on pages 12 to 17 which includes the statement of the principal accounting polices set out on pages 12 and 13, form an integral part of these financial statements.

DISCOVERY FUND**(MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED)****Statement of cash flows for the year ended 31st December, 2003**

	2003 ₹	2002 ₹
Cash flow from operating activities		
Operating profit	267,563,492	112,339,281
Profit on sale of securities	(150,626,442)	(102,666,705)
Depreciation	1,886,346	1,320,884
(Write back of)/provision for net realisable value	(14,435,891)	15,589,022
Movements in working capital:		
Debtors and prepayments	29,185,214	(79,911,863)
Creditors and accruals	(48,954,564)	34,328,320
Cash inflow /(outflow) from operations	<u>84,618,155</u>	<u>(19,001,061)</u>
Taxation paid	(2,499,852)	(1,425,149)
Net cash inflow/(outflow) from operations	<u>82,118,303</u>	<u>(20,426,210)</u>
Cash flow from investing activities		
Purchase of quoted securities	(470,135,829)	(209,402,290)
Purchase of property investment	(211,022,906)	-
Net (purchase)/disposal of fixed interest income securities	238,214,801	(670,016,140)
Proceeds from the sale of investments	413,805,599	235,435,290
Purchase of tangible fixed assets	(1,492,100)	(6,286,442)
Net cash outflow from investing activities	<u>(30,630,435)</u>	<u>(650,269,582)</u>
	51,487,868	(670,695,792)
Cash flow from financing activities		
Funds received into the members capital account	477,212,652	726,235,621
Membership redeemed	(497,740,152)	-
Initial public offer expenses	-	(79,210,250)
Net cash (outflow)/inflow from financing activities	<u>(20,527,500)</u>	<u>647,025,371</u>
Net cash inflow/(outflow) for the year	<u>30,960,368</u>	<u>(23,670,421)</u>
Cash and cash equivalents as at the beginning of the year	5,238,116	28,908,537
Cash and cash equivalents as at the end of the year	<u>36,198,484</u> =====	<u>5,238,116</u> =====

DISCOVERY FUND

MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED

Notes to the financial statements for the year ended 31st December, 2003

1. Statement of the principal accounting policies

(a) Accounting convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

(b) Income

Income accruing to the fund includes dividend and interest and is recognized on an accruals basis.

(c) Expenses

Expenses, which include management fees, subscription fees, bank charges and transfer fees are recognised on an accruals basis.

(d) Depreciation

Depreciation on tangible fixed assets is calculated to write off the cost or valuation on a straight line basis over the expected useful lives of the assets concerned. The annual rates applied for the principal classes of tangible fixed assets are as follows:

	Rate
	%
Leasehold improvement	33 ¹ / ₃
Motor vehicle	33 ¹ / ₃
Office equipment	20
Furniture and fittings	20
	==

(e) Investments

Investments not quoted on a recognised security exchange are recorded at the lower of cost or the net realisable value. Quoted investments are stated at their market values as at the balance sheet date. The excess over the cost of acquisition in respect of these quoted securities is included in the capital appreciation reserve. Any diminution in value of the quoted securities is dealt through the profit and loss account.

(f) Debtors

These are stated at their contractual value, net of any provisions that may be required for the risks of non-realisation.

DISCOVERY FUND

MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED

Notes to the financial statements for the year ended 31st December, 2003 (continued)

1. Statement of the principal accounting policies (continued)

(g) Foreign currency transaction

Transactions in foreign currency are converted into Naira at the rate ruling on the date of the transactions or the rate at which the transactions are contracted to be settled. At the balance sheet date, balances denominated in foreign currencies, other than those subject to contracted rates of settlement are translated into Naira at the rate ruling on the date. Exchange gains and losses arising from such transactions are dealt with in the profit and loss account.

(h) Taxation

The withholding tax borne by the Fund in respect of dividend income is treated as the final tax and recognised in the profit and loss account in the year the dividend is recognised.

(i) Members accounts

The redemption of members' accounts where the value of the units is in excess of the original subscription cost is treated by accounting for the excess as a capital distribution.

2. Tangible fixed assets

	Leasehold improvement	Motor Vehicle	Office equipment	Furniture & fittings	Total
	₦	₦	₦	₦	₦
Cost					
As at 1 st January, 2003	2,489,449	1,227,316	1,611,399	958,278	6,286,442
Additions during the year	-	-	559,100	933,000	1,492,100
As at 31 st December, 2003	<u>2,489,449</u> =====	<u>1,227,316</u> =====	<u>2,170,499</u> =====	<u>1,891,278</u> =====	<u>7,778,542</u> =====
Depreciation					
As at 1 st January, 2003	736,997	170,461	271,044	142,382	1,320,884
Charge for the year	830,070	409,105	384,715	262,456	1,886,346
As at 31 st December, 2003	<u>1,567,067</u> =====	<u>579,566</u> =====	<u>655,759</u> =====	<u>404,838</u> =====	<u>3,207,230</u> =====
Net Book value					
As at 31 st December, 2003	<u>922,382</u> =====	<u>647,750</u> =====	<u>1,514,740</u> =====	<u>1,486,440</u> =====	<u>4,571,312</u> =====
As at 31 st December, 2002	<u>1,752,452</u> =====	<u>1,056,855</u> =====	<u>1,340,355</u> =====	<u>815,896</u> =====	<u>4,965,558</u> =====

DISCOVERY FUND**MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED****Notes to the financial statements for the year ended 31st December, 2003 (continued)**

	2003 ₦	2002 ₦
3. Quoted equity securities		
Investments at cost as at the beginning of the year	206,393,639	195,568,592
Purchases made during the year	470,135,829	209,402,290
Disposals made during the year	(263,179,157)	(198,577,244)
Capital appreciation on investments	139,110,934	10,918,243
Provision for loss in value of investments	(1,153,131)	(15,589,022)
	<hr/>	<hr/>
Investments at valuation as at the end of the year	551,308,114 =====	201,722,859 =====
4. Fixed income securities		
Investments in commercial paper	413,997,624	675,663,877
Investment in government bond	15,621,370	21,869,918
Investment in private bond	29,700,000	-
	<hr/>	<hr/>
	459,318,994 =====	697,533,795 =====
5. Property investment		
As at 31 st December,	211,022,906 =====	- =====
This amount represents equity linked notes purchased in a Company developing properties and infrastructure at the Lekki Peninsula, Lagos.		
6. Debtors		
Interest receivable	48,821,991	9,953,259
Dividend receivable	7,462,716	6,972,190
Withholding tax receivable	-	2,071
Security trading debts	3,680,037	72,225,952
Prepayments	71,690	68,177
	<hr/>	<hr/>
	60,036,434 =====	89,221,649 =====
7. Creditors falling due within one year		
Security trading creditors	1,392,848	20,798,462
Accruals	12,386,609	6,683,787
Due to the fund manager	7,710,523	37,928,733
Unearned income	-	5,033,562
Proposed dividend (Note 16)	47,848,465	-
	<hr/>	<hr/>
	69,338,445 =====	70,444,544 =====

DISCOVERY FUND**MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED****Notes to the financial statements for the year ended 31st December, 2003 (continued)**

	2003 N	2002 N
8. Members' capital account		
(i) As at 1 st January	833,241,934	107,006,313
Contributions during the year	477,212,652	86,304,035
Redemptions during the year	(497,740,152)	(85,493,914)
Proceeds from initial public offer made during the year	-	725,425,500
Premium granted upon redemption	132,340,837	-
As at 31 st December	<u>945,055,271</u> =====	<u>833,241,934</u> =====
9. Capital appreciation reserve		
As at 31 st December	<u>139,110,934</u> =====	<u>10,918,243</u> =====

Quoted securities are stated at the market values as at the balance sheet date. Any surplus arising at the balance sheet date over the cost of acquisition is retained in the capital appreciation reserve while any diminution in values is dealt through the profit and loss account.

	2003 N	2002 N
10. Gross income		
Dividend income	24,998,516	14,251,492
Quoted securities trading (note (i))	150,626,442	102,666,705
Fixed interest income securities	147,399,030	26,233,866
Other income	3,937,138	870,428
Fixed income securities trading	316,767	4,176,260
Provision for diminution no longer required	14,435,891	-
	<u>341,713,784</u> =====	<u>148,198,751</u> =====
(i) Quoted securities trading		
Proceeds on securities trading	413,805,599	235,435,290
Cost of securities disposed	(263,179,157)	(198,577,244)
Revaluation reserve reversed on sale of securities	-	65,808,659
Gain on sale of securities	<u>150,626,442</u> =====	<u>102,666,705</u> =====

DISCOVERY FUND**MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED****Notes to the financial statements for the year ended 31st December, 2003 (continued)**

	2003 N	2002 N
11. Operating expenses		
Provision for net realisable value	-	15,589,022
Management fees (note 13 & 17)	26,425,322	10,118,241
Other charges/administrative expenses	7,110,100	1,959,281
Provision for doubtful debts (note 18)	871,611	1,629,670
Trustees' fees (note 13 & 19)	3,303,165	1,976,622
Depreciation of fixed assets	1,886,346	1,320,884
Advertising and marketing	16,973,483	1,380,000
Staff costs	8,509,487	53,680
Telephone and postages	2,916,156	721,000
Printing and stationeries	3,920,583	1,111,070
Exchange loss	500,000	-
Incentive fee *	1,734,039	-
	74,150,292	35,859,470
	=====	=====

* The fee is payable to the manager on achieving a return of 20% of the Fund's value.

12. Exceptional item	-	79,210,250
	=====	=====

The exceptional item relates to the expenses incurred in the conversion of the Equity Growth Fund to the Discovery Fund together with the listing and marketing expenses in respect of the initial public offer.

	2003 N	2002 N
13. Profit for the year after exceptional item	267,563,492	33,129,031
	=====	=====
This is stated after charging:		
Audit fees	600,000	300,000
Management fees (note 17)	26,425,322	10,118,241
Incentive fee	1,734,039	-
Trustees' fees (note 19)	3,303,165	1,976,622
Depreciation	1,886,346	1,320,884
	=====	=====
14. Taxation		
Tax withheld as the final tax attributable to franked investment income	2,499,852	1,425,149
	=====	=====

DISCOVERY FUND

MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED

Notes to the financial statements for the year ended 31st December, 2003 (continued)

	2003 ₦	2002 ₦
15. Capital distribution through redemption	132,340,837 =====	- =====

In accordance with the provisions of the unit trust scheme, the members' capital account has been shown at cost. The premium arising on the capital distribution through redemption of ₦ 132,340,837 has accordingly been adjusted through the profit and loss account.

	2003 ₦	2002 ₦
16. Proposed dividend	47,848,465 =====	- =====

The fund manager in consultation with the trustees has proposed a dividend of ₦ 5.00 per unit for the year (2002: Nil).

17. **Management fees**

The management fees for the year ended 31st December, 2003, which is based on 7.73% (2002: 6.89%) of the Fund's gross income and translates to 2% of the Fund's gross asset values, amounted to ₦ 26.43 million (2002: ₦ 10.12 million).

18. **Provision for doubtful debts**

These represent provisions made in respect of those dividends and interest due after more than eighteen (18) months that are yet to be received as at the balance sheet date.

19. **Trustees fees**

The trustees' fees for the year ended 31st December, 2003, which is based on 0.97% (2002: 1.35%) of the Fund's gross income and translates to 0.25% of the Fund's gross asset value, amounted to ₦ 3.3 million (2002: ₦ 1.98 million).

20. **Comparative figures**

Certain comparative figures have been re-stated in line with the current year's presentation.

21. **Contravention of Securities and Exchange Commission Rules.**

The Securities and Exchange Commission imposed a fine of ₦ 2,683,080.62 on the fund for the late submission of its allotment returns to the Commission. This penalty was paid during the year.

DISCOVERY FUND

MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED

Statement of value added for the year ended 31st December, 2003

	2003	2002
	₦	₦
Gross income	341,713,784	148,198,751
Less: Bought in materials and services	(63,754,459)	(113,695,156)
Value added	277,959,325 =====	34,503,595 =====
Applied in the following ways:		
To pay the employees:		
Salaries, wages and other benefits	8,509,487	53,680
To pay the providers of capital:		
Dividend	47,848,465	-
Capital distribution through redemption	132,340,837	-
To pay the government:		
Taxation	2,499,852	1,425,149
To provide for the maintenance of assets:		
Depreciation	1,886,346	1,320,884
Retained profit	84,874,338	31,703,882
	277,959,325 =====	34,503,595 =====

DISCOVERY FUND**MANAGED BY ASSET & RESOURCE MANAGEMENT COMPANY LIMITED****Five year financial summary**

Year ended 31 st December	2003 N	2002 N	2001 N	2000 N	1999 N
Balance Sheet					
Members' capital account	945,055,271	833,241,934	107,006,313	122,958,069	53,892,064
Capital appreciation reserve	139,110,934	10,918,243	116,091,655	75,047,104	39,648,545
Revenue reserves	168,951,594	84,077,256	52,373,374	26,594,159	10,367,573
	<u>1,253,117,799</u>	<u>928,237,433</u>	<u>275,471,342</u>	<u>224,599,332</u>	<u>103,908,182</u>
	=====	=====	=====	=====	=====
Tangible fixed assets	4,571,312	4,965,558	-	-	-
Net current assets	1,248,546,487	923,271,875	275,471,342	224,599,332	103,908,182
	<u>1,253,117,799</u>	<u>928,237,433</u>	<u>275,471,342</u>	<u>224,599,332</u>	<u>103,908,182</u>
	=====	=====	=====	=====	=====
Profit and (loss) account					
Gross income	341,713,784	148,198,751	45,361,085	20,756,374	9,344,996
	<u>341,713,784</u>	<u>148,198,751</u>	<u>45,361,085</u>	<u>20,756,374</u>	<u>9,344,996</u>
	=====	=====	=====	=====	=====
Profit/(loss) for the year after taxation	265,063,640	31,703,882	25,779,215	16,226,586	(1,115,072)
Capital distribution through redemption	(132,340,837)	-	-	-	-
Proposed dividend	(47,848,465)	-	-	-	-
	<u>84,874,338</u>	<u>31,703,882</u>	<u>25,779,215</u>	<u>16,226,586</u>	<u>(1,115,072)</u>
	=====	=====	=====	=====	=====
Revenue reserves brought forward	84,077,256	52,373,374	26,594,159	10,367,573	11,482,645
Revenue reserves carried forward	168,951,594	84,077,256	52,373,374	26,594,159	10,367,573
	<u>168,951,594</u>	<u>84,077,256</u>	<u>52,373,374</u>	<u>26,594,159</u>	<u>10,367,573</u>
	=====	=====	=====	=====	=====