



# CHANGING LIVES

2022 ANNUAL REPORT AND FINANCIAL STATEMENT







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# LETTER OF TRANSMITTAL

## FAMILY HOMES FUNDS LIMITED

DEAR SHAREHOLDERS,

I have the honour, on behalf of the Board of Directors, to submit herewith, the Annual Report and Audited Financial Statements of the Company for the period January 1 to December 31, 2022.

The report also covers a review of the Company’s activities and development impact during the period.

Please accept the assurance of my highest consideration.

Mr. Suleiman Barau  
CHAIRMAN OF THE BOARD OF DIRECTORS



# ABOUT FAMILY HOMES FUNDS

**Family Homes Funds Limited (FHFL) is a social housing initiative focused on providing affordable homes for Nigerians on low income. The fund is promoted by the Federal Government of Nigeria as part of its Social Intervention Programme with initial shareholding by the Federal Ministry of Finance Incorporated and the Nigeria Sovereign Investment Authority, through its investment company NSIA Property Investment Company Limited**

Registered in 2017 and commencing operations in 2018, the Family Homes Funds is Sub-Saharan Africa's largest housing fund focused on providing affordable homes for Nigerians on low income.

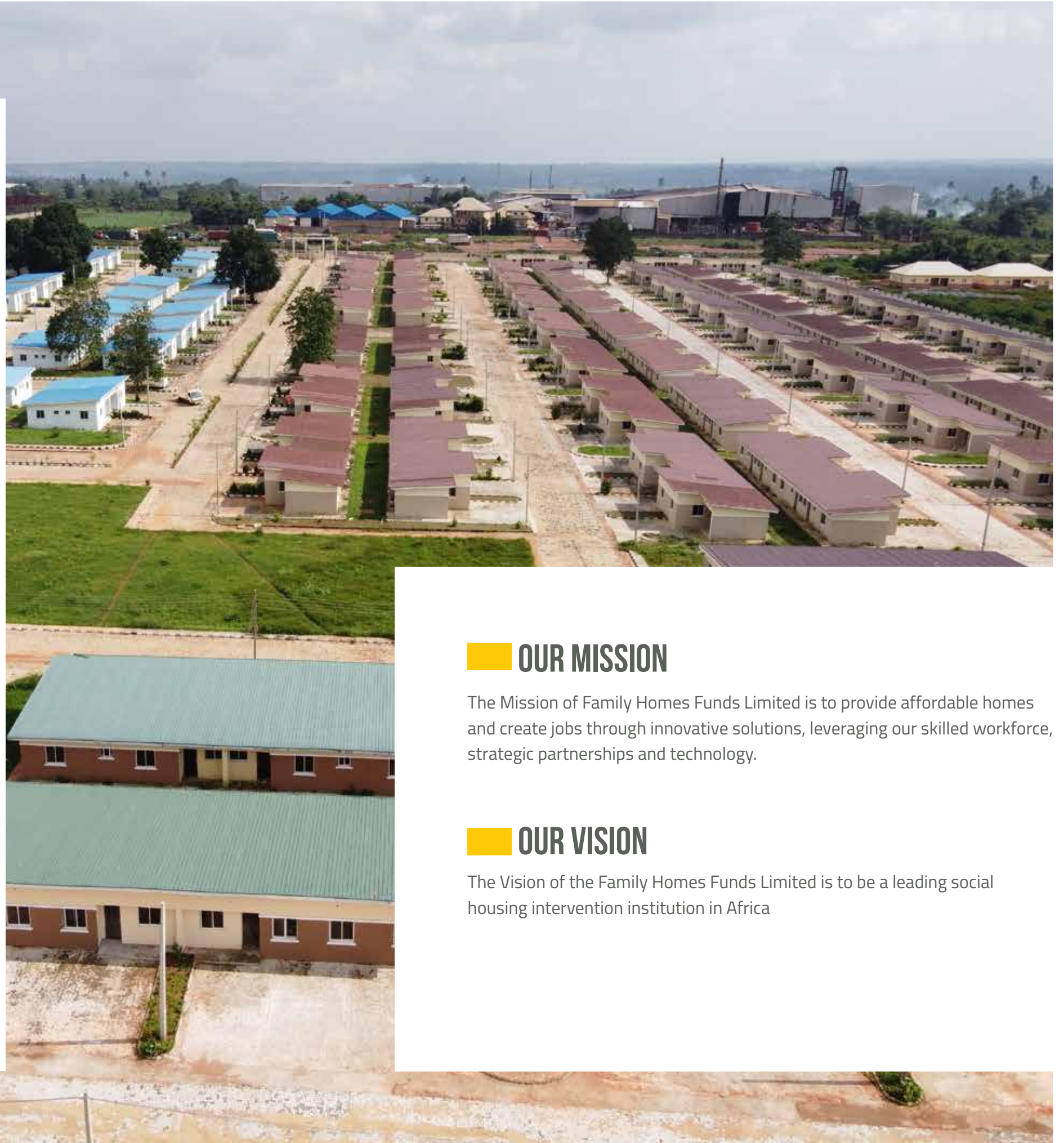
It is a social housing initiative promoted by the Federal Government of Nigeria as part of its Social Intervention Programme with initial shareholding by the Federal Ministry of Finance and the Nigeria Sovereign Investment Authority.

Over the next 4 years, the company will continue to invest in the development of thousands of homes for people on low income. In the process, the Company also aims to create significant number of jobs

and enable homeownership through its creative products.

Now more than ever before, there is a growing need to impact the quality of lives of Nigerians, particularly the poor and vulnerable. Having a decent home is a huge step towards providing necessary comfort and security for our citizens on low income. However, there is a significant deficit in the supply of decent homes for Nigerians, estimated to be at 17 million (according to the National Bureau of Statistics [NBS] ), particularly for those on low income.

Furthermore, access to these decent homes, where they exist, is limited by a lack of affordability and access to home ownership financing solutions.



## OUR MISSION

The Mission of Family Homes Funds Limited is to provide affordable homes and create jobs through innovative solutions, leveraging our skilled workforce, strategic partnerships and technology.

## OUR VISION

The Vision of the Family Homes Funds Limited is to be a leading social housing intervention institution in Africa





# WHAT WE DO

**FHFL OPERATIONALISES ITS WORK THROUGH FOUR DIFFERENT FUNDS.**



**Affordable Housing Fund (AHF)**

Through the AHF, we provide competitively priced financing to public and private sector developers who intend to build affordable homes for Nigerians. It is currently the only active fund, and all our ongoing projects are financed through this Fund.



**Help to Own Fund**

This is a Home Loans Assistance Programme to support and enable our target beneficiaries to be able to purchase our homes. Through this Fund, we will provide loans up to 40% of the purchase price to eligible buyers. The Fund will be serviced in partnership with selected Primary Mortgage Institutions and commercial banks.



**Rental HousingFund**

This Fund will facilitate the provision of rental housing units to enable Nigerians on low income to rent with an option to buy later. The Fund is being developed and has not been launched. Under consideration for this Fund is also the financing of Student Housing.



**The Land and Infrastructure Development Fund**

This is a Site Acquisition and Housing/Neighbourhood Infrastructure Fund. The aim is to process land including cleaning it up, ensuring it has its titles, and getting it ready for development. The Fund provides a “feedstock” for the building programme. The Fund currently has a significant amount of land that has been given by various state governments.

# OUR CORE VALUES



**INTEGRITY**

Always doing the right thing and adhering to consistent standards and procedures in all areas of conducting business.



**INNOVATION**

Encouraging creativity and idea generation; having a willingness to try new things and push the boundaries of the norm.



**CUSTOMER FOCUSED**

Ensuring we maximize value, treat with respect, deliver the highest level of service, and carry out business in the best interest of all external and internal customers



**ENVIRONMENTAL SUSTAINABILITY**

Ensuring business operations are environmentally friendly and guided by sustainability principles.

# CHAIRMAN'S STATEMENT



**MR. SULEIMAN BARAU**  
Chairman, Board of Directors

**Dear Shareholders of Family Homes Funds Limited (FHFL),**

On behalf of the Board of Directors, I am pleased to write to you once again in my capacity as the Chairman of Family Homes Funds Limited, and present to you the Annual Report and Audited Financial Statements of the company for the Financial Year ended December 31, 2022.

2022 was another year of significance for the organization. It was able to produce solid financial results, grow its business, improve corporate governance, and capacity to meet set targets and goals. I will discuss the operational environment and our strategic reaction to it in this statement. In addition, I will outline the important corporate initiatives, financial highlights, and future projections.

## BACKGROUND AND OPERATING ENVIRONMENT

In 2022, there was a more significant than anticipated decline in global economic activities across the world with inflation at its highest level in many years. The year was greatly impacted by the rising cost of living, tightening financial conditions across board, Russia's invasion of Ukraine, and the persisting COVID-19 pandemic. As assessed by the International Monetary Fund (IMF), global growth declined from 6.0 percent in 2021 to 3.2 percent in 2022, setting many nations and industries on the paths of quick thinking and resilience.

In Nigeria, there is a popular admission that more should be done to significantly improve the quality of life, especially of the poor, vulnerable and displaced. Highlights of the 2022 Multidimensional Poverty Index survey by the Nigeria Bureau of Statistics reveal that 63% of persons living within Nigeria (133 million people) are multidimensionally poor. Responding to this subsisting problem, the Federal Government led with several Social Intervention Programmes, with access to decent homes identified as a key instrument for providing necessary comfort and security for people on low income.

The demand for housing in Nigeria is increasing due to population growth, urbanization, and rural-urban migration. Despite this huge demand, the supply of homes is largely inadequate because of limited investment in the housing sector, cost of production and other land factors. In places with private sector development, the issue of affordability excludes the vast majority who need the homes the most. As a result, we have seen a widespread of substandard housing and informal settlements, worsening the health and environmental conditions.

Since inception, Family Homes Funds Limited has demonstrated a strong commitment to the mandate of facilitating homeownership for families on low income, with job creation as a key component of that. Our housing goals and objectives are designed to responsibly promote equitable access to affordable housing that reaches low-and moderate-income families, minority communities, rural areas, and other underserved populations.

## OUR "CHANGING LIVES" STRATEGY

Towards the fulfilment of our mandate, our strategy not only allows for the provision of



## FINANCIAL HIGHLIGHTS



**N129bn**  
Total Assets



**N23.5bn**  
New Capital Raised



**N2.04bn**  
Profit Before Tax



**N2.69bn**  
Finance Income



**N8bn**  
Total Income



**N1.42bn**  
Retained Earnings



**N1.45bn**  
Profit After Tax



**N5.2bn**  
Turnover



# BOARD MEMBERSHIP



**SULEIMAN BARAU**  
CHAIRMAN



**ABDUL MUTALLAB MUKHTAR**  
MD/CEO



**AMINU UMAR-SADIQ**  
NON EXECUTIVE DIRECTOR



**CHIWEZE A. UKWUOMA**  
NON EXECUTIVE DIRECTOR



**MS. AISHA OMAR**  
NON EXECUTIVE DIRECTOR



**MOHAMMED R. UMAR**  
NON EXECUTIVE DIRECTOR



**MUHAMMADU A. JUMBA**  
NON EXECUTIVE DIRECTOR

construction financing to partners like developers but also makes it possible for low-income individuals to access house ownership financing options. Additionally, it paves the way for initiatives that would help our projects create jobs. We are also taking measures to make sure that our solutions include various target beneficiaries, such as women, independent contractors, and people working in the informal sector. Also, we are working hard to raise funds, form partnerships, assemble the ideal team, improve their skills, and put procedures in place that will ensure the success of the company. Ultimately, our corporate values are predicated on changing the lives of ordinary people.

As of December 31, 2022, 14,308 homes were in different stages of completion across 13 States, with an additional pipeline of about 9,240 units under consideration for financing under the Affordable Housing Funds. The homes include 1, 2 and 3 bedrooms.

So far, our investments in the development of affordable housing have created a significant number of construction-related jobs, with the number of direct and indirect jobs now at 84,266. Recent commitments include financing a housing scheme targeting women in the informal sector in Kaduna State.

Our approach to “changing lives” is strongly rooted in the United Nations 17 Sustainable Development Goals (SDGs)—the universal call-to-action for development that recognizes the socioeconomic needs of people and protection of the environment for the shared prosperity of all. The SDGs are holistic in scope and coherently capture salient societal issues such as poverty, hunger, social inequality, and sustainable and efficient use of natural resources. FHFL is committed

to achieving these goals through its mandate.

We recognize that the real estate sector contributes significantly to greenhouse gas emissions, energy use, raw material depletion, and waste generation. Consequently, FHFL sees Environmental, Social, and Governance (ESG) practices as crucial for its business and reputation. Our focus on social housing directly addresses SDG goals related to sustainable cities, communities, decent work, and economic growth.

In addition to financing home projects and creating jobs, FHFL has plans for a youth entrepreneurship and empowerment project that aims to create over 10,000 additional jobs in housing construction-related skills. We also prioritize environmental sustainability, requiring our customers to adhere to national and international environmental standards through the Environmental and Social Management System (ESMS) policy. We emphasize biodiversity conservation and responsible consumption and production, water management, and land resource conservation.

FHFL strives to be a socially responsible organization by engaging and training employees, contractors, and stakeholders on environmental and social safeguards. Our engagement with stakeholders addresses topics such as labour rights, child labour, gender inequality, community health and safety, and grievance redress mechanisms. The Adashe Women Housing Scheme for example is focused on women’s housing and empowerment.

Recognizing the challenges of resource scarcity and climate change, FHFL is initiating green buildings and pursuing certification through

the EDGE concept. We are on course to achieve EDGE certification for at least two of our projects in 2023. We aim to build partnerships and align with other institutions to achieve their ESG targets and maintain a friendly relationship with prominent development financial institutions and relevant government agencies and departments.

Remarkably, FHFL has established a specialized Environmental and Social Governance (ESG) role to oversee policies and procedures. Through this, we are able to provide training and alignment on environmental and social issues for internal and external stakeholders. This will continuously improve our capacity, processes, and services to minimize negative environmental and social risks.

Overall, FHFL sees ESG as an ongoing journey, constantly striving for incremental growth, continuous improvement, and learning from mistakes and failures.

## COMPANY’S PERFORMANCE OVERVIEW

The Company continues to reinforce its business model to align with the changing housing and finance environments, while positioning itself to best take advantage of future opportunities, as it seeks to attain a leadership role within the industry.

We began the year 2022 with an optimistic prospect of strong performance due to the robust pipeline of committed projects in the preceding year. The Family Homes Funds Board approved the financing of 20,640 homes, with the commencement of 2,850 for families on low income. Through the construction of these homes, 3,789



**84,266**

**DIRECT AND INDIRECT CONSTRUCTION RELATED JOBS BY THE END OF DECEMBER 2022**





direct and indirect jobs were also created.

We continue to strengthen our financial capacity to deliver on our mandate through partnerships with development finance institutions like the Africa Development Bank (AfDB), and the French Development Agency (AFD). Our partnership with AfDB will lead to the investment of about \$60m for the Help to Own (HtO) homes loan assistance programme for which we are actively on course to meeting conditions precedent to disbursement, while the partnership with AFD will support the provision of decent accommodation for students in universities

across Nigeria.

In 2022, Family Homes Funds Limited, through its special purpose vehicle, Family Homes Sukuk Issuance Programme Plc., successfully issued a N20,000,000,000 Series II Ijarah Sukuk, completing its N30,000,000,000 Sukuk Issuance Programme.

In 2021, FHFL made its debut in the Nigerian Debt Capital Market with its N10,000,000,000, seven-year, 13% Series I Ijara Lease Sukuk due in 2028. The issue recorded an oversubscription of more than twice the issue value.

The N20,000,000,000 Series II Sukuk was the second-ever SEC-registered corporate Sukuk to be issued in Nigeria, with the initial N10,000,000,000 raised by FHFL being the first. The Financial Regulation Advisory Council of Experts (FRACE) of the Central Bank of Nigeria evaluated and approved the offer which was also filed with the Securities and Exchange Commission (SEC).

The Issuance supports FHFL's strategic goals of closing the housing gap in Nigeria through funding affordable housing, creating millions of employments, and fostering economic development.

## OUTLOOK AND CONCLUSION

As the leading affordable housing institution in Nigeria, Family Homes Funds Limited remains committed to building homes, families, and communities. Despite the prevailing impact of global political and economic uncertainties, there are opportunities for affordable housing development in Nigeria, acknowledged by public and private sector stakeholders as a key factor for recovery, growth, and sustainability. These challenges only reinforce why consistency and innovation are essential to keeping an organization up and running.





I am very optimistic about the future direction of FHFL as our goals remain underpinned by the three strategic goals of Growth, Financial Sustainability, and Operational Excellence. We aim to strengthen the Fund's balance sheet and profitability to ensure we have adequate capital to implement aggressive growth. We will place significant emphasis on improving our operational effectiveness and efficiency in achieving 90% satisfaction across services provided. This will be measured by clear indicators including turnaround times on key business processes, customer satisfaction, and project delivery among others.

In addition to our current level of impact in terms of homes for families and jobs, FHFL plans include investment in the provision of students' accommodation, rental housing, incremental housing for Nigerians on low income and the Help to Own scheme supported by the African Development Bank aimed at assisting people own their own homes.

We are contributing to the overall economic

growth of Nigeria by increasing the demand for locally manufactured building materials and stimulating economic activity in the construction sector. We are also promoting sustainable building practices by using environmentally friendly building materials, energy-efficient designs, and construction methods that reduce waste and carbon footprint. This invariably reduces the negative impact of construction on the environment and promotes sustainable development.

On behalf of the Board, I would like to express our gratitude for the support we continue to receive from Federal and State Governments, particularly our shareholders – the Ministry of Finance Incorporated (MOFI) and NSIA Property Investment Company Limited. We appreciate the increasing recognition of the role that housing plays in promoting economic development and can assure our partners that FHFL will continue to rise to the challenge of scaling up housing delivery in Nigeria especially for those on low income. Beyond the financial results this is the key focus of our company.



# CORPORATE GOVERNANCE

## BENEFICIAL OWNERSHIP

The issued shares of the Company as at 31 December 2022 were beneficially held as follows:

| Shareholder                              | Number of Shares | %   |
|--|------------------|-----|
| Ministry of Finance Incorporated         | 510,000          | 51  |
| NSIA Property Investment Company Limited | 490,000          | 49  |
|  | 1,000,000        | 100 |
|  | =====            | === |

## SHAREHOLDER ENGAGEMENT

Family Homes Funds Limited recognises the importance of its shareholders and values communication with them. To this end, the Company through its Corporate Secretariat and the Strategy and Business Performance Unit engaged actively with Shareholders in 2022 in a bid to ensure that the Shareholders received briefings and update reports related to their investments. The Managing Director regularly interfaced with the Shareholders to keep them abreast with the company's numerous activities, and to aid the actualisation of the company's Corporate Strategy that aims at achieving financial sustainability, stakeholder value enhancement and developmental impact.

## BOARD OF DIRECTORS

The Company is governed by a Board of Directors, each of whom is

appointed by the Shareholders of the Company. The Board is responsible for the governance and provision of strategic direction of the Company in line with the mandate given by the Shareholders. The Board also formulates Company policies, sets the risk appetite and ensures that business objectives are achieved within a controlled environment. The Board is accountable to the shareholders for the Company's performance and is collectively responsible for the long-term success of the Company. The Board is committed to the highest standards of business integrity, ethical values and governance; it recognises the responsibility of the Company to conduct its affairs with transparency, prudence, fairness, accountability and social responsibility, thereby safeguarding the interests of all stakeholders.

Members of the Board of Directors are seasoned professionals, who have excelled in various sectors

including banking and finance, engineering, public service, as well as law. They possess the requisite integrity, skills, and experience to bring to bear independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors' fees). They have a good understanding of the Company's businesses and affairs to enable them to properly evaluate information and responses provided by Management, and to provide objective challenges to management.

Directors are prepared to challenge each other's assumptions, beliefs, or viewpoints as necessary for the good of the Company and question intelligently, debate constructively and make decisions dispassionately.

## BOARD RESPONSIBILITIES

The Board ensures that an appropriate level of checks and

balances is maintained, to ensure that decisions are taken with the best interest of the Company's stakeholders in mind. Directors of the Company possess the right balance of expertise, skills, and experience, which translates to an effective Board and executive management team capable of steering the affairs of the Company in an ever-changing and challenging environment. The Board determines the overall strategy of the Company and follows up on its implementation, supervises the performance of the Company and ensures adequate management, thus actively contributing to developing the Company as a focused, sustainable, and effective institution.

► The synergy between the Board and Management fosters interactive dialogue in setting broad policy guidelines in the management and direction of the Company to enhance optimal performance and ensures that associated risks are properly managed.

► The Board has delegated the responsibility for day-to-day operations of the Company to Management and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board acknowledges the relationship between good governance and risk management practices, in relation to the achievement of the Company's strategic objectives and good financial performance.

► Furthermore, the Board plays a central role in conjunction with Management in ensuring that the

Company is financially strong, and well governed and risks are identified and well mitigated.

► The Companies and Allied Matters Act, 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- Keeps proper accounting records that disclose, with reasonable accuracy, the financial position and financial performance of the Company in accordance with the International Financial Reporting Standards, compliance with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No 6, 2011.
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

## BOARD COMMITTEES

The Board has four subcommittees namely:

- The Board Finance, Investment and Budget Committee.
- The Board General Purpose

Committee.

- The Board Project and Portfolio Committee.
- The Board Risk and Audit Committee.

## BOARD MEETINGS

The Board meets at least once each quarter and at such times as may be requested by Management. The activities of the Board are guided by its Charter.

## COMPANY SECRETARY

The Company has a functional Company Secretariat and Legal department that provides support to the Board in its oversight functions and to the various business units of the Company. The Company Secretary is Mr. Franklin Eseagwu.

## SHAREHOLDERS MEETING

The Company has had three shareholders engagements and the next Annual General Meeting is scheduled for Q2 2023.

## STATUTORY FILINGS

- The Company's statutory filings have been updated with the Corporate Affairs Commission.
- The Company maintains its statutory registers including minutes of Board and Shareholders meetings, certified CAC filings etc.





# OUR PEOPLE



The FHFL Team is a group of diverse, passionate individuals, working together to fulfil the FHFL mandate of providing decent homes for Nigerians on low income while creating jobs during the process. Our Team has the combined benefit of technical experience and youthful vigour.

Our team continues to grow to effectively drive our operations. The team come with different experiences and diverse backgrounds all over Nigeria. Our organizational structure and the roles they play map specifically to our operations. As at 2022, we have nine units supporting the Managing Director, namely: Investment; Project Management; Portfolio and Assets Management; Finance; Human Resources, Administration and Procurement; Strategy and Business Performance; Legal; Risk and Compliance; Internal Audit and Control; and Corporate Communications.

## HOW WE WORK

The FHFL work environment is significantly influenced by

the spirit of excellence and innovation. As fund managers, we understand the responsibility that has been placed on us and want to ensure we stay accountable for it. To this end, the team begins every year – with 2022 not being an exception – by setting its corporate targets which are measured every quarter.

In the last quarter of the year, the team held a very focused session for critical managers on the corporate targets. The session also included an important work of setting the new targets for the following year. This was important to ensure that the team worked in a consistent and efficient manner that would lead to excellent performance.

## A WELL-ROUNDED WORKFORCE

FHFL places great importance on the well-being of their staff as primary internal stakeholders. We have a comprehensive HMO that covers staff members and their families, annual checks, and gym membership. In addition to this, our staff are actively engaged in fitness activities

and are encouraged to live a healthy lifestyle through health talks, health activities and group fitness events. In 2022, we organized a Health Week comprising activities like health check-ups, sensitization, and physical activities like running and football. As part of our end-of-the-year activities, we also engaged in outdoor team bonding activities.

## EMPLOYMENT OF DISABLED PERSONS

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion, or physical condition. In the event of any employee becoming disabled during employment, the Company can arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. No disabled person was in the employment of the Company as of 31 December 2022.

## HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company maintains business premises designed to guarantee the safety and healthy living conditions of its employees and customers alike. Health, safety, and fire drills are regularly organized to always keep employees alert. Employees are adequately insured against occupational hazards. In addition, the company provides medical facilities to its employees and their immediate families at its expense.

## EMPLOYEE INVOLVEMENT AND TRAINING

The Company encourages the participation of employees in arriving at decisions with respect to matters affecting their well-being. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, to make inputs to decisions thereon. The company places a high premium on the development of its manpower. Consequently, the Company sponsors its employees for various training courses both in Nigeria and abroad.

## AUDITORS

The auditor, Ernst & Young, having indicated their willingness, will continue in office as the auditor in accordance with Section 401(2) of the Companies and Allied Matters Act 2020.

## CHARITABLE AND OTHER DONATIONS

In compliance with section 43 of the Companies and Allied Matter Acts, 2020, the Company did not make any donation or gift to any political association or for any political purpose during the year.





# FROM THE CEO



**ABDUL MUTALLAB MUKHTAR**  
MD/CEO

It is a great pleasure presenting the Family Homes Funds Limited (FHFL) Annual Report for the year that concluded on December 31, 2022. The year was a productive one for the institution. We continued to embrace the vision that all families deserve a home they can afford and from which they can prosper and give back to the larger community.

To achieve objectives in our four areas of work which are core financing, strong partnerships, innovation, and public will, Family Homes Funds Limited served as a facilitator and pooled its distinctive financial, social, informational, and political resources.

As we have all witnessed, a lot of nations and organizations, particularly those in emerging nations, are at a turning point. The cost of the pandemic and the consequences of the Ukraine-Russia

situation have once again brought the importance of self-sufficiency into stark focus. Sharp increases in commodity prices have been felt in the developing world as well as the industrialized world.

Given that the crisis threatens food security, Africa is in a particularly precarious condition. There are also repercussions for the built environment because Russia is a significant supplier of steel, a commodity required for construction projects in the real estate and infrastructure sectors.

Notwithstanding the challenging economic environment in 2022, it is gratifying to report that the Company was successful in delivering several results. Towards addressing the housing challenges in Nigeria, Family Homes Funds Limited is supporting the entire value-chain of the industry specifically with a focus on increasing access to housing, creating job opportunities, stimulating economic growth, promoting sustainable building practices, providing access to housing finance, access to DFIs support, and promoting community participation.

During the past year, we have concentrated on creating smart and strong partnerships and advancing sustainability as we map out the next four years.

FHFL continues to thrive and develop its character in terms of corporate governance, people, values, internal controls, operations, and finances. The institution remains in a favourable position to support the government's mass housing agenda which is considered a necessary factor for Nigeria's economic growth and development.

In 2022, the Board of Directors continued its critical duties of providing important approvals to several key policies and projects and providing the necessary guidance for the young organization for the sake of its growth and stability as a corporate entity.

The organisation grew from 41 people in 2021 to 59 people by the end of 2022. FHFL maintains an effective organisational structure with critical units and competent personnel covering strategic, operational, customer-facing, administrative and financial processes.

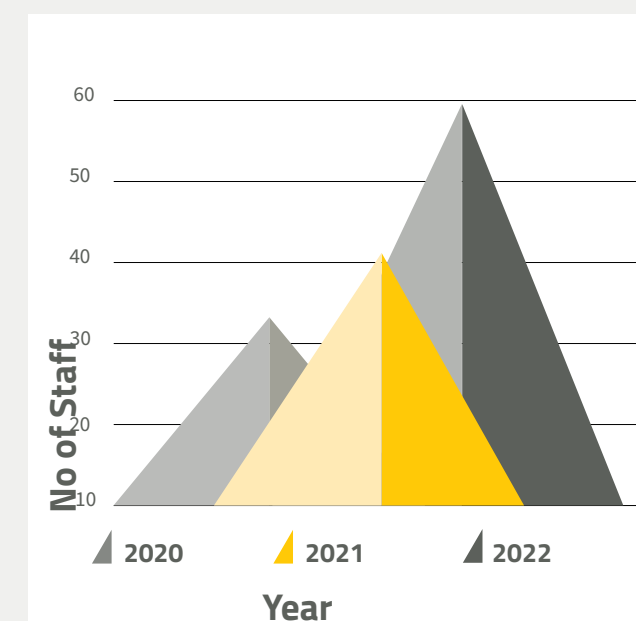
Through the Affordable Housing Fund – which we use to finance the construction of projects, the company, as of December 31, 2022, had committed to the development of 14,308 for low-income families across Nigeria. The company also maintains a strong liquidity to support the development of ongoing works and recent approvals. FHFL is also working to operationalize

products like the Help to Own and Rental Housing funds. These funds would be crucial in helping low-income Nigerians buy or rent a suitable house.

As an institution with a strong need for financial sustainability, FHFL is making progress in the mobilization of capital for the delivery of its mandate. In 2022, the company successfully issued a N20,000,000,000 Series II Ijarah Sukuk, completing its N30,000,000,000 Sukuk Issuance Programme started in 2021, to support the development of affordable housing in Nigeria. The company has also significantly advanced in its funding partnerships with the Africa Development Bank (AfDB) and the French Development Agency (AFD – Agence Française de Développement) for the Help to Own programme and students' accommodation programme across public universities in Nigeria.

At FHFL, there is a strong prioritization of social and environmental impact. As of December 31, 2022, the estimated number of direct and indirect jobs created by the company through its various projects stood at 84,266. We promote local building material sourcing for our developers, which further promotes economic growth and development.

The business picture is still generally favourable, and there is a significant opportunity for impact. We needed to establish the groundwork for a performance-driven, responsible organization in 2022. In terms of corporate governance, finances, operations, internal controls, and people, we are optimistic about excellent results in 2023.



**FHFL STAFF STRENGTH**





# OUR IMPACT

## MORE THAN JUST HOUSING

### COMMUNITY TO COMMUNITY IMPACT

In actualizing the homeownership dream of families on low income in Nigeria, our strategy and programmes lead to many benefits including the creation of jobs for thousands; implementation of cutting-edge concepts that particularly answer the pressing demands of our target market; advancement of strong partnerships and building a culture of excellence through the value chain. This is the kind of impact we want to sustain.



FHFL ESTATE, NEW MAKUN CITY, OGUN

A section of 636 Units of 1,2 & 3 Bedroom Homes

### CUSTOMER EXPERIENCE INDEX

At by the end of 2022 FHFL Achieved an Index of 84%



14,308

HOMES FINANCED FOR FAMILIES ON LOW-INCOME



84,266

DIRECT & INDIRECT JOBS CREATED OVERTIME



2,850

NEW HOMES APPROVED FOR DEVELOPMENT IN 2022

6,162



HOMES UNDER VARIOUS STAGES OF ACTIVE CONSTRUCTION



9,240

HOMES UNDER ACTIVE CONSIDERATION

8,146



HOMES COMPLETED AND HABITABLE



## THE NEW URBAN AGENDA

The New Urban Agenda is a policy adopted by the United Nations to promote sustainable urban development worldwide.

It emphasizes the need for equitable and inclusive urbanization, with a focus on addressing poverty, inequality, and environmental degradation in cities.

The agenda calls for integrated and participatory approaches to urban planning and management, as well as greater collaboration between different levels of government and sectors to create more livable, sustainable, and equitable cities.



### URBAN PLANNING AND MANAGEMENT



### LIVABLE AND SUSTAINABLE CITIES



### COLLABORATION BETWEEN ALL LEVELS OF GOVERNMENT

# CHANGING LIVES: MORE THAN JUST A MANTRA

Several stories point to a rising middle class in Africa, however, there is an underreported story about Africa's urban poor. Africa is rapidly becoming the epicentre of global extreme poverty. While massive reductions in the numbers living on less than \$1.90 a day have been achieved in Asia, these numbers are rising in Africa. The World Bank estimates that 87% of the world's extreme poor will be in Africa by 2030, if current trends continue. This situation, in company with other institutionalized challenges limits the opportunities for decent homeownership for the majority.

The situation is particularly intricate in Nigeria, where its current estimated population of 200 million is expected to double by 2050, according to the UN population fund, UNFPA. Although most governments in Nigeria since independence have highlighted housing as a priority, a significant gap persists.

According to a 2019 UN Special Report on the right to adequate housing in Nigeria, decent housing remains grossly inadequate for the millions of Nigerians who are excluded from the formal housing sector. As a result, informal settlements are growing, with inhabitants lacking the most basic services and facing forced evictions. Meanwhile, luxury developments remain vacant, and houses continue to be provided through the demanding traditional method of buying land and building over some years, which could be an individual's entire lifetime.

As a leading social housing institution, Family Homes Funds Limited is leveraging important values and strategies to pool resources and foster strong partnerships that can help turn the tide in a positive direction.

Remarkably, the running mantra of FHFL is "Changing Lives," – shaping how we see and project ourselves.

We strongly support the New Urban Agenda and the Global Goals, which call for sustainable cities and communities, the eradication of poverty, improved health and well-being, access to clean water and sanitary facilities, decent employment opportunities, and a decline in inequality. We believe that is it difficult to achieve sustainability in our communities in the absence of adequate housing.

According to the Global Multidimensional Poverty Indicators (MPI) framework, the standard of living components of a household includes access and use of cooking fuel, Sanitation, Drinking water, Housing (materials) Electricity and Assets, with two others looking at Health (nutrition and child mortality) and Education (Years of Schooling and Attendance). As we contribute to the housing stock in Nigeria, we are also very particular about the enabling of these critical components. For us, homes must exist to protect and foster the family.

**“WE STRONGLY SUPPORT  
THE NEW URBAN AGENDA  
AND THE GLOBAL GOALS,  
WHICH CALL FOR  
SUSTAINABLE CITIES AND  
COMMUNITIES.”**



# GUIDING STRATEGIES AND PRINCIPLES



Family Homes Funds Limited is taking action to strengthen its sense of responsibility and ownership to address the housing problem facing our country. To achieve this, we actively develop products, partnerships and deploy other innovative ideas that specifically address the urgent needs of our target market. We aim to make significant progress towards the Fund's Target of 300,000 homes and creating 900,000 jobs.

## OPTIMISING EXISTING PRODUCTS

From the beginning, FHFL had expressed the desire and intent for more tailored products and programmes that account for national, regional and community access to affordable housing. Families across Nigeria face similar housing needs, including cost burdens, barriers to purchasing a home or finding a rental home that meets their needs, and housing quality problems. However, a one-fits-all approach will not effectively address these needs, and many private sector solutions designed to serve homeowners and renters are not tailored to varying cultural and geographic contexts, capacities, and resources in different parts of the country. FHFL has conceptualized several products that directly meet the pressing needs of our target population across locations. Today, we have either considered or are considering several products including the Affordable Housing Fund, Help to Own, Lands and Infrastructure, Rental Housing, Incremental Housing, Students Housing, Rent till Mortgage, Sites and Services, and Installmental payment. We will optimise these existing product lines, especially

the Affordable Housing Fund (Construction Finance Facility) to accelerate the development of new homes.

## STRONG PARTNERSHIPS

We rely on a network of partners, stakeholders, and employees, as well as leaders, financiers, and many other experts who have dedicated their time and resources to providing affordable housing in Nigeria. Within this ecosystem, we are continuously developing strategies to support Nigeria's low-income earners and ensure their families' right to home ownership. We continue to deepen existing financing arrangements with State Governments as key partners providing financing for large-scale social housing programmes secured by Irrevocable Standing Payment Orders (ISPOs) or similar instruments. We are also developing innovative partnership with Cooperatives and Housing Societies towards enabling medium-sized housing schemes for their members; large scale developers with the capacity to develop and co-finance large-scale projects.

## INCREASE ACCESS TO OPPORTUNITY

A stable home in a thriving community unlocks opportunity. We constantly see a need to closely connect housing investments to schools, job centres, public transportation and other services to ensure that every Nigerian family within our project can reach their full potential. Making these connections includes continuing to leverage our position to include certain groups - women, informal workers, one-parent

households, people with disabilities and many others – who find it more difficult to access housing and financing for housing. Our community engagement series has brought groups of cooperatives, women, and informal sector workers together to educate them on the steps towards homeownership; ensuring they can easily access homes and finance.

## SUPPORT ECONOMIC GROWTH

We know that our shareholders and supporters would like to see housing investments used to promote economic development and growth. Many communities in Nigeria need more homes to help retain and attract a local workforce for employers, and many local businesses and residents can directly benefit from investment in the creation of new homes and improvements to existing ones. Today, our intervention across Nigeria has not only contributed to the provision of homes but thousands of direct and indirect jobs. As a principle, we also mandate our development partners, especially project developers to utilize a significant amount of local content, stimulating growth and creating more business for our people. In partnership with some state governments, especially in the northeast, we have contributed to the training of over 2,000 artisans, preparing them for a life of gainful employment beyond our projects.

Changing Lives is at the centre of who we are and what we do at FHFL. It serves as our main source of inspiration. With the help of our resources, collaborations, and passion, we are sure that we can change lives and transform homes, one at a time.

# MANAGEMENT STRUCTURE

The Management structure of the Company is comprised of the Executive and Senior Management Team

## EXECUTIVE MANAGEMENT

- Managing Director
- Chief Finance Officer
- Chief Housing Investment Officer and
- GM, Projects, and Portfolio Management

## SENIOR MANAGEMENT

- Company Secretary/Head of Legal Service
- Head of Affordable Housing Fund
- Head of Risk Management
- Head of Human Resources and Admin
- Head of Asset and Portfolio Management
- Head of Communications
- Head of Finance and
- Head of Project Management
- Head of Internal Audit

## INTERNAL CONTROLS

FHFL continuously recognises the role of the management and staff in implementing internal control mechanisms to ensure compliance and high standards of corporate governance. For this reason, committees have been set up comprising management staff as follows:

## MANAGEMENT COMMITTEES

- Management Credit Committee: Responsible for review and recommendation of project and credit proposals to the Board
- Asset and Liability Committee: Responsible for effective management of the treasury, asset and liability position and making necessary recommendations to the Board
- Project Review Committee: Provides oversight over financed projects of the company





# MANAGEMENT TEAM



**ABDUL MUTALLAB MUKHTAR**  
MANAGING DIRECTOR/CEO



**NKEIRU ARUM**  
CHIEF FINANCE OFFICER



**FRANKLIN ESEAGWU**  
COMPANY SECRETARY/HEAD OF  
LEGAL SERVICE



**OLUFUNSHO GBODI**  
HEAD OF AFFORDABLE HOUSING



**TITILOLA OSUNBADE**  
HEAD, PROJECT PRE-  
DEVELOPMENT



**ABUBAKAR BELLO**  
HEAD OF HUMAN RESOURCES  
AND ADMINISTRATION



**GEORGE ANIH**  
HEAD OF ASSET AND  
PORTFOLIO MANAGEMENT



**VICTOR ADOFU**  
HEAD OF RISK MANAGEMENT



**FREDRICK ADIGUN**  
HEAD OF FINANCE



**OJONUGWA FELIX UGBOJA**  
HEAD OF COMMUNICATIONS



# PERFORMANCE HIGHLIGHTS

# 14,308

HOMES DEVELOPED ACROSS NIGERIA  
BY THE END OF DECEMBER 2022





# PERFORMANCE HIGHLIGHTS

## MARKET OVERVIEW

Nigeria is a growing nation – with more than 260 million people expected to live in the country by 2030. Since 2000, most growth occurred in the urban areas, near job centres and among populations that will shape housing demand over the next decade and beyond. These include very low-income households; smaller, one-person households; seniors; and families with children. Due to increased housing costs relative to largely unchanged incomes, housing is a burden for many Nigerians. Although the government and the private sector continue to invest in the provision of housing, a significant gap persists.

## THE CURRENT STATE OF HOUSING IN NIGERIA

The National Bureau of Statistics reports that Nigeria has an estimated housing deficit of 17 million (NBS) units largely blamed on several factors including a lack of sufficient investment in the housing sector and a shortage of affordable housing options. Most Nigerians cannot afford to purchase or rent decent homes, and they are forced to settle for substandard housing or informal settlements. Highlights of the 2022 Multidimensional

Poverty Index survey by the Nigeria Bureau of Statistics reveal that 63% of persons living within Nigeria (133 million people) are multidimensionally poor, limiting their access to basic needs including housing.

In addition to Nigeria's poverty position are other challenges including limited access to financing, cost of building materials, inadequate infrastructure, and land acquisition issues which have negatively impacted the growth of the market.

Despite these challenges, the affordable housing market in Nigeria is expected to maintain a path of growth because of the high demand for housing, government intervention, and innovative financing solutions.

## POTENTIAL SOLUTIONS

The Nigerian government has taken several steps to address the housing crisis, including the establishment of the Family Homes Funds Limited. As Family Homes Funds' impact continues to grow towards meeting this significant housing need in Nigeria, many experts advocate for a stronger joint-up approach involving more stakeholders,

especially those from the private sector.

There are a lot of suggestions from experts about how to quickly address the housing shortage in Nigeria and create opportunities. One potential solution, they say, is the adoption of alternative building technologies (ABTs) that use locally available materials and are cost-effective. These ABTs have the potential to reduce the cost of construction and increase the speed of building. The government and private sector could also collaborate to provide subsidies and incentives for developers to adopt ABTs.

Another potential solution is to have a more robust mortgage refinancing system that would enable more Nigerians to access mortgage finance. This system would allow mortgage lenders to access long-term funds and provide affordable mortgage rates to borrowers.

The government could also incentivize private sector investment in the housing sector by offering tax breaks and other incentives. This would encourage private-sector developers to invest in affordable housing projects.

Largely, affordable housing remains a critical need in Nigeria, and the housing deficit provides concern. The government and private sector must work together to provide affordable housing options for Nigerians. Adopting alternative building technologies, expanding the mortgage refinancing system, and incentivizing private sector investment are potential solutions that could help address the housing crisis in Nigeria.

For Family Homes Funds Limited, the challenges in the housing market would always represent an opportunity to create an impact and make a difference in the lives of people. FHFL is continuously positioning itself as a major player in the deployment of construction financing, innovation, and other beneficial products to enhance the accessibility of homes by target beneficiaries.

## BUSINESS OPERATIONS

By the end of December 2022, Family Homes Funds Limited had through its active Fund, the Affordable Housing Fund – which provides construction financing to public and private sector developers – facilitated the development of 14,308 homes in at least 12 states across Nigeria.

- 8,146 homes within these projects were completed
- 6,162 homes at different stages of construction
- 1,105 homes approved by the Board for commencement
- 9,240 in active pipeline

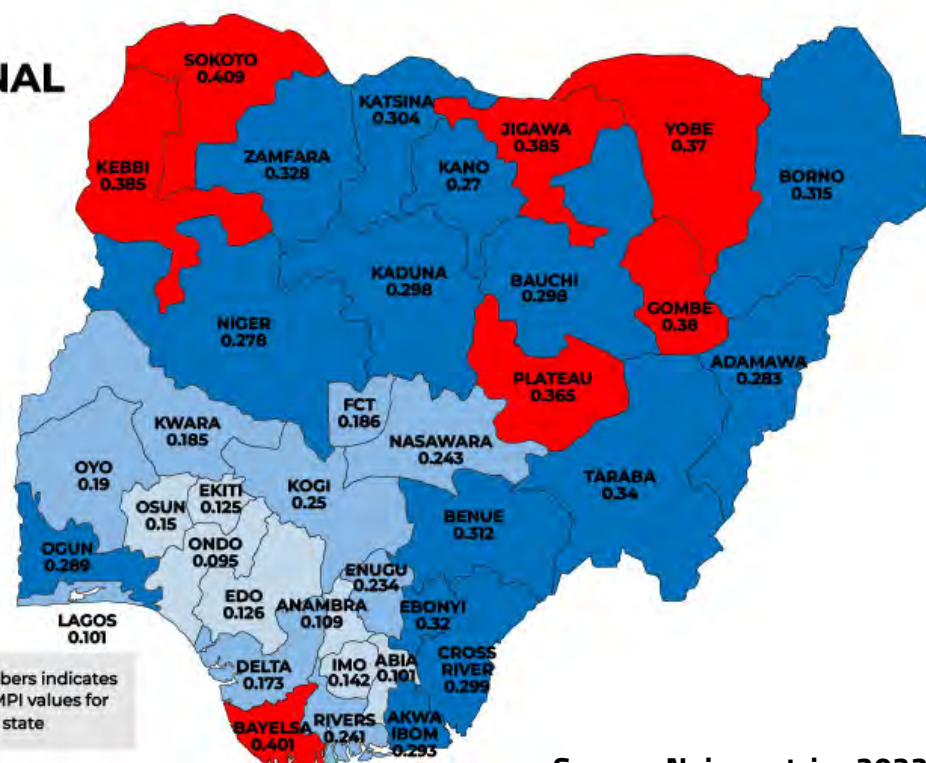
## NIGERIAN MULTIDIMENSIONAL POVERTY INDEX (MPI) BY STATE 2022

Multidimensional Poverty Index (MPI).

The MPI value ranges from 0 to 1, with 1 showing higher poverty.



Numbers indicates the MPI values for each state

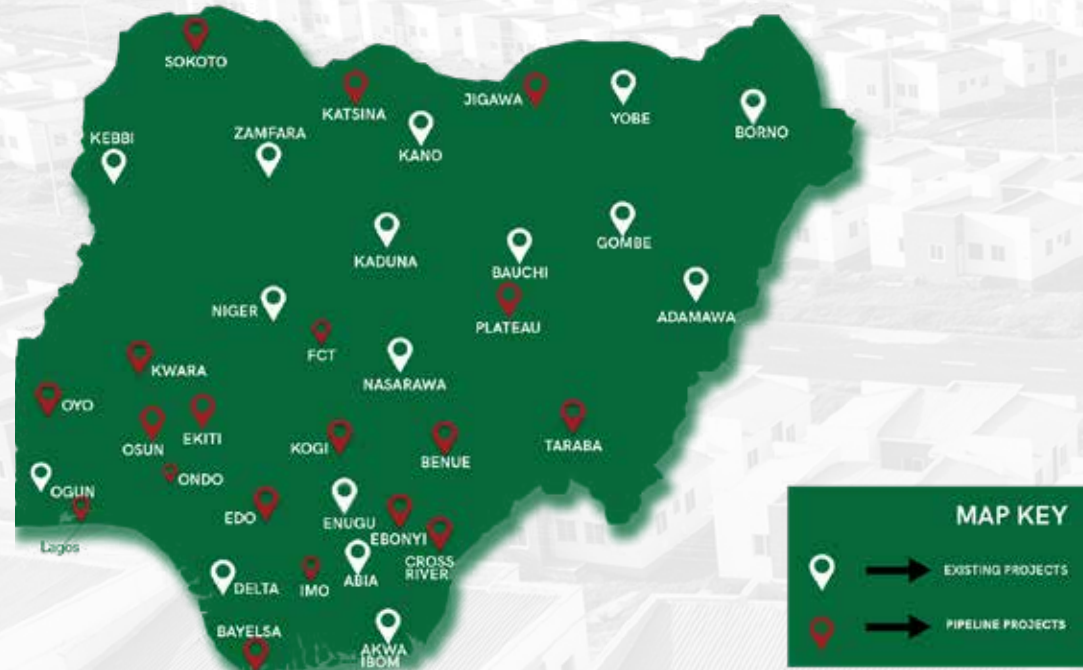


Source: Nairametrics 2022





# PROJECTS SPOTLIGHT



## ACTIVE PROJECTS

### FAMILY HOMES ESTATE NEW MAKUN CITY, OGUN STATE

- Building Types: 1 & 2- bedroom Flats, and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: New makun, along Lagos-Ibadan Expressway, Ogun State.
- No of Units: 1,020 units
- Stage of Development: 88% Completed
- Jobs Created: 12,504



### FAMILY HOMES ESTATE, DARMANAWA KANO STATE

- Building Types: 2- bedroom, and 3-bedroom flats.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Darmanwa Royal City, Kano state.
- No of Units: 469 units
- Stage of Development: 100% Completed
- Jobs Created: 6,276



### FAMILY HOMES ESTATE, GIDAN IYALI, KADUNA STATE

- Building Types: 1 & 2- bedroom terrace, 3-bedroom semi-detached and Terrace.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Millennium City, Chikun, Kaduna state.
- No of Units: 568 units
- Stage of Development: 90% Completed
- Jobs Created: 6,891



### FAMILY HOMES ESTATE, ASABA, DELTA STATE

- Building Types: 1 and 2 bedrooms, semi-detached bungalows
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Issele-Azagba/Otulu Road, Asaba
- No of Units: 650 units
- Stage of Development: 100% Completed
- Jobs Created: 2,960



### FAMILY HOMES ESTATE, LUVU MADAKI, NASARAWA STATE

- Building Types: 1- and 2-bedroom semi-detached bungalows
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Luvu Madaki, Masaka, Nasarawa State
- No of Units: 582 units
- Stage of Development: 100% Completed
- Jobs Created: 17,792



### ADAMAWA STATE

- Building Types: 2- Bedroom & 3-bedroom Detached Bungalows
- Location: Malkohi, Yola South Local Government Area.
- No of Units: 1,000 units
- Stage of Development: 64% Completed
- Jobs Created: 3,592





## BORNO STATE

- Building Types: 2-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Dalwa, Auno, Chibok, Monguno, Koibe, Mafa.
- No of Units: 2,200 units
- Stage of Development: 75% Completed
- Jobs Created: 17,400



## KEBBI STATE (ABUBAKAR ATIKU BAGUDU ESTATE)

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, and drainage.
- Location: Dr. Amina Abubakar Secondary School Layout in Birnin Kebbi, Kebbi State.
- No of Units: 500 units
- Stage of Development: 50% Completed
- Jobs Created: 596



## YOBE STATE PHASE I

- Building Types: 2- bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Damaturu 1, Damaturu 2, Pokitsum, Dapchi, Gashua, Fika, Buni yadi, Geidam, Yusufari, Machina, Nguru, Jakusko, Jajima'aji, Fune, Gulani and Gujba.
- No of Units: 1,800 units
- Stage of Development: 93% Completed
- Jobs Created: 6,700



## KANO STATE (TEACHERS RESERVED AREA)

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: EOLA Town, Panisau Ungoggo LGA, Kano State.
- No of Units: 500 units
- Stage of Development: 72% Completed
- Jobs Created: 1,198



## BAUCHI STATE

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Misau and Ningi, Bauchi State.
- No of Units: 248 units
- Stage of Development: 83% Completed



## ZAMFARA STATE

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Daza Gidan Dawa, Gusau, Zamfara State.
- No of Units: 600 units
- Stage of Development: 30% Completed
- Jobs Created: 395



## NIGER STATE

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Airport Road, Maikunkele, Minna, Niger State.
- No of Units: 1,220 units
- Stage of Development: 85% Completed
- Jobs Created: 115



## AKWA IBOM STATE (DAKAADA ESTATE)

- Building Types: 2-bedroom Semi-detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Ibiaku Ikedib and Ibiaku Ikot Ukpong in Ibiono LGA and Ikot Ide Itak in Ikono LGA, Akwa Ibom State.
- No of Units: 650 units
- Stage of Development: 18.27% Completed
- Jobs Created: 106





## GREEN PASTURES PROJECT, OGUN STATE

- Building Types: 1 & 2 bedroom Semi-detached and 3 & 4 bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: The Redemption Camp along Lagos-Ibadan expressway in Simawa, Ogun State.
- No of Units: 1,040 units
- Stage of Development: 58% Completed
- Jobs Created: 1,107



## ENUGU STATE

- Building Types: 2-bedroom Semi-detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Amukwu / Ozalla, Abor Udi LGA, Enugu State.
- No of Units: 250 units



## YOBE STATE PHASE II

- Building Types: 2- bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Damaturu 1, Damaturu 2, Pokitsum, Dapchi, Gashua, Fika, Buni yadi, Geidam, Yusufari, Machina, Nguru, Jakusko, Jajima'aji, Fune, Gulani and Gujba.
- No of Units: 550 units
- Stage of Development: 93% Completed
- Jobs Created: 2,046



## BAUCHI STATE

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, and drainage.
- Location: Dass and Ja'maare, Bauchi State.
- No of Units: 99 units
- Stage of Development: 50% Completed



## BORNO STATE

- Building Types: 2-bedroom and 3-bedroom detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Ngamdu, Warabe and Gajibo, Borno State.
- No of Units: 1,000 units
- Stage of Development: 75% Completed



## BAUCHI STATE

- Building Types: 2-bedroom Semi-detached bungalows.
- Facilities: Infrastructural facilities include roads, water, and electricity, with perimeter fencing.
- Location: Dungal and Azare, Bauchi State.
- No of Units: 1,096 units
- Stage of Development: 83% Completed







CONSTRUCTION WORKERS AT FAMILY HOMES ESTATE, NEW MAKUN CITY, OGUN STATE



CONSTRUCTION WORKERS AT FAMILY HOMES ESTATE, DARMANAWA, KANO STATE







## IFC EDGE: A PIVOTAL OPTION FOR FHFL

The global drive for sustainable development has become increasingly imperative in recent years, as the need to address climate change and reduce carbon emissions has become more apparent. One crucial aspect of this effort is the delivery of energy-efficient housing, considering that buildings are responsible for a significant portion of global carbon emissions and energy consumption, accounting for up to 40% of the total. Recognizing this challenge, the International Finance Corporation (IFC), a member of the World Bank Group, developed Excellence in Design for Greater Efficiencies (EDGE), a resource-efficiency certification system specifically tailored for emerging markets. The IFC EDGE certification system offers valuable technical solutions to reduce water usage, energy consumption, and embodied energy in buildings. By implementing these solutions, buildings can achieve a minimum 20% reduction in resource usage compared to conventional construction methods. This certification not only

promotes sustainability but also contributes to mitigating the adverse effects of climate change by curbing carbon emissions and conserving valuable resources. Our organization, Family Homes Funds Limited has embraced the IFC EDGE Standard and is making significant strides in delivering climate-smart affordable housing. By adhering to the rigorous standards set by IFC EDGE, FHFL is transforming the lives of low-income earners through the provision of sustainable housing options. The positive impact of this initiative extends beyond the individual beneficiaries to align with global development goals, specifically the promotion of sustainable cities and communities. By building energy-efficient homes, FHFL contributes to creating a better and more sustainable future for the Nigerian population. Currently, FHFL is actively engaged in certifying several of its housing projects, including the Family Homes Estate located in Darmanawa, Kano state, and Asaba in Delta state. These projects, upon certification, will not only

enhance the economic and environmental performance of the buildings but will also serve as exemplary models for sustainable construction practices in Nigeria. By integrating energy-efficient technologies, optimizing water usage, and reducing embodied energy, FHFL sets a high standard for the construction industry, inspiring others to follow suit. The certification process for these housing projects represents just the first step in FHFL's broader commitment to sustainability. By adopting the IFC EDGE Standard, FHFL is embracing a culture of continuous improvement and innovation in its construction practices. The certification acts as a catalyst, motivating FHFL to explore further opportunities for resource efficiency, renewable energy integration, and green building materials in their future projects. By doing so, FHFL will continue to contribute positively to the preservation of the environment, while simultaneously addressing the pressing issue of climate change. In sum, the global pursuit of sustainable development

necessitates a shift towards energy-efficient housing, considering the significant carbon emissions and energy consumption associated with buildings. The IFC EDGE certification system, developed by the International Finance Corporation, offers a valuable framework for achieving resource efficiency in emerging markets. FHFL, by embracing the IFC EDGE Standard, is making commendable progress in delivering climate-smart affordable housing that positively impacts the lives of low-income earners. Through these certification efforts, FHFL demonstrates its commitment to environmental stewardship, economic viability, and the advancement of sustainable cities and communities. This is just the beginning of FHFL's journey towards a more sustainable future, one that promises further innovation and transformative change in the Nigerian construction industry.





## SUSTAINABILITY AND IMPACT

In 1943, the American psychologist, Abraham Maslow introduced the concept of the Hierarchy of Needs. In it, he argued that shelter is a basic human need and an indicator of a person's living standard and social standing. Security, safety, comfort, and improved self-esteem are some benefits of having shelter.

Significantly, the rate of homeownership and the housing sector's performance has become a way of measuring the growth of a nation. Housing markets and construction serve as growth engines in various economies. The sector is always at the forefront of economic recovery from depression. Housing

construction plays an important role in the urban economies of developing countries through job creation, especially unskilled labour. In most developed economies, the housing sector is regarded as an important source of economic growth.

The housing landscape in Nigeria is fraught with a lot of challenges ranging from housing shortage, high cost of building materials, and lack of access to mortgage financing, dampening the homeownership dreams of most of the population, especially those in the middle to lower class.

In such a critical moment, Family Homes Funds Limited is standing

strong, restoring the homeownership dream of many Nigerian families. Within a short period, the company has made remarkable contributions to the delivery of affordable housing, notwithstanding the enormous difficulties in the environment it is operating in. FHFL is stimulating growth in the housing sector by increasing access to affordable homes for low-income families; supporting the value chain on both the demand and supply sides; and banking on innovation.

Some understanding of FHFL's impact in the sector can be seen in the following ways:

**Improved access to housing finance:** We have improved access to housing finance by developing new housing finance options to facilitate the development of new homes for low-income families. These key initiatives include the Help-to-Own programme, Rental Housing, and Students Housing. Additionally, we have explored different payment plans including liaising with Primary Mortgage Institutions (PMIs) to help provide mortgages for low-income families. This has helped increase access to quality and affordable houses thus improving the living standard of the under-privileged. Today, our intervention has provided over 14,308 homes across the country with more than 9,240 in the pipeline for development within the next 12 months.

**Job Creation:** Our projects have created over 84,000 job opportunities in the construction industry, which is one of the major employment sectors in Nigeria. This has provided a source of income for many people and reduced unemployment in areas where our projects exit.

**Economic Growth:** We are contributing to the economic growth of Nigeria by increasing the demand for locally manufactured building materials and stimulating economic activities in the construction sector.

**Sustainable Building Practices:** We are also promoting sustainable building practices by using environmentally friendly building materials, energy-efficient designs, and construction methods that reduce waste and carbon footprint. This has invariably reduced the negative impact of construction on the environment and promoted sustainable development.

**Accessed Development Finance Institutions (DFIs) Support:** We have accessed some DFIs like the African Development Bank (AFDB) – designed to increase access to affordable homes; Agence Française De Développement (French Development Agency (AFD)) – designed to support the provision of students housing; ECOWAS Bank for Investment and Development (EBID) – designed to support our operations and development of more homes in view of fulfilling our mandate.

**Community Participation:** We ensure that our projects are tailored to the needs of the community, and most host communities are engaged in the planning and implementation processes. This has a direct impact on the sustainability of projects.

Evidently, FHFL is operating in an environment where it has significant potential for impact. Our work has proven that we can increase access to housing, create jobs, build strong partnerships and leverage innovation for the delivery of great results.





## PROMOTING EQUITY IN HOUSING

It is mandatory for us to elevate the importance of centring housing activities and investments around equity in housing for all, especially for women, disabled people and other marginalized groups. The Nigerian housing market must be affordable and serve citizens equally. When it does not meet those standards, the result is disinvestment in communities and concentrations of poverty. One key metric demonstrating this problem is a significantly lower homeownership rate among women and young people.

It is our strong believe that housing policies and interventions should

be implemented with emphasis on initiatives and expenditures that give everyone equal opportunity. This emphasis calls for addressing inequalities that have led to concentrations of poverty, uneven results, and current norms that prevent women-led households, disabled and young people from having equitable access to affordable housing. It also indicates that to have better results, future investments should be in line with laws that support and advance equity.

This informs our commitment to important projects like the Special Women Empowerment Initiative – a collaboration with the Adashe

Women Housing Society in Kaduna to provide affordable homes for 134 vulnerable women. Unfortunately, women continue to experience significant barriers to accessing housing on their own with less than 5% homeownership for women in Nigeria. In many of our cities, landlords will often refuse to rent a home to a woman without a husband. Even worse, it is still common for women to be forced to leave the family home with their children if their husband dies because their names are not on the title or lease documents. This partnership with Adashe ensures that 134 women can own their own home and a secure and safe place to raise their family. It is a partnership

we hope to grow across various states of the Federation.

In another positive development, our partnership with the Agence Française de Développement (AfD) also known as the French Development Agency is on course to implement a substantial programme of Purpose-Built Students Accommodation in selected Universities across Nigeria.

A study has now been carried out to accurately assess need and collect data required to develop a sustainable financing structure for

University Students' Accommodation in Nigeria.

With students' enrolment more than 2 million, the huge shortage of decent and affordable housing for university students is often missing in discussions about affordable housing. Through partnership with the AfD and hopefully others, Family Homes Funds Limited is committed to working with our Universities and the Private Sector to promote a significant increase in the supply of housing for Nigerian students, particularly those from low-income

families.

Our vision is for new students' housing that provides a modern, high-quality living environment for the Nigerian student through deep deployment of technology and communications, innovative energy solutions and leveraging on standardization to enhance affordability. Our commitment is geared towards providing young people with living environments that enable them to compete favourably in the global community.



## 2022 IN PICTURES



FHFL HOUSING ROUNDTABLE FOR DEVELOPERS IN SOUTH-WEST HOSTED IN LAGOS



COURTESY VISIT BY NIGERIA INSTITUTE OF TOWN PLANNERS (NITP) TO FHFL



FHFL HOUSING ROUNDTABLE FOR DEVELOPERS IN SOUTH-EAST HOSTED IN ENUGU



COURTESY VISIT BY NIGERIA INSTITUTE OF QUANTITY SURVEYORS (NIQS) TO FHFL



## 2022 IN PICTURES



AFRICA INTERNATIONAL HOUSING SHOW 2022



AFRICA INTERNATIONAL HOUSING SHOW 2022

## 2022 IN PICTURES



AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD) AND FHFL JOINT STUDY ON STUDENT HOUSING



AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD) AND FHFL JOINT STUDY VISIT TO UNIVERSITY OF ABUJA



## 2022 IN PICTURES



PROJECT MANAGEMENT RETREAT FOR INDEPENDENT PROJECT MANAGERS

## 2022 IN PICTURES



MARKING THE INTERNATIONAL WOMEN'S DAY 2022



FHFL HR WEEK 2022



SIGNING OF FUNDING AGREEMENT WITH ENUGU STATE HOUSING DEVELOPMENT CORPORATION



# OPERATIONAL PERFORMANCE







# OPERATIONAL PERFORMANCE AT A GLANCE

2,850



NEW HOMES APPROVED  
FOR DISBURSEMENT

3,789



NEW JOBS

4



HOME OWNERSHIP  
PRODUCTS

N20bn



CORPORATE SUKUK  
ISSUANCE

N2.04bn



PROFIT BEFORE TAX

N129bn



TOTAL ASSETS

N23.5bn



NEW CAPITAL

75%



COMPLIANCE  
ESTABLISHED IN  
PROCESSES

84%



CUSTOMER  
EXPERIENCE INDEX

72%



STAFF ENGAEMENT  
INDEX

## AWARDS



- Affordable Housing Company of the Year in July 2022 by the Nigeria Housing Awards.
- Affordable Housing Financier of the Year by the Association of Housing Corporations of Nigeria (AHCN) in November 2022.
- Housing Finance Award by the Housing Finance Summit in November 2022.
- Affordable Housing Company of the Year at the Africa Housing Award in December 2022.
- FHFL series II N20bn Corporate Sukuk Issuance won the Islamic Finance News deal of the Year – the global Islamic finance and banking industry's most prestigious honours.

## RATINGS



- During the year, Agosto & Co. – the Pan-African Credit Rating Agency and a leading provider of industry research and knowledge in Nigeria & Sub-Saharan Africa upgraded its rating for FHFL from "BBB" to "A".
- FHFL retained its GCR Ratings (GCR) of "BBB+/A2"



# MAINSTREAMING ENVIRONMENTAL SOCIAL AND GOVERNANCE IN FAMILY HOMES FUNDS LIMITED

## DRAWING INSPIRATION FROM OUR MANDATE

Executing developmental projects are increasingly becoming complex because of the unintended negative externalities associated with them and the far-reaching impacts they have on the environment, people, and their health. Every now and then, the media reports about communities where developments are happening and their deteriorating state because of ongoing air, land, and water pollution, biodiversity loss, depletion of natural resources, and indiscriminate disposal of waste and hazardous materials. Meanwhile, these are also communities that experience prevailing socioeconomic challenges such as poverty, health issues, unemployment, inequality, insecurity, and injustice—further worsening the situation. This situation has demanded responsiveness and accountability from every business institution to act for the good of all—making profits whilst transforming their societies.

Correspondingly, a people and planet-centred approach to business is now mainstream as the concept of sustainability and its related themes continue to gain traction. Today businesses are no longer relevant only by their products or services but by their social impacts—their response and contribution in solving salient societal issues. Consequently, to achieve long-term success, businesses need to have a strong relationship with their stakeholders by identifying the needs and expectations of each stakeholder and integrating these needs into their corporate strategy. This stakeholder-focused business approach is the principle underlying the megatrend topic of Environmental Social and Governance (ESG). ESG is a reference to different environmental, social and governance factors that are relevant to an organization, and how the organization creates opportunities to engage these factors; or manage risks while bearing in mind the relationship it has with its stakeholders.

At Family Homes Funds Limited, we believe in promoting sustainable and inclusive growth that transcends just financing housing development. We see our purpose as strategically interconnected with the United Nations' 17 Sustainable Goals. By way of our business mandate, our mission is addressing two pressing challenges in Nigeria—housing deficits and unemployment—which is a disheartening situation premised on prevailing statistics. It is therefore important that whilst committed to our mission we are mindful and deliberate in creating meaningful impacts for the people that matter to us—our employees and target groups, and other stakeholders who are directly or indirectly affected by the things we do. Similarly, “life is full of risks”, we are mindful of this too. Hence, shielding our portfolio from significant risks that pose risks to us and the people and communities where we have financial footprints is how ESG is our guiding light, our target group, and the wider community.

**OUR APPROACH IS STRONGLY ROOTED IN THE UNITED NATIONS 17 SUSTAINABLE DEVELOPMENT GOALS (SDGS)**

## WHAT ESG MEANS FOR FHFL

ESG for FHFL implies staying true to our very essence which bears light in our mission statement—providing affordable homes and creating jobs... for marginalized populations of Nigerians—and doing this through mindful of other groups in our process chain—our employees, partners, investors, clients, regulators, and the communities that host our financed projects. Our approach to ESG is strongly rooted in the United Nations 17 Sustainable Development Goals (SDGs)—the universal call-to-action for developments that recognizes the socioeconomic needs of people and protection of the environment for the shared prosperity of all. The SDGs are holistic in scope and coherently capture salient societal issues such as poverty, hunger, social inequality, and sustainable and efficient use of natural resources. FHFL is committed to achieving these goals through its mandate.







## WHAT ESG MEANS FOR FHFL

The housing construction industry is a significant sector in the economy that contributes to the Gross Domestic Product (GDP), particularly in developing nations. According to the National Bureau of Statistics (NBS), the construction and real estate sector contributes significantly to Nigeria's GDP (10.6% in the last quarter of 2022). However, throughout its entire value chain, the sector is characterized by serious environmental and social risks of global importance. It is recognized that the global real estate sector contributes up to 20% to Greenhouse Gas (GHG) emissions, 40% to energy use, 30% to raw material depletion, and 25-40% to solid waste generation, including biodiversity loss and pollution of water, air and land resources (World Economic Forum and Financial Nigeria International). As an institution that finances housing development projects in Nigeria, we are not oblivious to these risks and the implication to our reputation. Hence, ESG makes a strong business case for us and is a medium for us to create and apply high environmental and social standards in the sector.

As a social housing company, our mandate directly addresses two major goals of the SDGs, Goal 11 - sustainable cities and communities and Goal 8 - Decent work and economic growth. Access to safe, secure, habitable, and affordable housing is a fundamental human right that corroborates with the UN-Habitat Agenda of providing adequate housing for all. According to UN-Habitat, housing transcends beyond "bricks and mortar", it is a precondition for addressing critical social issues such as employment, poverty, health, education, and inequality. It is therefore expedient for us as a company that our mandate has a strong interaction with the SDGs and its targets.

The Centre for Affordable Housing Financing (CAHF) estimates that as of 2022, the housing deficit in Nigeria was up to 28 million houses. This situation is further worsened by the fact a large population of Nigerians are multidimensional poor (63%; NBS, 2022), and are also constrained by low income. Consequently, our mandate has a strong emphasis on affordable housing and closing the social gap in unemployment and improving the financial inclusion of a diverse marginalized fragment of Nigerians, one project per time. This in turn leads to job creation for different skill levels and gender.

So far, we have helped finance the development of over 14,000 housing units through our range of housing programmes that have improved life for various low-income families. Consequently, jobs for skilled and semi-skilled labour have been created through different housing projects spread across different parts of the country. We also have a pipeline youth entrepreneurship and empowerment project that will create more than 10,000 jobs for men and women with housing construction-related skills. All of the above reflects our contribution to the following SDG targets: 1.4 for social protection systems and measures for the poor and the vulnerable; 8.3 decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services; 10.1 progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

We take seriously the environmental footprints of the projects we finance by ensuring that those we finance have a clear stance of our commitment to shrouding our projects from negative externalities. Hence, through our Environmental and Social Management System (ESMS) policy, our customers are compelled to adhere to extant national and international environmental standards. Understanding the peculiarity of the sector

of the projects we finance, we have a strong disposition for biodiversity conservation and waste and hazardous material handling and disposal, and their impact on water and land resources. This helps to extend our contribution to other themes of the SDGs on responsible consumption and production (Goal 12), water (Goal 14) and land resource (15).

In addition to improving our environmental footprint, we are conscious about being a socially responsible organization. We are actively improving our capacity to engage our employees, contractors, independent project managers and other stakeholders relevant to us. FHFL has undertaken initiatives to engage and train project managers on national and international environmental and social safeguards to improve the awareness and compliance of our projects to trending social topics such as labour rights, child labour, gender and social inequality, community health and safety, grievance redress mechanism, involuntary resettlement. We also have pipeline initiatives focused on women's housing and empowerment. An example of this is the Adahse Women Housing Scheme in Kaduna State.

The global community is in an era of diminishing reservoirs of natural resources to meet up with the increasing demand for materials for urbanization. Climate change, resources and water scarcity are challenges altering the supply chain for products and services. The housing sector is notable for its high consumption of resources such as water, energy, and a major source of hazardous waste generation. In recognition of the impact this has on the local and global economic landscape, FHFL has already begun the initiation of green buildings through the design for greater efficiency (EDGE) concept. Processes are on the way to have some of our legacy project's EDGE certified by the International Finance Corporation (IFC) of the World Bank Group.

We believe that to achieve our ESG targets and make a far-reaching impact, partnerships and alignment with other institutions are fundamental. First, to achieve this, it is important that we position ourselves as an attractive institution to potential partners and investors. Accordingly, we are constantly ensuring that we are improving our methods, processes, and structure for a sustainable entity. It is also important that we create an honest and transparent engagement about our brand and services with our diverse stakeholders. This is evident in our corporate strategy and environmental and social policy displayed on our website accessible to the public. FHFL has a friendly relationship with prominent development financial institutions (DFIs) such as the African Development Bank, Agence Française de Développement (AFD), European Investment Bank (EIB) and other DFIs. This partnership also extends to carrying along relevant Ministry Agencies and Departments in our business activities.

FHFL now has a specialized ESG role to support and oversee and document all our environmental, social, and corporate governance policies and procedures. The ESG personnel is contributing to our delivery of environmental and social training and alignment for our internal team and external stakeholders, including our borrowers. Consequently, the capacity of our other departmental functions is being strengthened to align our services to clients and our commitments to investors, sponsors, and partners towards ESG goals. This is the same for our current range of products and services—we are striving to ensure that they are devoid of negative environmental and social risks that can impact our brand and the people that we serve.

In conclusion, ESG is a journey for us and not a destination that we are aiming to reach and take a break. We are passionate about incremental growth and continuous improvements of our institutional capacity—the competence of our staff and the improvement of our processes and outputs. Hence, our mistakes and failures are important to us; we embrace them, learn from them, and grow from them.







# ESG AT FHFL



## CLOSING HOUSE DEFICITS IN NIGEIRA

Financed the development of more than 14,000 housing units for low-and middle-income Nigerians.

01



## IMPROVING THE QUALITY OF LIFE THROUGH JOB CREATION

Contributed to the creation of over 80,000 jobs with significant contributions to economic growth.

02



## CREATING SUSTAINABLE CITIES

Introducing excellence in design for greater efficiency (EDGE) concepts in our projects to increase the resilience, resource efficiency and other environmental benefits of housing projects that we fund.

03



## ESG GOVERNANCE

Established a corporate governance structure through an ESMS policy framework for accessing, evaluating and screening adverse ES risks. The structure establishes procedures and clearly defined roles for our employees, clients and third-party contractors.

04



## ESG SPECIALISTS

In-house environmental and social specialists to oversee and align our internal and external ESG requirements.

05

| ESG themes                              | Key Stakeholders |          |                  |            |             |
|---|------------------|----------|------------------|------------|-------------|
|   | Employees        | Investor | Clients/Obligors | Regulators | Communities |
| <b>Environmental</b>                    |                  |          |                  |            |             |
| Air quality                             | ✓                | ✓        | ✓                | ✓          | ✓           |
| Climate change/GHG emission             | ✓                | ✓        | ✓                | ✓          | ✓           |
| Water/wastewater                        |                  | ✓        | ✓                | ✓          | ✓           |
| Biodiversity conservation               |                  | ✓        |                  | ✓          | ✓           |
| Energy management                       | ✓                | ✓        | ✓                | ✓          |             |
| Waste and hazardous materials           | ✓                | ✓        | ✓                | ✓          | ✓           |
| Noise disturbance                       | ✓                | ✓        |                  | ✓          | ✓           |
| <b>Social</b>                           |                  |          |                  |            |             |
| Employee professional development       | ✓                | ✓        |                  | ✓          |             |
| Employee health and well-being          | ✓                | ✓        |                  | ✓          |             |
| Talent acquisition and retention        | ✓                | ✓        |                  | ✓          | ✓           |
| Human rights                            | ✓                | ✓        | ✓                | ✓          | ✓           |
| Diversity and inclusion                 | ✓                | ✓        |                  | ✓          | ✓           |
| Housing accessibility and affordability | ✓                | ✓        | ✓                | ✓          | ✓           |
| Community health and safety             |                  | ✓        |                  | ✓          | ✓           |
| Community relations and engagement      |                  | ✓        |                  | ✓          | ✓           |
| Cultural heritage                       |                  | ✓        | ✓                | ✓          | ✓           |
| <b>Governance</b>                       |                  |          |                  |            |             |
| Business ethics                         | ✓                | ✓        | ✓                | ✓          | ✓           |
| ESG governance/policies                 | ✓                | ✓        |                  |            | ✓           |
| Labour laws                             | ✓                | ✓        |                  | ✓          | ✓           |
| Data privacy                            | ✓                | ✓        | ✓                | ✓          | ✓           |
| Enterprise risk management              | ✓                | ✓        | ✓                | ✓          |             |
| Reporting and transparency              | ✓                | ✓        |                  | ✓          | ✓           |
| Anti-corruption and Whistleblowing      | ✓                | ✓        |                  | ✓          | ✓           |



# DEVELOPMENT IMPACT





# DEVELOPMENT IMPACT

Founded with the objective of providing affordable, safe, and sustainable housing options for families with low to moderate income, Family Homes Funds Limited (FHFL) embraces this vision with integrity; and awareness of the urgency required to meet this fundamental human right.

FHFL combines strong leadership and innovation to finance solutions to one of the most crucial challenges facing Nigeria today – affordable housing. According to a 2019 UN Special Report on the Right to Adequate Housing in Nigeria, housing conditions remain grossly inadequate for the millions of Nigerians who are excluded from the formal housing sector. As a result, informal settlements are growing, with citizens lacking the most basic amenities and facing forced evictions.

On the issue of affordability, the Nigerian Bureau of Statistics reported in 2022 that 83 million Nigerians earn less than N137,430 per annum, invariably limiting their opportunities of owning their own homes, even when they are considerably cheap.

Determined to address these issues and inspire hope in families, FHFL is serving as a critical facilitator and pooling its distinctive financial, social, informational, and political resources to achieve results in four key areas—core financing, strong partnerships, innovation, and public will.

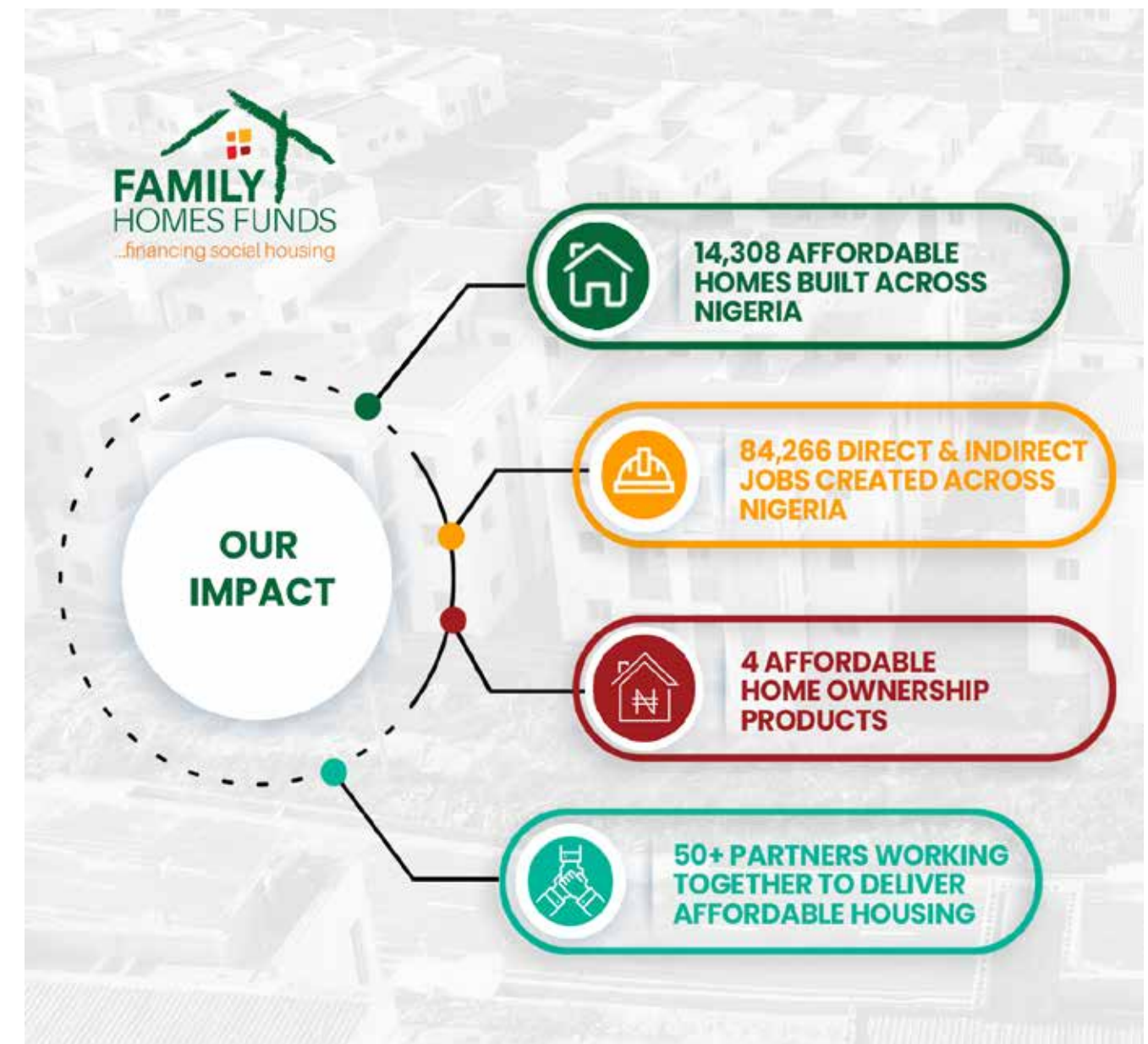
Five years now since its existence, FHFL's journey is an exemplary and inspirational story of impact.

## INCREASING ACCESS TO AFFORDABLE HOUSING

Since its establishment, FHFL has made significant strides in achieving its mission of improving the lives of families on low-income through housing. As of today, FHFL has financed the development of 14,308 affordable homes across Nigeria from north to south. These homes are now being occupied by families who previously lived in congested, unstable, or even unsafe environments, and often had to choose between spending on housing and other necessities such as food or healthcare. By providing affordable housing that meets their needs, we have enabled these families to lead more secure,

84,266

DIRECT & INDIRECT JOBS  
CREATED ACROSS NIGERIA



comfortable, and healthy lives. In continuation of this mandate, FHFL currently has a pipeline of an additional 9,240 homes to be delivered by the end of 2024. Towards effective delivery for the highest number possible, we are leading with key products including the Affordable Housing Fund, Help-to-Own programme, Rental Housing, Students Housing, Lands and Infrastructure, Incremental Housing, Rent till Mortgage, Sites and Services, and Instalment payment, independently tailored to meet unique needs of categories of beneficiaries on low income. Although, families across Nigeria face similar housing needs, including cost burdens, and housing quality problems, there is no single canvas brush for these problems. Our priority is to optimize these existing product lines to accelerate the development of new homes for families on low income







**SKILLS TRAINING PROGRAMME FOR OVER 1,000 ARTISANS IN NORTHEAST, NIGERIA**

## BOOSTING JOB CREATION

A critical component of FHFL's affordable housing mandate is the provision of jobs in its value chain of delivery. As of today, FHFL's projects have created over 84,000 direct and indirect jobs across the country for developers, engineers, site supervisors, artisans, suppliers, and food vendors among others with services related to construction and project management.

Across FHFL projects, the constant sentiment of most of the workers – now totalling 84,266 – is that they experience both an engaging place to work and the motivation to build structures that the owners would be proud to call home, which is exactly the difference Family Homes Funds was created to make.

We also see a unique opportunity for engaging previously unemployed youth and increasing the skill levels

on our projects by executing an apprenticeship and artisans skills training scheme. To this end, we are developing an implementation plan with expert technical input and collaboration with an industry leader – the Construction Skills Training and Empowerment Programme (C-STEMP).

More than 1,000 artisans have benefitted from construction skills acquisition training by FHFL and states in northeast Nigeria.

With FHFL's projects, opportunities for work remain even after the construction works are completed. There are employment opportunities for facility managers, electricians, plumbers, carpenters, gardeners, cleaners, security guards, and other workers supporting the management of the estate facilities. The estates themselves present opportunities for household income generated by small businesses on the estates as families move in.



**PLAYGROUND AT FAMILY HOMES ESTATE, LUVU, NASARAWA STATE**

## POSITIVE IMPACT ON LOCAL COMMUNITIES

Our work is not only about providing affordable housing but also improving the communities where our beneficiaries live. Over the years, we have invested in green spaces

within communities, constructed recreational amenities, and promoted the development of small business enterprises. Families in our estates in Kano, Nasarawa, Ogun and Delta states currently enjoy access to these amenities especially playgrounds for children, neighbourhood shopping areas, and other common areas for recreation and self-expression. These efforts have led to stronger and more vibrant communities, improving the well-being of residents, and contributing to overall community growth.

We stay committed to these initiatives because we have seen for example that children do better in school when



they have a safe and comfortable home to return to every night, and adults plan their lives better in a modern environment with easy access to markets, hospitals, and worship places.

Also, these thriving communities are helping to reduce factors that create crime and violence in society; and create environments that enable civil culture, modern living, and neighborhood prosperity. Generally, our homes support communities long after they are built.

## PROMOTING ECONOMIC GROWTH

Significantly, the work that FHFL does in the affordable housing sector has tremendous impact on the economic growth of the nation. Whenever projects take off, a further impact on local economies is expected due to a requirement for the projects to prioritize the use of local materials.

FHFL recognizes the potential of housing in contribution to economic growth, which ultimately informs its careful choice of partners and investments.

FHFL projects utilize and increase demand for local building materials like cement, gravel, doors, plumbing equipment, roofing sheets, paint, etc. For example, FHFL's budding relationship with major cement producers in Nigeria – Dangote and BUA – for the bulk procurement of cement will not only improve the delivery of affordable housing across the country but also create more jobs for those involved in the supply chain including direct producers, transporters, storekeepers, among others.

By increasing access to affordable housing, families living on our estates can meet other household needs and save for the future. In most cases in Nigeria, low-income families have little left after rent for other important expenses, leading to difficult budget trade-offs.

We believe that affordable housing should go hand-in-hand with self-sufficiency and economic empowerment. Some families in our estates can start small neighbourhood businesses, increasing their family income and sustainability. In our estate in Luvu,





## BASKETBALL COURT AT FAMILY HOMES ESTATE, LUVU, NASARAWA STATE

Nasarawa, Madam Mercy, a resident and small business owner makes an average profit of N10,000 every day from her neighborhood grocery store.

In partnership with development institutions, and microfinance organizations, we are also providing access to loans and mortgages, helping families move into our



homes even before they can complete purchase. Today, more than 1,000 households have benefited from these programs as they have been able to move into our homes in Ogun, Delta, Kaduna, Nasarawa and Kano.

## COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

As part of our mission, we prioritize sustainable housing. We promote sustainable building practices by using

environmentally friendly building materials, energy-efficient designs, and construction methods that reduce waste and carbon footprint. This has invariably reduced the negative impact of construction on the environment and promoted sustainable development.

We also partner with other organizations to teach our beneficiaries how to adopt eco-friendly habits and promote the use of renewable energy in their homes. Our partnership with IFC EDGE is leading to highly prioritized certifications for our projects to maximize both the economic and environmental performance of the buildings and contribute positively to saving our environment and slowing the pace of climate change.

## BUILDING STRONG PARTNERSHIPS AND FINANCIAL CAPABILITY

In increasing our financial capability to deliver affordable housing, we are building strong partnerships with notable Development Finance Institutions (DFIs). With the African Development Bank (AfDB), we are in a partnership designed to increase access to affordable homes through the Help to Own programme. With Agence Française De Développement (French Development Agency – AFD), we are partnering to support the provision of students' housing across universities in Nigeria. We also have strong ties with the ECOWAS Bank for Investment and Development (EBID) to support our operations and the development of more homes.

In strengthening our financial capabilities for affordable housing development, we have also successfully raised



## AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD) TEAM'S VISIT TO FHFL

a N30 billion Sukuk Bond from the capital market with support from our advisers and regulators. With finance being a major bane to affordable housing in Nigeria, we were highly motivated to execute what is the first corporate sukuk issuance in the history of Nigeria which is now channeled into the delivery of affordable homes.

## PROMOTING INCLUSIVE HOUSING

Our commitment is also focused on ensuring that housing is inclusive, especially for women and young people. This has informed some of our projects including the Special Women Empowerment Initiative – a collaboration with the Adashe Women Housing Society in Kaduna to provide affordable homes for 134 vulnerable women.

Also, our partnership with the Agence Française de Développement (AFD) is towards the implementation of a substantial programme of Purpose-Built Students Accommodation in selected Universities across Nigeria. This will address the huge shortage of decent and affordable housing for university students, which is often missing in conversations about affordable housing. Ahead of this programme, we have completed a feasibility study to access needs in



universities across Nigeria.

In northeast of Nigeria – a region that has been affected by the violent activities of insurgent militants – FHFL's partnership with the state governments of Borno, Yobe, Bauchi and Adamawa has resettled previously displaced families and provided them with the opportunity to earn a decent living again.

Through the partnership, Family Homes Funds Limited has financed the development of 7,993 homes and provided other technical support required to improve the living conditions of low-income earners and Internally Displaced Persons

(IDPs) in the region.

The projects complement the region's initiative to re-construct, rehabilitate and resettle thousands of families as a new lease of life begins. The families who have had to contend with the challenge of being displaced and living in makeshift tents will have access to new homes in their original communities to start new lives. Given the low financial status of the families, the homes are only priced at N1.8 million, presenting a very rare affordability benchmark in Nigeria.

The program reaffirms FHFL's commitment to improving the lives of Nigerians – especially the most





## FHFL HOUSING ROUNDTABLE FOR DEVELOPERS IN SOUTH EAST NIGERIA

vulnerable ones who are too often excluded from housing.

### THOUGHT LEADERSHIP AND STAKEHOLDERS' ENGAGEMENT

In advancing affordable housing and the capacity of stakeholders in the sector, we believe that knowledge sharing is a primary factor. With this in mind, we utilize the opportunities presented by mediums including conferences, exhibitions, traditional and social media to share our lessons so far.

Every year, we host a conference session at the Abuja International Housing Show (AIHS) – a housing sector conference and exhibition event – with experts speaking on issues affecting affordable housing in Nigeria. The session has hosted notable professionals including Professor Olumide Olusanaya, Professor and Researcher at the University of Lagos; Professor Timothy Nubi, Director, Research and Innovations Office, University of Lagos; Mr. Semiu Adeyemi Adeniran, the Statistician-General of the Federation and Chief Executive Officer of the National Bureau of Statistics (NBS); TPL. Toyin Ayinde, National

President, Nigerian Institute of Town Planners (NITP); Dr. Roland Igbinoba, Founder, Pison Housing Company & President, Nigeria PropTech Association among others. Resolutions from the session are included in the overall conference report for policymakers and implementers across the country.

Members of our management team, especially the Managing Director speak at major housing and finance events including the World Urban Forum, the Africa Union of Housing Finance Conference (AUHF), the Africa Financial Industry Summit, and the Lagos Real Estate Market Place Conference, among others.

In our bid to constantly engage with diverse stakeholders in the sector to forge understanding and partnerships, every year, we organize at least four stakeholders' roundtables across Nigeria involving public actors, developers, housing corporations, cooperatives, and women's housing groups. We have held a series of these events in Abuja, Lagos, and Enugu with plans to expand to other states.

### EFFECTIVE STRATEGY AND OPERATIONS

What we are doing is to leverage managerial expertise, competent teams, wide experience, refined ideas, collaboration, and well-thought financial investments, in making affordable housing a limitless possibility. That is why we have created a system, that unites sector stakeholders and professionals to help build affordable and innovative homes that will meet the needs of growing communities across Nigeria. In 2022, we recorded 84% in our customer satisfaction survey.

The people at FHFL are highly regarded as the building blocks of the organization through whom goals and objectives are attained. There is a strong notion that a team of well-developed and skilled individuals form the basis for growth and excellence. To attract and retain excellent professionals and experts, FHFL is implementing an Elite Young Professionals Scheme to train and support staff to grow and excel in their work.

Family Homes Funds Limited is dogged in its commitment to providing affordable, decent, and sustainable housing for low-income earners. The impact of our work revolves around the provision of housing to families in need, empowering them, and making positive changes to local communities. We are grateful for the ongoing support of our partners in realizing our vision of a world where access to affordable housing is not a privilege but a basic right.

FHFL is continuously looking forward, determined to always live by its mantra of changing lives through strong partnerships, knowledge sharing and innovation. Today, the challenges with delivering affordable and decent housing are well known, and only a few organizations are ready to invest time and resources. Despite this, FHFL wants to be recognized as a leader in that respect, helping Nigeria fight poverty and inequality through the delivery of affordable housing, job creation and supporting the growth of the local economy.



# FINANCIAL STATEMENT





## GENERAL INFORMATION

### COUNTRY OF INCORPORATION

Nigeria

### COMPANY REGISTRATION NUMBER

RC1360519

### DIRECTORS

|                            |   |
|----------------------------|---|
| Chairman                   | Mr. Suleiman Barau  |
| Managing Director<br>2023) | Mr. Abdul Mutallab Mukhtar (Appointed 6th February 2023)  |
| Managing Director          | Mr. Femi Adewole (Resigned 21st October 2022)   |
| Non-Executive Director     | Mr. Chiweze Allen Ukwuoma   |
| Non-Executive Director     | Mr. Mohammed Rashid Umar  |
| Non-Executive Director     | Ambassador Muhammadu Adamu Jumba  |
| Non-Executive Director     | Mr. Uche Orji (Representative of NSIA Property Investment Company Limited, resigned on 30th September 2022)       |
| Non-Executive Director     | Mr. Aminu Umar-Sadiq (Representative of NSIA Property Investment Company Limited, Appointed on 14th October 2022) |
| Non-Executive Director     | Aisha Shehu Omar (Representative of Federal Ministry Of Finance Incorporated)                                     |

### COMPANY SECRETARY

Mr. Franklin J. Eseagwu  
3rd Floor Sinoki House  
Samuel Ademulegun Avenue  
Central Business District 900211  
Abuja

### REGISTERED OFFICE

3rd Floor Sinoki House  
Samuel Ademulegun Avenue  
Central Business District 900211  
Abuja

### AUDITORS

Ernst & Young  
10th & 13th Floor UBA House  
57 Marina, Lagos.

### COMPANY SOLICITORS

Banwo & Ighodalo  
Plot 2669, Afri-Investment House  
50 Aguiyi Ironsi Street, Wuse Abuja

### PRINCIPAL BANKERS

CBN Treasury Single Account

## REPORT OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are pleased to present their annual report on the affairs of Family Homes Funds Limited (“the Company”), together with the auditors’ report for the year ended 31 December 2022.

### LEGAL FORM

The Company was incorporated as a private limited liability company in Nigeria under the Companies and Allied Matters Act 2020 as Family Homes Funds Limited in 8 September 2016.

### PRINCIPAL ACTIVITY

The Company is established to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind whatsoever (including proprietary rights) including but not limited to homes, housing estates, buildings, properties and all manner of real property in Nigeria and related infrastructure and equipment. The Company also provide funding for building of low-cost houses for low-income earners.

### STATE OF AFFAIRS

In the opinion of the directors, the state of the Company’s affairs is satisfactory and there has been no material change since the reporting date, which would affect the financial statements as presented.

### RESULT FOR THE YEAR

|   | 2022      | 2021      |
|---|-----------|-----------|
|   | N’000     | N’000     |
| Revenue                                 | 5,192,650 | 3,313,234 |
|   | =====     | =====     |
| Profit before taxation                  | 2,049,627 | 2,720,806 |
| Taxation                                | (599,398) | (294,032) |
|   | .....     | .....     |
| Profit after taxation                   | 1,450,229 | 2,426,774 |
|   | =====     | =====     |
| Total comprehensive profit for the year | 1,450,229 | 2,426,774 |
|   | =====     | =====     |

### DIVIDEND

The Company proposed a final dividend of 2% on profit after taxation amounting to N29,004,000 (2021: N242,677,000). This dividend is subject to withholding tax at appropriate rate.

### PROPERTY, PLANT AND EQUIPMENT

Information relating to movement in property, plant and equipment is as shown in note 11 to the financial statements. In the opinion of the Directors, the market value of the Company’s assets is not less than the value shown in the financial statements.



## DIRECTORS

The names of the Directors at the date of this report and of those who held office during the financial year are as follows;

|                        |  |
|------------------------|--|
| Chairman               | Mr. Suleiman Barau   |
| Managing Director      | Mr. Abdul Mutallab Mukhtar (Appointed 6th February 2023)<br>Managing Director Mr.Femi Adewole (Resigned 21st October 2022) |
| Non-Executive Director | Mr. Chiweze Allen Ukwuoma  |
| Non-Executive Director | Mr. Mohammed Rashid Umar   |
| Non-Executive Director | Ambassador Muhammadu Adamu Jumba   |
| Non-Executive Director | Mr Uche Orji (Representative of NSIA Property Investment Company Limited, resigned On 30th September 2022)                 |
| Non-Executive Director | Mr. Aminu Umar-Sadiq (Representative of NSIA Property Investment Company Limited, Appointed on 13th October 2022)          |
| Non-Executive Director | Aisha Shehu Omar (Representative of Federal Ministry of Finance Incorporated)  |

## DIRECTORS INTEREST IN CONTRACTS

None of the directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020 of any declarable interest in contract in which the Company was involved during the year ended 31 December 2022.

## DIRECTORS INTEREST IN SHARES

For the purpose of section 301 of the Companies and Allied Matters Act, 2020, none of the directors hold shares in the company.

## BENEFICIAL OWNERSHIP

The issued shares of the Company as at 31 December 2022 were beneficially held as follows:

| Shareholder                              | Number of Shares | %   |
|--|------------------|-----|
| NSIA Property Investment Company Limited | 490,000          | 49  |
| Ministry of Finance Incorporated         | 510,000          | 51  |
|  | 1,000,000        | 100 |
|  | =====            | === |

## CHARITABLE AND OTHER DONATIONS

In compliance with sections 43 of the Companies and Allied Matter Acts, 2020, the Company did not make any donation or gift to any political association or for any political purpose during the year.

## EMPLOYMENT AND EMPLOYEES

### Employment of Disabled Persons

The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Company's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. In the event of any employee becoming disabled in the course of employment, the Company is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. No disabled person was in the employment of the Company as at 31 December 2022.

### Health, Safety and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Health, safety and fire drills are regularly organized to keep employees alert at all times. Employees are adequately insured against occupational hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

### Employee Involvement and Training

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their wellbeing. Towards this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower. Consequently, the Company sponsors its employees for various training courses both in Nigeria and abroad.

## EVENTS AFTER REPORTING PERIOD

As stated in Note 31, the Directors are not aware of any matters of circumstances arising since the end of the reporting date, not otherwise dealt with in the annual financial statements which significantly affect the financial statements of the Company.

## AUDITORS

The auditor, Ernst & Young, having indicated their willingness, will continue in office as the auditor in accordance with Section 401(2) of the Companies and Allied Matters Act 2020.

## BY ORDER OF THE BOARD

### COMPANY SECRETARY



Mr. Franklin J. Eseagwu

31<sup>st</sup> March 2023



## STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2022

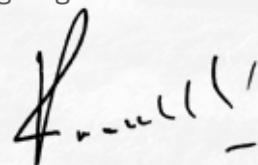
The Companies and Allied Matters Act, 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- keeps proper accounting records that disclose, with reasonable accuracy, the financial position and financial performance of the Company in accordance with the International Financial Reporting Standards, compliance with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No 6, 2011;
- establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

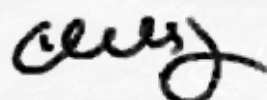
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards issued by International Accounting Standards Board, Financial Reporting Council of Nigeria Act No 6, 2011 and the requirements of the Companies and Allied Matters Act, 2020.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its financial performance for the year ended 31 December 2022. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.



**Abdul Mutallab Mukhtar**  
Director  
FRC/2023/PRO/DIR/003/100126



**Suleiman Barau**  
Chairman  
FRC/2015/ICENNIG/00000011559

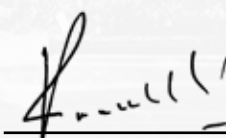
**31<sup>st</sup> March 2023**

## CERTIFICATE OF ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

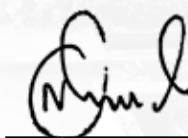
We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended December 31, 2022 that:

- We have reviewed the report;  
To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.
- We:
  - are responsible for establishing and maintaining internal controls.
  - have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
  - have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and Audit Committee:
  - All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



**Abdul Mutallab Mukhtar**  
Managing Director  
FRC/2023/PRO/DIR/003/100126



**Nkeiru Arum FCA**  
Chief Finance Officer  
FRC/2019/ICAN/00000019990

**31<sup>st</sup> March 2023**



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAMILY HOMES FUNDS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Family Homes Funds Limited ('the Company') which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Family Homes Funds Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

### Basis for 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 in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Family Homes Funds Limited Annual Report for the year ended 31 December 2022". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based

on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events



or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2021, we confirm that:

- 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;
- In our opinion, proper books of account have been kept by the Company in so far as appears from our examination of those books;
- The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



**Funmi Ogunlowo FCA**

FRC/2013/ICAN/00000000681

For Ernst & Young Lagos, Nigeria

26<sup>th</sup> June 2023



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

|  | Notes | 2022<br>₦ 000    | 2021<br>₦ 000    |
|--|-------|------------------|------------------|
| Revenue  | 5     | 5,192,650        | 3,313,234        |
| Finance Income                                 | 6     | 2,696,960        | 2,120,624        |
| Operating and administrative expenses          | 7     | (3,828,880)      | (2,117,219)      |
| Finance cost                                   | 7.1   | (2,011,103)      | (595,833)        |
| <b>Profit before tax</b>                       | 9     | <b>2,049,627</b> | <b>2,720,806</b> |
| Income tax expense                             | 10    | (599,398)        | (294,032)        |
| <b>Profit for the year</b>                     |       | <b>1,450,229</b> | <b>2,426,774</b> |
| Other comprehensive income                     |       | -                | -                |
| <b>Total comprehensive profit for the year</b> |       | <b>1,450,229</b> | <b>2,426,774</b> |
| Basic earnings per share (Naira)               | 20.1  | <b>1,450</b>     | <b>2,427</b>     |

See notes to the financial statements



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

AS AT 31 DECEMBER 2022

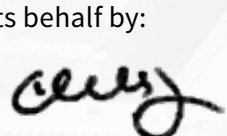
|                                     | Notes | 2022<br>N 000      | 2021<br>N 000     |
|-------------------------------------|-------|--------------------|-------------------|
| <b>Assets</b>                       |       |                    |                   |
| <b>Non-current assets</b>           |       |                    |                   |
| Property plant and equipment        | 11    | 176,196            | 206,004           |
| Intangible assets                   | 12    | 142,722            | 73,980            |
| Right of use Asset                  | 13    | 57,445             | 23,140            |
| Investment properties               | 14    | 1,259,966          | 1,259,966         |
| Sinking fund investment             | 23.2  | 6,253,845          | 1,791,091         |
| Loan receivables                    | 15    | 69,137,600         | 41,111,237        |
|                                     |       | <b>77,027,774</b>  | <b>44,465,418</b> |
| <b>Current assets</b>               |       |                    |                   |
| Property inventories                | 16    | 19,796,384         | 17,733,186        |
| Trade and other receivables         | 17    | 1,887,553          | 705,755           |
| Cash and cash equivalents           | 18    | 30,595,711         | 30,495,065        |
|                                     |       | <b>52,279,648</b>  | <b>48,934,006</b> |
| <b>Total assets</b>                 |       | <b>129,307,422</b> | <b>93,399,424</b> |
| <b>Equity and Liabilities</b>       |       |                    |                   |
| <b>Equity</b>                       |       |                    |                   |
| Share capital                       | 19    | 1,000              | 1,000             |
| Capital grant                       | 20.1  | 85,500,000         | 78,500,000        |
| Retained earnings                   | 21    | 3,636,424          | 2,428,872         |
| <b>Total equity</b>                 |       | <b>89,137,424</b>  | <b>80,929,872</b> |
| <b>Non-current liability</b>        |       |                    |                   |
| Loans and borrowings                | 23.1  | 26,139,442         | 9,051,329         |
| Deferred Income Grant               | 20.2  | 4,800,000          | -                 |
| Deferred tax liability              | 10    | 3,602              | 30,329            |
| <b>Total non-current liability</b>  |       | <b>30,943,044</b>  | <b>9,081,658</b>  |
| <b>Current liabilities</b>          |       |                    |                   |
| Trade and other payables            | 22    | 4,322,618          | 1,596,286         |
| Loans and borrowings                | 23    | 4,248,684          | 1,544,504         |
| Income tax payable                  | 10    | 655,652            | 247,104           |
| <b>Total current liabilities</b>    |       | <b>9,226,954</b>   | <b>3,387,894</b>  |
| <b>Total liabilities</b>            |       | <b>40,169,998</b>  | <b>12,469,552</b> |
| <b>Total Equity and Liabilities</b> |       | <b>129,307,422</b> | <b>93,399,424</b> |

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

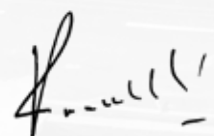
|                      | Share Capital<br>N 000 | Capital Grant<br>N 000 | Accumulated Profit<br>N 000 | Total Equity<br>N 000 |
|----------------------|------------------------|------------------------|-----------------------------|-----------------------|
| <b>2021</b>          |                        |                        |                             |                       |
| At 1 January 2021    | 1,000                  | 65,000,000             | 2,098                       | 65,003,098            |
| Capital grant inflow | -                      | 13,500,000             | -                           | 13,500,000            |
| Profit for the year  | -                      | -                      | 2,426,774                   | 2,426,774             |
| At 31 December 2021  | <b>1,000</b>           | <b>78,500,000</b>      | <b>2,428,872</b>            | <b>80,929,872</b>     |
| <b>2022</b>          |                        |                        |                             |                       |
| At 1 January 2022    | 1,000                  | 78,500,000             | 2,428,872                   | 80,929,872            |
| Capital grant inflow | -                      | 7,000,000              | -                           | 7,000,000             |
| Profit for the year  | -                      | -                      | 1,450,229                   | 1,450,229             |
| 2021 dividend        | -                      | -                      | (242,677)                   | (242,677)             |
| At 31 December 2022  | <b>1,000</b>           | <b>85,500,000</b>      | <b>3,636,424</b>            | <b>89,137,424</b>     |

See notes to the financial statements

The financial statements were approved by the Board of Directors on **31st March 2023** and signed on its behalf by:



**Suleiman Barau**  
Chairman  
FRC/2015/ICENNIG/00000011559



**Abdul Mutallab Mukhtar**  
Managing Director  
FRC/2023/PRO/DIR/003/100126



**Nkeiru Arum FCA**  
Chief Finance Officer  
FRC/2019/ICAN/00000019990

See notes to the financial statements.



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

|  | Note | 2022<br>N'000       | 2021<br>N'000      |
|--|------|---------------------|--------------------|
| <b>Operating activities</b>  |      |                     |                    |
| Profit before tax  |      | 2,049,627           | 2,720,806          |
| Adjustments to reconcile profit before tax to net cash flow: Depreciation of property, plant and equipment | 11   | 91,455              | 64,075             |
| Depreciation of Right of use Asset   | 13   | 36,594              | 25,350             |
| Amortization of intangibles  | 12   | 26,237              | 9,149              |
| Loss on disposal of property, plant and equipment  | 7    | 6,122               | -                  |
| Interest income  | 6    | (2,696,960)         | (2,120,624)        |
| Loan receivable  | 15   | (28,428,926)        | (1,702,526)        |
| Finance cost   | 7.1  | 2,011,103           | 595,833            |
| Impairment of loans  | 15   | 402,563             | 63,703             |
| <b>Working capital adjustments:</b>  |      | <b>(26,502,185)</b> | <b>(344,234)</b>   |
| Increase in inventories  |      | (2,063,198)         | (1,657,113)        |
| Increase in trade and other receivables  |      | (1,181,798)         | (505,642)          |
| Increase in trade and other payables   |      | 2,602,565           | 483,670            |
|  |      | <b>(27,144,616)</b> | <b>(2,023,319)</b> |
| Interest received  | 6    | 2,696,960           | 2,120,624          |
| Income taxes paid  | 10   | (217,577)           | (24,202)           |
| Dividend paid  | 22.2 | (118,912)           | -                  |
| Net cash flow used in operating activities   |      | <b>(24,784,145)</b> | <b>73,103</b>      |
| <b>Investing activities</b>  |      |                     |                    |
| Purchase of intangible assets  | 12   | (94,978)            | (77,064)           |
| Purchase of property, plant and equipment  | 11   | (67,768)            | (137,725)          |
| Right-of-use assets  | 13   | (70,899)            | (32,501)           |
| Lease rental paid on bonds   | 23.3 | (1,270,139)         | -                  |
| Net payment to sinking funds investment  |      | (4,462,754)         | (1,791,091)        |
| Net cash flow used in investing activities   |      | <b>(5,966,538)</b>  | <b>(2,038,381)</b> |
| <b>Financing Activities</b>  |      |                     |                    |
| Capital grant  | 20.1 | 7,000,000           | 13,500,000         |
| Deferred income grant  | 20.2 | 4,800,000           | -                  |
| Loan obtained  | 23.1 | 20,000,000          | 10,000,000         |
| Principal repayment on bond Repayment of NSIA Loan   | 23.1 | (948,671)           | (375,000)          |
| Net cash flow from financing activities  |      | <b>30,851,329</b>   | <b>23,125,000</b>  |
| Net increase in cash and cash equivalents  |      | 100,646             | 21,159,722         |
| Cash and cash equivalents at 1 January   |      | 30,495,065          | 9,335,343          |
| Cash and cash equivalents at 31 December   | 18   | <b>30,595,711</b>   | <b>30,495,065</b>  |

See notes to the financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. GENERAL INFORMATION

#### 1.1 Description of business

Family Homes Funds Limited was incorporated as a private limited liability Company in Nigeria on 8 September 2016. The Company is owned by NSIA Property Investment Company Limited and Ministry of Finance Incorporated. The Company is established to invest in and to purchase, acquire, hold, develop, work and turn to account any land (of any tenure), landed property or real estate of any kind whatsoever (including proprietary rights) including but not limited to homes, housing estates, buildings, properties and all manner of real property in Nigeria and related infrastructure and equipment.

#### Shareholders' information

| Shareholder                      | Number of Shares | %  |
|----------------------------------|------------------|----|
| NSIA Property Company Limited    | 490,000          | 49 |
| Ministry of Finance Incorporated | 510,000          | 51 |
|                                  | 1,000,000        |    |
|                                  | =====            |    |

#### 1.2 Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of Family Homes Funds Limited, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Financial Reporting Council of Nigeria Act, No. 6 2011, the provision of the Companies and Allied Matters Act, CAP 20 and the Laws of the Federation of Nigeria 2004 as applicable accounting presentation. The financial statements comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the Financial Statements

#### 1.3 Basis for preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Financial Reporting Council of Nigeria Act, No. 6 2011, the provision of the Companies and Allied Matters Act, 2020 as applicable. The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.



## 2. Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its consolidated financial statements:

### a) Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value

measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

### c) Foreign Currency transactions

The Company's financial statements are presented in Naira, which is also the Company's functional currency.

#### i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## 2.1 Revenue Recognition

Revenue recognition from contract with customers

### 2.1 Revenue from contract with customers

The Company is in the business of financing the acquisition, development, sale and management of commercial and residential accommodation and retail space. These contracts are divided into two major revenue streams namely:

- Interest income and management fees earned from loans
- Sales of Goods - Sale of property stock

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 5. The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue stream detailed below.

#### Interest income and Management fees earned from loans

The revenue from the interest and management fees on loans is recognized once income is earned at



the end of each period, generally on the loan facility. The Company considers whether the promises in the contract have been fulfilled, to which a portion of the transaction price (i.e., interest and management fees) needs to be allocated. In determining the transaction price for the interest income, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### **Sale of goods - Sale of Property Stock**

Revenue from Sale of Property Stock is recognised at the point in time when control of the asset is transferred to the customer, generally on transfer of the property. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of property, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### **Significant financing component**

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

#### **Contract Balances**

##### **Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

##### **Contract Liabilities**

"A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract."

**Contract revenue** — Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

**Contract costs** — Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise; site Labour costs (including site supervision); costs of materials used in construction; costs of design, cost of depreciation on plant and machinery and technical assistance that is directly related to the contract.

The company contracts are typically negotiated for the construction of a single asset or a group of assets which are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Assets covered by a single contract are treated separately when:

- a. The separate proposals have been submitted for each asset
- b. Each asset has been subject to separate negotiation and the contractor and customer have been

able to accept or reject that part of the contract relating to each asset

- c. The costs and revenues of each asset can be identified

A group of contracts are treated as a single construction contract when:

- a. the group of contracts is negotiated as a single package;
- b. the contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin,
- c. the contracts are performed concurrently or in a continuous sequence.

The three criteria must be met before combination can occur.

Losses on contracts are recognised in the period in which they first become foreseeable. Contract losses are determined to be the amount by which estimated direct and indirect costs of the contract exceed the estimated total revenues that will be generated by the contract. During the period until the percentage of completion calculation is completed, all contract costs are accumulated in contract work in progress. The costs of the contract attributable to the stage of contract completion are transferred to cost of sales. Where the costs incurred plus recognised profits are greater than the sum of the recognised losses and progress billings, then this amount is shown in debtors as amounts due from customers for contract work. Where the sum of recognised losses and progress billings is greater, then this amount is shown in creditors as amounts due to customers for contract work.

## **2.2 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Profit or Loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## **2.3 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

## **2.4 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any. Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes direct costs, appropriate allocations of materials and other overheads associated with the production of the assets, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these



assets, on the same basis as other assets, commences when the assets are ready for their intended use.

|                        |     |
|------------------------|-----|
| Furniture and fittings | 25% |
| Motor Vehicles         | 25% |
| Equipment              | 25% |

Expenses on repairs and maintenance for instance day to day service cost and on-going maintenance cost are recognized in profit or loss immediately. Major repairs and overhaul costs are capitalized if it will result in future economic benefits. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Losses or gains on disposals of assets are recognized in the statement of profit or loss and other comprehensive income under other gains and losses. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## 2.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## 2.6 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is based on standard costing that comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 2.7 Taxation

Taxation represents the sum of income tax payable and deferred tax.

### 2.7.1 Income and deferred tax for the year

Income and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where income tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.7.2 Income tax

Taxable profit differs from profit as reported in the income statement because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated based on Finance Act 2021 and tax rates that have been enacted or substantively enacted by the end of the reporting date.

### 2.7.3 Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the differences between the net book value of qualifying property, plant and equipment and their corresponding tax written down values. Also, consideration is given for provision for retirement benefit which have not been paid in the year.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates enacted by the end of the reporting period.

## 2.8 Foreign currencies

All transactions in foreign currencies are recorded in Naira at the rate of exchange ruling at the dates of the transactions. Monetary items are converted to Naira at the rates of exchange ruling at the reporting date. All differences arising there from are taken to the profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## 2.9 Dividends

Dividends on ordinary shares to shareholders are recognized in equity in the period in which they are paid or, if earlier, approved by the shareholders at the Annual General Meeting.

## 2.10 Retirement benefits

### 2.10.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.



### **2.10.2 Defined contribution plan**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. Retirement benefit plans for members of staff are structured through a defined contributory pension scheme, which is independent of the Company's finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from both employer and employees at each 10% and 8% respectively, is consistent with the Pension Reform Act 2014.

### **2.10.3 Defined benefit plan**

For defined retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out periodically so that a provision for the present value of the estimated cost for liabilities due at the reporting date in respect of employees' terminal gratuities based on qualifying years of service and applicable emoluments as per operating collective agreement is being made in the statement of financial position.

## **2.11 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

### **2.11.1 Financial assets**

Purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### **2.11.1.1 Amortized cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "investment income" line item.

#### **2.11.1.2 Classification of financial assets**

The Company's financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **2.11.1.2.1 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that

are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The assets in this category include trade and other receivables, contract receivables and retentions, cash and cash equivalents.

##### **2.11.1.2.2 Trade and other receivables**

Trade and other receivables are initially recognized at fair value, and are subsequently classified as loans and receivables and measured at amortized cost using the effective interest rate method. The provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due in accordance with the original terms of the credit given and includes an assessment of recoverability based on historical trend analyses and events that exist at reporting date. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition.

##### **2.11.1.2.3 Contract receivables and retentions**

Contract receivables and retentions are initially recognised at fair value, and are subsequently classified as loans and receivables and measured at amortised cost using the effective interest rate method. Contract receivables and retentions comprise amounts due in respect of certified or approved certificates by the client or consultant at the reporting date for which payment has not been received, and amounts held as retentions on certified certificates at the reporting date. Contract receivables are stated after deduction of specific allowance for any debt considered doubtful of collection. The allowance for bad and doubtful debts is based on the estimated irrecoverable amount which is determined based on the ageing of the receivable balance and historical experience.

##### **2.11.1.2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists, and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis. All short-term cash investments are invested with major financial institutions in order to manage credit risk.

##### **2.11.1.2.5 Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore, for financial assets that are classified as at FVTPL, the foreign exchange component is recognized in profit or loss; and for foreign currency denominated debt instruments measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the financial assets and are recognized in the 'other gains and losses' line item in the statement of profit or loss.

##### **2.11.1.2.6 Impairment of financial assets**

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or



- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **2.11.1.2.7 De-recognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### **2.11.2 Financial liabilities**

Financial liabilities subsequently measured at amortized cost

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **2.11.2.1 Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the 'other gains and losses' line item in the statement of profit or loss and other comprehensive income. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

#### **2.11.2.2 De-recognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### **2.12 Provisions**

Provisions are recognized when the Company 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 can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### **2.13 Impairment of tangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## 2.14 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

The company assesses assets or group of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level (Cash generating unit) at which there are identifiable cash flows that are largely independent of the cash flows of other group of assets. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognised. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## 2.15 Leases

Policy prior to 1 January 2021

### (a) The company is a lessee

#### (i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### (ii) Finance lease

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are

included in current and noncurrent borrowings. The interest element of the finance cost is treated as borrowing costs (see Note 2.18) and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Investment properties recognised under finance leases are carried at their fair value.

### (b) The company is a lessor

#### (i) Operating lease

Policy from 1 January 2021

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for its lease.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases. The company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

#### i. Right-of-use assets

The Company recognises right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as shown below:

|                       |         |
|-----------------------|---------|
| Residential buildings | 2 Years |
| Plant and machines    | 2 Years |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non- financial assets.

#### ii. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.



### 3. Changes in accounting policies and disclosures

#### (a) New and amended standards and interpretations effective in the current year

The nature and effect of the changes as a result of adoption of these new accounting standards are described below. The amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standard, interpretation or amendment that have been issued but are not yet effective.

##### i) Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

##### ii) Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

##### iii) Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022

### 4. New and amended standards and interpretations issued but not effective

#### I. IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure

cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022

#### ii. IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

#### 4a. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

- i. IFRS 17 – Insurance Contracts – 1 January 2023
- ii. Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current - 1 January 2023
- iii. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - 1 January 2023
- iv. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - 1 January 2023
- v. Definition of Accounting Estimates - Amendments to IAS 8 - 1 January 2023
- vi. Lease liability in a Sale and Leaseback – Amendments to IFRS 16- 1 January 2024 The Company intends to adopt these standards, if applicable, when they become effective.

#### 4b. Significant accounting judgements, estimates and assumptions

##### i. Judgments

When the Company determines that a performance obligation is satisfied over time, the standard requirement is to select a single revenue recognition method for the relevant performance obligation to measure progress.

The Company uses the output method which recognize revenue on the basis of direct measurements of the value to the customers of the building or civil work transferred to date relative to the remaining goods or services promised in to. Output methods include survey of performance completed to date, appraisals of results achieved, milestones reached and time elapsed and units produced or units delivered.

##### ii. Investment properties

The Company uses external experts in valuing its investment properties. For an analysis of the properties valued using each of these refer to Note 14.

For external valuations, professional valuers' make use of the following key assumptions:

1. That the interests held by the company as evidenced by title deeds are good and marketable;
2. That the properties are free from onerous restrictions and charges;



3. That the properties are not adversely affected by or subject to compulsory acquisition, road widening, planning restrictions or urban renewal schemes
4. That the properties are free from structural, infestation or concealed defect conditions and show no sign of impairment.

### iii. Useful lives for property, plant & equipment

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of property, plant and equipment will have an impact on the carrying value. See Note 11 for further details.

### iv. Financial Instruments

#### ▪ Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 5 and 15.

#### ▪ Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide contract relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective bodies. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

#### ▪ Review of the useful lives of tangible assets

Another major assumption made by directors in the preparation of the financial statements is the determination of the useful life of the plant property and equipment. These estimates are made from judgments based on past experience with similar assets, technological obsolescence and declining residual values.

| 5. Revenue from contracts with customers       | 2022      | 2021      |
|--|-----------|-----------|
| Disaggregated revenue information              | N'000     | N'000     |
| i. Total revenue from contracts with customers | 5,192,650 | 3,313,234 |
|  | =====     | =====     |
| ii. Geographical markets                       |           |           |
| Within Nigeria                                 | 5,192,650 | 313,234   |
| Outside Nigeria                                | -         | -         |
|  | -----     | -----     |
| Total revenue from contracts with customers    | 5,192,650 | 3,313,234 |
|  | =====     | =====     |

The revenue of the company was earned from the following streams:

|  |           |           |
|--|-----------|-----------|
| Interest income earned from loans to state governments and others* | 4,770,588 | 3,089,121 |
| Loan management fees*  | 338,752   | 210,702   |
| Penalties and other fees   | 2,470     | 1,180     |
| Due diligence  | 19,000    | -         |
| Profit from sales of Houses  | 61,840    | 12,231    |
|  | -----     | -----     |
| Total revenue from contracts with customers                        | 5,192,650 | 3,313,234 |
|  | =====     | =====     |

\*During the year, the Company gave out housing development loans to ten (10) (2021:5) States Government and one (1) private firm in Nigeria. Therefore, the interest and management fees earned on the loans are treated as revenue.

\*\* Management made fee income from loan disbursed to states and green pasture during the year.

\*\*\*Profit from sales of Housing unit is made up of the income derived from the sales of housing inventory in the Family Homes Fund Legacy Estate.

| 6. Finance income                        | 2022      | 2021      |
|--|-----------|-----------|
|  | N'000     | N'000     |
| Interest from fixed deposit              | 2,609,905 | 2,103,372 |
| Interest from investment in sinking fund | 87,455    | 17,252    |
|  | -----     | -----     |
|  | 2,696,960 | 2,120,624 |
|  | =====     | =====     |



| <b>7. Operating and administrative expenses</b>   | <b>2022</b>  | <b>2021</b>  |
|---|--------------|--------------|
|   | <b>₹'000</b> | <b>₹'000</b> |
| i. Amortization                                   | 26,237       | 9,149        |
| Audit fee   | 15,000       | 13,000       |
| ii. Bank charges                                  | 901          | 679          |
| Depreciation (Note 8b)                            | 128,049      | 89,425       |
| Directors' emoluments (Note 8a.3)                 | 126,182      | 117,435      |
| Donations   | 69,926       | 16,651       |
| Loan charges*                                     | 652,377      | 258,696      |
| Loss on disposal of property, plant and equipment | 6,122        | -            |
| Impairment provision on loans                     | 402,563      | 63,703       |
| Insurance   | 6,156        | 6,325        |
| Marketing expenses                                | 7,911        | 30,383       |
| Office supplies                                   | 15,276       | 10,986       |
| Office running expenses                           | 39,477       | 36,837       |
| Other expenses                                    | 207,373      | 102,068      |
| Personnel expense (Note 8a.3)                     | 632,577      | 533,480      |
| Printing and stationeries                         | 28,078       | 13,456       |
| Professional and consultancy Fees**               | 1,316,300    | 700,237      |
| Rent  | 33,643       | 22,113       |
| Travel expenses                                   | 99,352       | 84,713       |
| Vehicle expenses                                  | 15,380       | 7,883        |
|   | -----        | -----        |
|   | 3,828,880    | 2,117,219    |
|   | =====        | =====        |

\*Loan charges represent management fees, trustee fees and other annual, bi annual quarterly charges on the Sukuk Bond.

\*\*Professional and Consultancy fees include all finance cost relating to N20billion Sukuk (Series II) Bond capital raising.

| <b>7.1 Finance cost</b>                          | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
|  | <b>₹'000</b> | <b>₹'000</b> |
| Lease rental expenses on Sukuk bonds (Note 22.3) | 2,011,103    | 595,833      |
|  | -----        | -----        |
|  | 2,011,103    | 595,833      |
|  | =====        | =====        |

| <b>8.a Staff costs and employee numbers</b>   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>Number</b> | <b>Number</b> |
| 8a.1 The number of employees of the Company other than directors who earned more than ₹500,000 in the year; |               |               |
| ₹500,000 - ₹1,000,000   | 5             | 5             |
| ₹1,100,000 - ₹2,000,000   | -             | -             |
| ₹2,100,000 - ₹3,000,000   | 4             | 4             |
| ₹3,100,000 - ₹4,000,000   | 2             | 2             |
| ₹4,100,000 - Above  | 32            | 30            |
|   | ----          | ----          |
|   | 43            | 41            |
|   | ====          | ====          |
| 8a.2 The average number of employees in the Company's employment during the year                            | 43            | 41            |
|   | ====          | ====          |

| <b>8a.3 Staff cost relating to the above</b>                         | <b>2022</b>  | <b>2021</b>  |
|--|--------------|--------------|
|  | <b>₹'000</b> | <b>₹'000</b> |
| Wages and salaries   | 597,851      | 507,675      |
| Defined benefit pension schemes                                      | 34,726       | 25,805       |
|  | -----        | -----        |
| Directors' emolument   | 126,182      | 117,435      |
|  | 758,759      | 650,915      |
|  | =====        | =====        |
| <b>8b. Depreciation</b>  |              |              |
| Depreciation of property, plant and equipment                        | 91,455       | 64,075       |
| Depreciation of Right of use asset                                   | 36,594       | 25,350       |
|  | -----        | -----        |
|  | 128,049      | 89,425       |
|  | =====        | =====        |
| <b>9. Profit before taxation</b>                                     |              |              |
| Profit before taxation has been arrived at after charging:           |              |              |
| Amortization   | 26,237       | 9,149        |
| Auditors' remuneration   | 15,000       | 13,000       |
| Depreciation of property, plant and equipment                        | 91,455       | 64,075       |
| Depreciation of Right of use asset                                   | 36,594       | 25,350       |
| Personnel cost   | 827,985      | 699,671      |
| Directors' emolument   | 126,182      | 117,435      |
|  | =====        | =====        |
| <b>10. Taxation</b>  | <b>2022</b>  | <b>2021</b>  |
|  | <b>₹'000</b> | <b>₹'000</b> |
| <b>10.1 Income tax recognized in profit or loss</b>                  |              |              |
| Current tax  | 573,304      | 225,143      |
| Minimum tax  | -            | -            |
| Education tax  | 52,716       | 21,961       |
| Deferred tax charge for the year                                     | (26,727)     | 46,928       |
| Police trust fund levy   | 105          | -            |
| Total income tax expense recognized in the current year              | 599,398      | 294,032      |
|  | =====        | =====        |
| <b>10.2 Amount recognized in the statement of financial position</b> |              |              |
| Current tax liabilities  |              |              |
| At 1 January   | 247,104      | 24,202       |
| Minimum tax  | -            | -            |
| Education tax  | 52,716       | 21,961       |
| Company income tax   | 573,304      | 225,143      |
| Police trust fund levy   | 105          | -            |
| At 31 December   | 873,229      | 271,306      |
| Payments during the year   | (217,577)    | (24,202)     |
|  | -----        | -----        |
|  | 655,652      | 247,104      |
|  | =====        | =====        |
| <b>10.3 Reconciliation of effective tax rate</b>                     |              |              |
| Profit before tax  | 2,049,627    | 2,720,806    |
|  | =====        | =====        |
| Income tax at 30%  | 614,888      | 816,242      |
| Non-deductible expenses  | 203,560      | 85,906       |
| Income exempts from tax  | (185,819)    | (638,617)    |
| Effect of loss relief  | -            | -            |
| Effect of capital allowance  | (59,325)     | (38,388)     |
| Effect of minimum tax  | -            | -            |
| Effect of education tax levy   | 52,716       | 21,961       |
| Effect of police trust fund  | 105          | -            |
| Deferred tax effect  | (26,727)     | 46,928       |
|  | -----        | -----        |
|  | 599,398      | 294,032      |
|  | =====        | =====        |
| Effective tax rate   | 29%          | 11%          |



**10.4** Provision for Education Tax has been computed at the rate of 2.5% on the assessable profit in accordance with Finance Act, 2022

#### 10.5 Deferred Taxation

Deferred taxation has been computed using the liability method resulting into deferred tax liability of N3,602,000 (2021; asset: N 30,329,090).

|  | 2022<br>N'000 | 2021<br>N'000 |
|--|---------------|---------------|
| <b>Deferred taxation (liability)/asset</b> |               |               |
| Current tax At 1 January                   | (30,329)      | 16,599        |
| Charge for the year                        | 26,727        | (46,928)      |
|  | -----         | -----         |
| At 31 December                             | (3,602)       | (30,329)      |
|  | =====         | =====         |

#### 11 Property, plant and equipment

|                             | Motor Vehicles | Office Furniture & fittings | Equipment     | Total          |
|-----------------------------|----------------|-----------------------------|---------------|----------------|
| Cost                        | N'000          | N'000                       | N'000         | N'000          |
| At 1 January 2021           | 104,078        | 39,374                      | 44,364        | 187,816        |
| Additions                   | 115,736        | 8,438                       | 13,551        | 137,725        |
|                             | -----          | -----                       | -----         | -----          |
| At 31 December 2021         | 219,814        | 47,812                      | 57,915        | 325,541        |
| At 1 January 2022           | 219,814        | 47,812                      | 57,915        | 325,541        |
| Additions                   | -              | 27,126                      | 40,642        | 67,768         |
| Disposal                    | (57,225)       | -                           | (771)         | (57,996)       |
|                             | -----          | -----                       | -----         | -----          |
| At 31 December 2022         | <b>162,589</b> | <b>74,938</b>               | <b>97,786</b> | <b>335,313</b> |
|                             | =====          | =====                       | =====         | =====          |
| Depreciation and Impairment |                |                             |               |                |
| At 1 January 2021           | 28,604         | 13,917                      | 12,940        | 55,461         |
| Charge for year             | 39,464         | 10,317                      | 14,295        | 64,076         |
| At 31 December 2021         | 68,068         | 24,234                      | 27,235        | 119,537        |
|                             | =====          | =====                       | =====         | =====          |
| At 1 January 2022           | 68,068         | 24,234                      | 27,235        | 119,537        |
| Charge for the year         | 54,879         | 14,780                      | 21,796        | 91,455         |
| Disposal                    | (51,264)       | -                           | (611)         | (51,875)       |
|                             | -----          | -----                       | -----         | -----          |
| At 31 December 2022         | 71,683         | 39,014                      | 48,420        | 159,117        |
|                             | =====          | =====                       | =====         | =====          |
| <b>Net bookvalue</b>        |                |                             |               |                |
| <b>At 31 December 2022</b>  | <b>90,906</b>  | <b>35,924</b>               | <b>49,366</b> | <b>176,196</b> |
|                             | =====          | =====                       | =====         | =====          |
| <b>At 31 December 2021</b>  | <b>151,745</b> | <b>23,579</b>               | <b>30,680</b> | <b>206,004</b> |
|                             | =====          | =====                       | =====         | =====          |

There are no restrictions on title to the items of property, plant and equipment. No Property, Plant and Equipment was pledged as security for any liability as at 31 December 2022 (2021: Nil). However, there was no revaluation on the Property, plant and equipment during the year.

#### 12 Intangible assets - Software Cost

At 1 January 2022

|           |        |
|-----------|--------|
|           | N'000  |
|           | 87,752 |
| Additions | 94,978 |

At 31 December 2022

182,730

#### Accumulated Amortization

|                     |        |
|---------------------|--------|
| At 1 January 2022   | 13,771 |
| Charge for the year | 26,237 |
|                     | -----  |

As at 31 December 2022

40,008

#### Net book value

142,722

At 31 December 2021

73,980

#### 13 Right of use assets

##### Cost

At 1 January 2022

N'000  
80,501

Additions

70,899

At 31 December 2022

151,400

##### Accumulated Depreciation

At 1 January 2022

57,361

Charge for the year

36,594

At 31 December 2022

93,955

Net book values

57,445

At 31 December 2022

23,140

At 31 December 2021

23,140

#### 14 Investment Properties

Cost of investment properties is categorized as follows:

|                | 2022<br>N'000 | 2021<br>N'000 |
|----------------|---------------|---------------|
| At 31 December | 1,259,966     | 1,259,966     |
|                | =====         | =====         |

The Company has elected to value investment properties at cost.

The Company's investment properties comprises of parcels of land in Kano and Ogun States. There are no restrictions on the realisability of its investment properties. The investment properties were revalued by independent professionally qualified valuers who hold recognised relevant professional qualifications and have relevant experience in the location and categories of the investment properties valued. As at 31 December 2022 the fair value of the investment properties is N3.901 billion (2021: N3.350 billion).

#### Basis of valuation

The determination of fair market values for the investment properties was based on a combination of methods including Investment/ Income Capitalisation, Direct Market Comparison and Depreciated Replacement Cost methods of valuation on the assumption of continuity in their existing uses.

The fair market values are the estimated amounts for which assets should exchange on the valuation date between a willing buyer and a willing seller at arm's length transaction after proper marketing wherein parties had each acted knowledgeably, prudently and without compulsion.



| States                    | Adamawa   | Bauchi      | Borno     | Yobe        | Niger     | Green Pasture | Zamfara   | Akwa-Ibom | Kano      | Kebbi     | Gombe     | Total       |
|---------------------------|-----------|-------------|-----------|-------------|-----------|---------------|-----------|-----------|-----------|-----------|-----------|-------------|
|                           | #'000     | #'000       | #'000     | #'000       | #'000     | #'000         | #'000     | #'000     | #'000     | #'000     | #'000     | #'000       |
| At 1 January 2022         | 5,661,075 | 12,827,286  | 5,756,917 | 16,498,367  | 285,011   | 782,168       | -         | -         | -         | -         | -         | 41,810,824  |
| Additions                 | -         | -           | -         | 5,000,000   | 1,598,138 | 353,972       | 5,000,000 | 5,001,706 | 3,811,660 | 3,990,427 | 5,000,000 | 29,755,903  |
| Accrued interest          | 371,895   | 900,000     | 319,891   | 1,736,148   | 121,270   | 92,123        | 262,500   | 337,500   | 257,287   | 329,210   | 37,500    | 4,765,324   |
| Accrued management fees   | 24,793    | 60,000      | -         | 96,453      | 13,474    | 8,032         | 29,167    | 37,500    | 28,587    | 36,579    | 4,167     | 338,732     |
| Repayment                 | (632,448) | (1,690,695) | (600,671) | (2,365,468) | (261,180) | (544,202)     | (25,020)  | (37,500)  | (212,291) | (36,579)  | (25,000)  | (6,431,054) |
| ECL Provision (Note 15.2) | (108,793) | (242,727)   | (110,902) | (416,670)   | (23,057)  | (74,596)      | (32,304)  | (33,040)  | (2,162)   | (26,725)  | (31,173)  | (1,102,149) |
|                           | -         | -           | -         | -           | -         | -             | -         | -         | -         | -         | -         | -           |
| At 31 December 2022       | 5,316,522 | 11,853,864  | 5,365,235 | 20,548,830  | 1,733,656 | 617,497       | 5,234,343 | 5,306,166 | 3,883,081 | 4,292,912 | 4,985,494 | 69,137,600  |

During the year ended 31 December 2022, the company issued out loans to ten (10) State Governments and one (1) private firm as shown above for the purpose of building houses in their various states. All the necessary agreements are duly signed, and disbursement made to the state governments.

#### Adamawa State

A loan of N4.95 billion was disbursed to Adamawa State Government in 2021 at an interest rate of 7.5% with a tenor of 108 months for the building of 2,500 units of low-cost houses. The loan has a moratorium of 12 months for interest and 36 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually payable monthly.

#### Bauchi State

A loan of N12 billion was disbursed to Bauchi State Government in 2021 at an interest rate of 7.5% with a tenor of 108 months for the building 2,500 units of low-cost houses. The loan has a moratorium of 12 months for interest and 36 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually payable monthly.

#### Borno State

A loan of N5.5 billion was disbursed to Borno State Government in 2021 at an interest rate of 6% with a tenor of 180 months for the building 3200 units of low-cost houses. The loan has a moratorium of 18 months for interest and 18 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually payable monthly.

#### Yobe State

A loan of N15.96 billion was disbursed to Yobe State Government in 2021 at an interest rate of 9% with a tenor of 120 months for the building 3600 units of low-cost houses. The loan has a moratorium of 12 months for interest and 48 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 0.5% annually payable monthly. Yobe State government loan facility was loan enhanced by N5 billion bringing the total loan to N20.9 billion.

#### Niger State

A loan of N 282 million was disbursed to Niger State Government in 2022 which is the first tranche at an interest rate of 9% with a tenor of 120 months for the building of low-cost houses. The loan has a moratorium of 12 months for interest and 48 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition,

the loan may be restructured soonest to have adequate funding for the project. The interest is charged accordingly, management fee is also applicable at the rate of 1% annually payable monthly.

#### Green Pastures Loan

A loan of N756.5 million was disbursed to Green Pasture (Private sector loan) in 2022 at an interest rate of 9% with a tenor of 12 months for the building of low-cost houses. The loan has a moratorium of 9 months for both interest and principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 1% quarterly. Additional Loan of N353.9 million was disbursed to Green Pasture in February 2022 bringing the total exposure to N860.41 million.

#### Kebbi State

A loan facility of N3.99 billion was disbursed to Kebbi State Government in January 2022 at an interest rate of 9% with a tenor of 96 months for the building of 650 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

#### Akwa-Ibom State

In March 2022, a loan of N3.99 billion was disbursed to Kebbi State Government at an interest rate of 9% with a tenor of 96 months for the building of 620 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made monthly. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

#### Kano State

A loan of N3.81 billion was disbursed to Kano State Government in March 2022 at an interest rate of 9% with a tenor of 12 months for the building of 500 units of low-cost houses. The loan has a moratorium of 12 months for the principal. At the expiration of the moratorium, principal repayment will be made in lump sum. In addition, interest (9%) and management fee at the rate of 1% annually payable quarterly.

#### Zamfara State

In May 2022, a loan of N5 billion was disbursed to Kebbi State Government at an interest rate of 9% with a tenor of 96 months for the building of 600 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made monthly. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

#### Gombe State

Gombe State government was availed a loan facility of N5 billion at an interest rate of 9% with a tenor of 96 months for the building of 600 units of low-cost houses. The loan has a moratorium of 12 months for interest and 12 months for the principal. At the expiration of the moratorium, repayment will be made monthly. In addition to the interest, management fee is also applicable at the rate of 1% annually payable monthly.

### 15.2 ECL Impairment Provision

#### A reconciliation of the allowance for impairment losses on loan receivables

As at 31 December 2022, loan receivables impairment provision was N 402,563,000 (2021: N 63,703,000). Movements in the provision for impairment of loan receivables were, as follows:



|                                 | 2022<br>N'000 | 2021<br>N'000 |
|---------------------------------|---------------|---------------|
| At 1 January                    | 699,586       | 635,883       |
| Charge for the year             | 402,563       | 63,703        |
| At 31 December                  | 1,102,149     | 699,586       |
|                                 | =====         | =====         |
| <b>16. Property inventories</b> | <b>2022</b>   | <b>2021</b>   |
|                                 | N'000         | N'000         |
| Properties under construction   | 13,948,047    | 12,007,692    |
| Finished properties             | 5,848,337     | 5,725,494     |
|                                 | 19,796,384    | 17,733,186    |
|                                 | =====         | =====         |

All Inventories above are carried at lower of cost and net realizable value.

#### 17. Trade and other receivables

|  | 2022<br>N'000 | 2021<br>N'000 |
|--|---------------|---------------|
| Share capital receivables                  | 510           | 1,000         |
| Advances*                                  | 130,177       | 72,332        |
| Staff advances                             | 107,604       | 15,875        |
| Withholding tax (WHT) receivables**        | 29,296        | 29,296        |
| Interest receivables                       | 1,379,168     | 476,629       |
| NSHP receivables *** Value Added Asset**** | -             | 110,623       |
|  | 240,797       | -             |
|  | 1,887,553     | 705,755       |
|  | =====         | =====         |

\* Advances relates to insurance, service charges and improvement to the building space.

\*\*WHT receivables are attributable to deductions by Access Bank on Interest income earned on placement.

\*\*\*\*Value Added Asset relates to advance payment made to Federal Inland Revenue Services which is claimable from the customers.

\*\*\* National Social Housing Programme (NSHP) which is an initiative of Federal Government for provision of low- cost housing to Nigerians.

#### 18. Cash and cash equivalents

|                                  | 2022<br>N'000 | 2021<br>N'000 |
|----------------------------------|---------------|---------------|
| Cash at hand                     | 87            | 95            |
| CBN operational account          | 3,877         | 59,060        |
| Fixed deposit and treasury bills | 29,252,996    | 30,254,404    |
| CBN treasury single account      | 1,338,751     | 181,506       |
|                                  | 30,595,711    | 30,495,065    |
|                                  | =====         | =====         |

For the purposes of the statement of cash flows, cash and cash equivalents include cash at hand and in the banks. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows is same as in the statement of financial position.

| 19. Issued Capital   | 2022<br>N'000 | 2021<br>N'000 |
|--|---------------|---------------|
| Authorised share capital<br>1,000,000 ordinary shares of N1 each | 1,000         | 1,000         |
|  | =====         | =====         |
| Issued<br>1,000,000 ordinary shares of N1 each                   | 1,000         | 1,000         |
|  | =====         | =====         |

All the ordinary shares rank parri-passu in all respects. To the company's knowledge and belief, there are no restrictions on the transfer of shares in the company or on voting rights between holders of shares.

| 20.1 Issued Capital | 2022<br>N'000 | 2021<br>N'000 |
|---------------------|---------------|---------------|
| At 1 January        | 78,500,000    | 65,000,000    |
|                     | 7,000,000     | 13,500,000    |
|                     | -----         | -----         |
| At 31 December      | 85,500,000    | 78,500,000    |
|                     | =====         | =====         |

As part of Federal Government of Nigeria's Social Investment Programme, N100 billion was earmarked from the N500 billion Social Intervention Programme Fund for affordable housing. This fund (N100 billion) is to be managed by Family Homes Funds Limited (FHFL) for the development and sale of houses to low/middle income families at low cost. Of the total amount of N100 billion that was approved by the FGN, the Ministry of Finance has released a total of N 85.5billion at the end of the reporting year.

| 20.2 Deferred Income grant | 2022<br>N'000 | 2021<br>N'000 |
|----------------------------|---------------|---------------|
| At 1 January               | -             | -             |
| Additions                  | 4,800,000     | -             |
|                            | 4,800,000     | -             |
|                            | =====         | =====         |

Federal Ministry of Finance, Budget and National Planning released the sum of N 4.8billion grant during the year for the implementation of National Poverty Reduction with Growth Strategy (NPRGS)". This should be categorized under income grant. However, the grant is deferred until the performance obligations is fulfilled.

| 21. Retained earnings  | 2022<br>N'000 | 2021<br>N'000 |
|------------------------|---------------|---------------|
| At 1 January           | 2,428,872     | 2,098         |
| Profit for the year    | 1,450,229     | 2,426,774     |
| 2021 dividend          | (242,677)     | -             |
| 2022 proposed dividend | (29,004)      | -             |
| At 31 December         | 3,607,420     | 2,428,872     |
|                        | =====         | =====         |

#### 21.1 Basic earning/(loss) per share

Basic earning/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. The following reflects the income and share data used in the basic EPS computations:



|  | 2022<br>N'000          | 2021<br>N'000          |
|--|------------------------|------------------------|
| Profit attributable to owners of the Company             | 1,450,229<br>=====     | 2,426,774<br>=====     |
| Weighted average number of ordinary shares for basic EPS | '000<br>1,000<br>===== | '000<br>1,000<br>===== |
| Basic earning/(loss) per share (N)                       | 1,450<br>=====         | 2,427<br>=====         |
| <b>22. Trade and other payables</b>                      |                        |                        |
| Accruals   | 476,097                | 85,426                 |
| Deferred income  | 3,255,835              | 1,279,603              |
| Payroll deduction liabilities                            | 158,652                | 91,130                 |
| Other tax liabilities (Note 22.1)                        | 245,633                | 130,124                |
| Dividend payable (Note 22.2)                             | 123,765                | -                      |
| Other payables   | 62,636                 | 10,003                 |
|  | 4,322,618<br>=====     | 1,596,286<br>=====     |

Deferred income for the current year consists advance received from customers who are yet to complete the payment for intended house.

Payroll deduction includes liabilities in respect of accrued salaries, National Housing fund (NHF) and Employee compensation scheme.

No interest is charged on Trade and other payables. The directors consider that the carrying amount of trade payables approximates to their fair value.

|                                   |                       |                       |
|-----------------------------------|-----------------------|-----------------------|
| <b>22.1 Other tax liabilities</b> | <b>2022<br/>N'000</b> | <b>2021<br/>N'000</b> |
| Value added tax                   | 158,500               | 45,554                |
| Withholding tax payable           | 85,513                | 84,230                |
| Personal income tax               | 1,620                 | 340                   |
|                                   | 245,633<br>=====      | 130,124<br>=====      |
| <b>22.2 Dividend Payable</b>      | <b>2022<br/>N'000</b> | <b>2021<br/>N'000</b> |
| 2021 dividends                    | 242,677               | -                     |
| Cash paid                         | (118,912)             | -                     |
|                                   | 123,765<br>=====      | -<br>=====            |

|   |                       |                       |
|---|-----------------------|-----------------------|
| <b>23 Non-Interest-bearing loans and borrowings</b> | <b>2022<br/>N'000</b> | <b>2021<br/>N'000</b> |
| Nigeria Sovereign Investment Authority (NSIA)       | -                     | -                     |
| FHFL Sukuk issuance programme bond                  | 30,388,126            | 10,595,833            |
|   | 30,388,126            | 10,595,833            |
| Cash paid   | =====                 | =====                 |
| Current   | 4,248,684             | 1,544,500             |
| Non-current   | 26,139,442            | 9,051,333             |
|   | 30,388,126<br>=====   | 10,595,833<br>=====   |

|   |                       |                       |
|---|-----------------------|-----------------------|
| <b>23.1 Non-Interest-bearing loans and borrowings</b> | <b>2022<br/>N'000</b> | <b>2021<br/>N'000</b> |
| At 1 January  | 10,595,833            | 375,000               |
| Additions   | 20,000,000            | 10,000,000            |
| Repayment during the year                             | (948,671)             | (375,000)             |
|   | 29,647,162            | 10,000,000            |
| Repayment of accrued lease rental                     | (595,833)             | -                     |
| Accrued lease rental (Note 22.3)                      | 1,336,797             | 595,833               |
|   | 30,388,126            | 10,595,833            |
| At 31 December  | 30,388,126<br>=====   | 10,595,833<br>=====   |

This represents FHFL Sukuk issuance programmed bond of N10 billion @ 13% interest rate (Lease rental) and N20 billion @ 14% interest rate (Lease rental). Family Homes Funds Limited has raised all the series of N30 billion and repayment of both principal and lease rental has commenced. The bond will be repaid over 7 years.

|                                     |                       |                       |
|-------------------------------------|-----------------------|-----------------------|
| <b>23.2 Sinking Fund Investment</b> | <b>2022<br/>N'000</b> | <b>2021<br/>N'000</b> |
| Investment                          | 6,253,845             | 1,791,091             |
| At 31 December                      | 6,253,845<br>=====    | 1,791,091<br>=====    |

Sinking fund investment relates to the amount paid in advance to the joint trustee account which will be used to settle both principal and lease rental on Sukuk bond future repayments. This amount was later re- invested by the trustee @ interest rate of 3%.

|  |                       |                       |
|--|-----------------------|-----------------------|
| <b>23.3 Lease Rental Accrued</b>       | <b>2022<br/>N'000</b> | <b>2021<br/>N'000</b> |
| Opening balance                        | 595,833               | -                     |
| Lease interest for the year (Note 7.1) | 2,011,103             | 595,833               |
|  | 2,606,936             | 595,833               |
| Payment in the year                    | (1,270,139)           | -                     |
|  | 1,336,797             | 595,833               |
|  | =====                 | =====                 |

|            |   |             |                         |                       |                             |
|------------|---|-------------|-------------------------|-----------------------|-----------------------------|
| <b>24.</b> | <b>Related Party Name</b>               | <b>Year</b> | <b>Equity<br/>N'000</b> | <b>Loan<br/>N'000</b> | <b>GrandTotal<br/>N'000</b> |
|            | FGN Social Intervention Programme Grant | 2022        | (85,500,000)            | -                     | (85,500,000)                |
|            |   | 2021        | (78,500,000)            | -                     | (78,500,000)                |



## 24.1 Remuneration of Key Management Personnel

The remunerations of the non-executive directors are set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

|                                      | 2022<br>N'000 | 2021<br>N'000 |
|--------------------------------------|---------------|---------------|
| Short term Benefits                  |               |               |
| Fees                                 | 84,700        | 81,425        |
| Others                               | 41,482        | 36,010        |
|                                      | -----         | ----          |
|                                      | 126,182       | 117,435       |
|                                      | =====         | =====         |
| Broken into:                         |               |               |
| The Chairman (Highest paid Director) | 25,610        | 25,610        |
| Other Directors                      | 100,572       | 91,825        |
|                                      | -----         | ----          |
|                                      | 126,182       | 117,435       |
|                                      | =====         | =====         |

The number of Directors of the Company whose emoluments during the year were within the bands stated.

| Emoluments           | Number | Number |
|----------------------|--------|--------|
| N1,000,001 and above | 7      | 7      |
|                      | ==     | ==     |

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### Financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Board of Directors provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include cash and short-term deposits, staff loans and loans and borrowings.

The sensitivity analysis in the following sections relate to the position as at 31 December 2022, 31 December 2021. The sensitivity analysis has been prepared on the basis that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant.

The analysis excludes the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant statement of profit or loss and other comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 2021.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market

interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. If there is any change in interest rate policy, the Company re-negotiates with its banks taking into consideration the Company's targeted margin.

#### c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expense is denominated in a different currency from the Company's presentation currency. The company has no receivables denominated in foreign currency.

#### Foreign currency sensitivity

This demonstrates the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities. The Company has no exposure to foreign currency changes for all currencies as it operates only in Naira.

#### d. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing activities, including cash and short-term deposits, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. A sales representative is attached to each customer and outstanding customer receivables are regularly monitored by the representative. The requirement for impairment is analysed at each reporting date on an individual basis for all customers. The company evaluates the concentration of risk with respect to trade receivables as customers consist of reputable state government and private firm that are subjected to financial scrutiny by various regulatory bodies. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

#### Cash and short-term deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are spread amongst reputable financial institutions and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Company's Chief Financial Officer periodically and may be updated throughout the year subject to approval of the Chief Financial Officer. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

#### Trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Company does not hold collateral as security.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing



through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

**Expected credit loss measurement - other financial assets**

The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short-term deposits. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Analysis of inputs to the ECL model under multiple economic scenarios**

An overview of the approach to estimating ECLs is set out in Note 3 Summary of significant accounting policies and in Note 4 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Nigeria Bureau of Statistics, Trading economics, etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2022.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “Subsequent years” represent a long-term average and so are the same for each scenario.

| Key drivers                      | ECL scenario | Assigned probability | 2021   | 2022   | Subsequent years |
|----------------------------------|--------------|----------------------|--------|--------|------------------|
| 31 December 2022                 |              |                      |        |        |                  |
| Inflation Rate                   | Upturn       | 11%                  | 9.64%  | 7.64%  | 7.64%            |
|                                  | Based case   | 80%                  | 12.00% | 10.00% | 10.00%           |
|                                  | Downturn     | 9%                   | 15.39% | 13.39% | 13.39%           |
| Unemployment Rate                | Upturn       | 11%                  | 26.56% | 26.56% | 26.56%           |
|                                  | Based case   | 80%                  | 32.00% | 32.00% | 32.00%           |
|                                  | Downturn     | 9%                   | 33.73% | 33.73% | 33.73%           |
| Crude oil Price (USD per barrel) | Upturn       | 11%                  | 50.48% | 50.48% | 50.48%           |
|                                  | Based case   | 80%                  | 40.50% | 40.50% | 40.50%           |
|                                  | Downturn     | 9%                   | 32.18% | 32.18% | 32.18%           |

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

**Liquidity risk**

The Company monitors its risk to a shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of FHFL Sukuk Bond Issuance Programme. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

|   | Contractual Undiscounted cash flow | On demand | <3 months | 3 to 12 months | 2 to 6 years | Carrying value |
|---|------------------------------------|-----------|-----------|----------------|--------------|----------------|
| 31 December 2022                          | ₦ 000                              | ₦ 000     | ₦ 000     | ₦ 000          | ₦ 000        | ₦ 000          |
| Non-interest-bearing loans and borrowings | 30,388,126                         | -         | -         | 4,248,684      | 26,139,442   | 30,388,126     |
| Trade and other payables*                 | 4,351,622                          | -         | 310,911   | 4,040,711      | -            | 4,351,622      |
|   | 34,739,748                         | -         | 310,911   | 8,289,395      | 26,139,442   | 34,739,748     |
| 31 December 2021                          |                                    |           |           |                |              |                |
| Non-interest-bearing loans and borrowings | 10,595,833                         | -         | -         | 1,544,504      | 9,051,329    | 10,595,833     |
| Trade and other payables*                 | 1,596,286                          | -         | 91,131    | 1,505,155      | -            | 1,596,286      |
|   | 12,192,119                         | -         | 91,131    | 3,049,659      | 9,051,329    | 12,192,119     |

\*Withholding tax and VAT payables are not considered as financial instruments, hence they were excluded from trade and other payables in the above table.

26. **Fair values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, (loans and receivables and other financial liabilities) other than those with carrying amounts are reasonable approximations of fair values:



|                                       | Carrying amount    |                   |                    | Fair Value        |
|---------------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                       | 2022               | 2021              | 2022               | 2021              |
|                                       | ₦ 000              | ₦ 000             | ₦ 000              | ₦ 000             |
| <b>Financial assets:</b>              |                    |                   |                    |                   |
| Trade and other receivables           | 1,907,553          | 705,755           | 1,907,553          | 705,755           |
| Loan receivable                       | 69,137,600         | 41,111,237        | 69,137,600         | 41,111,237        |
| Cash & short-term deposits            | 30,595,711         | 30,495,064        | 30,595,711         | 30,495,064        |
|                                       |                    |                   |                    |                   |
|                                       | <b>101,640,864</b> | <b>72,312,056</b> | <b>101,640,864</b> | <b>72,312,056</b> |
|                                       | =====              | =====             | =====              | =====             |
| <b>Financial liabilities:</b>         |                    |                   |                    |                   |
| Interest-bearing loans and borrowings | 30,388,126         | 10,595,833        | 30,388,126         | 10,595,833        |
| Trade and other payables*             | 4,322,618          | 1,466,160         | 4,322,618          | 1,466,160         |
|                                       |                    |                   |                    |                   |
|                                       | <b>34,710,744</b>  | <b>12,061,993</b> | <b>34,710,744</b>  | <b>12,061,993</b> |
|                                       | =====              | =====             | =====              | =====             |

The management assessed that cash and short-term deposits, bank overdrafts, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate receivables/ borrowings are evaluated by the Company based on parameters such as interest rates, individual creditworthiness of the staff and the risk characteristics of the financed projects. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2022, the carrying amounts of such receivables were not materially different from their calculated fair values.

Fair values of the Company's interest-bearing borrowings and loans are determined by using Discounted Cashflow (DCF ) method using discount rate that reflects the Company's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2022 was assessed to be insignificant.

#### Fair value hierarchy

As at 31 December 2022, the Company held some financial instruments carried at fair value on the statement of financial position. The company uses the following hierarchy for determining and disclosing the fair value of non- financial assets by valuation technique:

- Level 1: quote prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

#### Fair value hierarchy

|  | Date of valuation       | Level1 | Level2 | Level3     |
|--|-------------------------|--------|--------|------------|
| Quantitative disclosures on fair value measurement hierarchy for the CGU |                         | ₦ 000  | ₦ 000  | ₦ 000      |
| <b>Financial assets for which fair values are disclosed</b>              | <b>31 December 2022</b> |        | -      |            |
| Share capital receivable (Note 17)                                       | Current                 |        |        | 1,000      |
| Loan receivable (Note 15)  | Non-current             |        |        | 69,137,600 |
|  | <b>31 December 2021</b> |        |        | -          |
|  | Current                 | -      | -      | 1,000      |
|  | Non-current             | -      | -      | 41,111,237 |
| <b>Liabilities for which fair values are disclosed</b>                   |                         |        |        |            |
| Non- interest-bearing loans and borrowings (Note 23)                     |                         |        |        |            |
|  | <b>31 December 2022</b> |        |        | 30,388,126 |
|  | <b>31 December 2021</b> | -      | -      | 10,595,833 |

#### 27. Capital management

For the purpose of the Company's capital management, capital includes issued capital, preference shares, share premium and all other equity reserves attributable to the equity holders. The primary objective of capital management is to maximise the shareholder value.

In order to achieve this overall objective, capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the Company to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

|   | 2022<br>₦'000 | 2021<br>₦'000 |
|---|---------------|---------------|
| Non-interest-bearing loans and borrowings (Note 23) | 30,388,126    | 10,595,833    |
| Trade and other payables (Note 22)                  | 4,351,622     | 1,596,286     |
| Cash and short-term deposits (Note 18)              | (30,595,711)  | (30,495,064)  |
| Sinking funds investment                            | (6,253,845)   | (1,791,091)   |
|   | -----         | -----         |
| Net (asset)/debt                                    | (2,138,812)   | (20,094,036)  |
| Equity  | 89,137,424    | 80,929,872    |
|   | -----         | -----         |
| Capital and net debt                                | 89,998,612    | 62,626,927    |
|   | =====         | =====         |
| Gearing ratio                                       | (2) %         | (32) %        |
|   | =====         | =====         |

#### 28. Capital Commitments

There were no significant capital commitments as at the reporting date (31 December 2021: Nil)

#### 29. Guarantees

There were no guarantees on behalf of Directors during the period (31 December 2021: Nil).

#### 30. Financial commitments

There were no significant financial commitments as at the reporting date (31 December 2021: Nil)

#### 31. Contingent liabilities and contingent assets

There were no contingent liabilities as at the reporting date (31 December 2021: Nil).

#### 32. Events after the reporting period

The Directors are of the opinion that there were no events after the reporting date that could have a significant effect on the financial statements of the Company that had not been adequately provided for or disclosed in these financial statements.



**VALUE ADDED STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | <b>2022<br/>N'000</b> |            | <b>2021<br/>N'000</b> |            |
|---|-----------------------|------------|-----------------------|------------|
| Revenue   | 5,192,650             |            | 3,313,234             |            |
| Other income  | 2,696,960             |            | 2,120,623             |            |
|   | <u>7,889,610</u>      |            | <u>5,433,857</u>      |            |
| Cost of bought-in-goods and services:   |                       |            |                       |            |
| - local   | (4,953,665)           |            | (1,963,562)           |            |
| <b>Value added</b>  | <u>2,935,665</u>      |            | <u>3,470,295</u>      |            |
| <b>Distributed as follows:</b>  |                       |            |                       |            |
| <b>To pay employees:</b>  |                       | %          |                       | %          |
| Salaries, welfare and staff retirement benefits                               | 758,759               | 26         | 650,915               | 22         |
| <b>To pay Government:</b>   |                       |            |                       |            |
| Company income tax  | 599,398               | 20         | 247,104               | 7          |
| <b>To pay Provider of Capital:</b>  |                       |            |                       |            |
| Dividend  | -                     | -          | 242,677               | 4          |
| <b>To provide for replacement of assets and future expansion of business:</b> |                       |            |                       |            |
| - Depreciation of property plant and equipment                                | 91,455                | 3          | 64,075                | 2          |
| - Depreciation of right of use asset  | 36,594                | 1          | 25,350                | 1          |
| - Deferred taxation   | (26,727)              | (1)        | 46,928                | 1          |
| - Amortization of intangible assets   | 26,237                | 1          | 9,149                 | 0          |
| - Profit for the year   | <u>1,450,229</u>      | <u>50</u>  | <u>2,184,097</u>      | <u>63</u>  |
| <b>Value added</b>  | <u>2,935,945</u>      | <u>100</u> | <u>3,470,295</u>      | <u>100</u> |

Value added represents the wealth which the Company has been able to create by its own and its employee's efforts. This statement shows the allocation of that wealth among employees, capital providers, government and that retained for future creation of wealth.

**FIVE-YEAR FINANCIAL SUMMARY**

|                          | <b>2022<br/>N 000</b> | <b>2021<br/>N 000</b> | <b>2020<br/>N 000</b> | <b>2019<br/>N 000</b> | <b>2018<br/>N 000</b> |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Share capital            | 1,000                 | 1,000                 | 1,000                 | 1,000                 | 1,000                 |
| Capital grant            | 85,500,000            | 78,500,000            | 65,000,000            | 20,000,000            | 20,000,000            |
| Retained earnings        | <u>3,607,420</u>      | <u>2,428,872</u>      | <u>2,098</u>          | <u>(616,889)</u>      | <u>(507,462)</u>      |
| <b>Total equity</b>      | <u>89,108,420</u>     | <u>80,929,872</u>     | <u>65,003,098</u>     | <u>19,384,111</u>     | <u>19,493,538</u>     |
| Non-current assets       | 77,027,774            | 44,465,418            | 40,903,388            | 1,413,608             | 1,262,553             |
| Non-current liabilities  | (30,943,044)          | (9,081,658)           | -                     | -                     | -                     |
| Net current assets       | <u>43,023,690</u>     | <u>45,546,112</u>     | <u>24,099,710</u>     | <u>17,970,503</u>     | <u>18,230,985</u>     |
| <b>Net assets</b>        | <u>89,108,420</u>     | <u>80,929,872</u>     | <u>65,003,098</u>     | <u>19,384,111</u>     | <u>19,493,538</u>     |
| <b>Revenue</b>           | <u>5,192,650</u>      | <u>3,313,234</u>      | <u>1,813,269</u>      | <u>40,583</u>         | <u>-</u>              |
| Profit before tax        | 2,049,627             | 2,720,806             | 626,590               | (109,427)             | (235,061)             |
| Income tax expense       | (599,398)             | (294,032)             | (7,603)               | -                     | -                     |
| Profit/Loss for the year | <u>1,450,229</u>      | <u>2,426,774</u>      | <u>618,987</u>        | <u>(109,427)</u>      | <u>(235,061)</u>      |
| Basic EPS/(LPS) (Naira)  | <u>1,450.23</u>       | <u>2,426.77</u>       | <u>618.99</u>         | <u>(109.43)</u>       | <u>(235.06)</u>       |





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