



CHANGING LIVES

2021 ANNUAL REPORT & FINANCIAL STATEMENT







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LETTER OF TRANSMITTAL

**General Meeting of Shareholders
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, 2021.

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



“

...everyone reserves the right to an adequate standard of living for himself and his family, including adequate housing, and to the continuous improvement of living conditions.

- UN Charter Article 25(1) UDHR

A declaration that states that Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing ... is not a cliché. The little boy, the little girl, the youth, the adults, the Internally Displaced Persons, the Poor, the Vulnerable, the Elderly, the Low Income Earners, the Informal Sector Worker, the Civil Servants, ... all Nigerians, deserve a decent home. At Family Homes Funds Limited, we recognize that, and we know that having a decent home is an important step towards improving one's standard of living.



ABOUT FAMILY HOMES FUNDS

Family Homes Funds Limited 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 and the Nigeria Sovereign Investment Authority.

Our History

Registered in 2017 and commencing operations in 2018, the Family Homes Funds is Sub-Saharan Africa's largest housing fund focused on 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 aims to invest up to N1.3trn (US\$3bn) in the development of 500,000 homes for people on low income. In the process, the Company also aims to create up to 1,500,000 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. Thus far, there has been a significant deficit in the supply of decent homes for Nigerians estimated to be at 22 million, 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 VISION AND MISSION

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 is to be a leading social housing intervention institution in Africa



WHAT WE DO

FHFL OPERATIONALIZES 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 homes for our target beneficiaries – Nigerians on low income. It is currently the only active fund and all our on-going projects are financed through this Fund.



HELP TO OWN FUND

This Fund 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 via selected Primary Mortgage Institutions and commercial banks. The Fund has been designed but is yet to be executed.



THE RENTAL HOUSING FUND

is a Fund that would facilitate the provision of rental units to enable Nigerians on low income to rent with an option to buy later. The Fund is being developed and has not yet launched. Under consideration for this Fund is also Student Housing. The process of launching a feasibility study on the potential for student housing in Nigeria has started.



THE LAND AND DEVELOPMENT FUND

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 governments.

OUR CORE VALUES







CHAIRMAN'S STATEMENT >>>



Mr. Suleiman Barau
CHAIRMAN OF THE BOARD OF DIRECTORS

CHAIRMAN'S STATEMENT

Dear Distinguished Shareholders, it is my privilege to write to you in my capacity as the Chairman of the Family Homes Funds Limited. I am also pleased to present to you the Annual Report and Audited Financial Statements for the year ended 31 December 2021.

2021 was a milestone year for the organization. It attained strong financial results, expanded its business, strengthened its corporate governance and capacity to deliver on its mandate. In this statement, I will present on the socio-economic environment in which we operate, and our strategic response to this. I will also provide the financial highlights, corporate activities, key milestones, and outlook for the future.

SOCIO-ECONOMIC ENVIRONMENT

In Nigeria, the need to improve the quality of lives of Nigerians, particularly the poor, vulnerable and unemployed, remains at the fore. In 2019, 40% of the population according to the Nigeria Bureau of Statistics lived under the poverty line, and youth unemployment was at 17.72%. This has prompted a swift response from the Federal Government under President Muhammadu Buhari to improve living standards through several Social Intervention Programmes. Hence, having a decent home is recognized as a huge step towards providing necessary comfort and security for our citizens on low income.

From indications, there has been a significant deficit in the supply of decent homes for Nigerians, particularly for those on low income, and access to these decent homes, where they exist, is limited by a lack of affordability and access to home ownership financing solutions.

The Federal Government of Nigeria under the Economic and Growth Recovery Plan (2017-2021) indicated Construction and Real Estate Sector as a key priority sector to promote economic recovery and growth - a development that aligns with FHFL's vision. At FHFL, we equally recognize the huge need to address and remain committed to fulfilling our

mandate of facilitating home ownership for people on low income while providing jobs. We remain true to this, despite how challenging the environment might be.

OUR STRATEGIC APPROACH

To deliver on our mandate, our strategy not only makes allowance for the provision of construction financing to developers, but also facilitates home ownership financing solutions for people on low income. It further makes for interventions that would spur job creation through our projects. We are also taking steps to ensure that our solutions are inclusive and integrate different types of target beneficiaries including women, self-employed entrepreneurs, and those within the informal sector. We are also making significant efforts in fund raising, developing partnerships, hiring and skilling the right team of people and implementing policies that will ensure corporate success.

FINANCIAL HIGHLIGHTS

- ▶ The company performed well financially in 2021.
- ▶ Profit before Tax was N2.72bn; this was a growth of 16% from 2020
- ▶ Interest income - N3,09Bn
- ▶ Interest expense - N596Mn
- ▶ Operating expense - N2.12Bn
- ▶ Loan impairment charge - N64Mn
- ▶ Profit after Tax- N2.4Bn
- ▶ Total assets - N93bn
- ▶ New capital raised - N23.5bn
- ▶ There was underwriting of new businesses - Three (3) new Affordable Housing loans for 3, 260 homes were disbursed to Niger state Government, Green Pastures project and Adamawa State Government during this period.

MILESTONE ACHIEVEMENTS

₦10bn Sukuk Milestone Achievement



In 2021 we successfully issued a ₦10bn 7 Year 13% Series 1 Ijara Lease Sukuk

3,260 New Homes



Three (3) new Affordable Housing loans for 3,260 homes were disbursed to Green Pastures Project, Niger & Adamawa State Governments in this period.

One of the most significant achievements for us in 2021 was the successful issuance of ₦10,000,000,000 7 Year 13% Series 1 Ijara Lease Sukuk ("Series 1 Sukuk") under the ₦30,000,000,000 Sukuk Issuance Programme.

The Series 1 Sukuk was the first ever SEC registered corporate Sukuk to be issued in Nigeria. It was also the first ever corporate Sukuk certified by the Financial Regulation Advisory Council of Experts (FRACE) of the Central Bank of Nigeria. The issuance transaction which was 2.1x oversubscribed was also Family Homes' debut in the Nigerian Debt Capital Markets.

The milestone issuance further strengthened our commitment to financing the development of affordable housing in Nigeria and presents a great source of hope for hardworking Nigerians seeking a home of their own.

Family Homes Funds initiated the Issuance as one of the measures towards attaining our strategic objective of bridging the housing gap in Nigeria, providing millions of jobs, and enabling economic growth.

The impressive rate of subscription and participation by a diverse range of investors demonstrated the high level of investor confidence in Family Homes Funds, particularly, because of the progress we are making in the delivery of affordable housing in Nigeria.

In 2021, the Family Homes Funds board gave approval for the financing of 50,000 homes, with the commencement of 3,260 for families on low income. Through the construction of these homes, 18,991 direct and indirect jobs were also created

OUTLOOK

As the onset of COVID-19 has set the tone for a hard year for individuals and economies, already high poverty levels will increase, while many may become homeless. However, the FGN through the recommendations of

the Economic Sustainability Committee has indicated that Mass Housing will be a tool for job creation and economic recovery and Family Homes Funds has been nominated to play a leading role in its implementation. The need for social housing is growing and FHFL will rise to the challenge. We thank our partners and other stakeholders whom we have worked with in the past and hope we will continue to work well together to change lives of many in Nigeria.

₦ 2.72bn Profit Before Tax



This was a growth of 16% from 2020

₦23.5bn New Capital Raised



The Company raised about ₦23.5bn in funding from various development partners

BOARD MEMBERSHIP



**SULEIMAN BARAU
CHAIRMAN**



**FEMI ADEWOLE
MD/CEO**



**UCHE ORJI
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**

CORPORATE GOVERNANCE

BENEFICIAL OWNERSHIP

The issued shares of the Company as of 31 December 2021 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
	=====	===

SHAREHOLDER ENGAGEMENT

Family Homes Funds Limited recognise the importance of its shareholders and value communication with them. To this end, the Company through its Corporate Secretariat and the Strategy and Business Performance Unit engaged actively with Shareholders in 2021 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 properly evaluate information and responses provided by Management, and to provide objective challenge 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, 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:

A. 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.

B. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

C. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates and are consistently applied.

BOARD COMMITTEES

The Board has four subcommittees namely:

1. The Board Finance, Investment and Budget Committee
2. The Board General Purpose Committee
3. The Board Project and Portfolio Committee
4. The Board Risk and Audit Committee

BOARD MEETINGS

The Board meets at least once each quarter and as 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 July 2022

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 meeting, certified CAC filings etc.



OUR PEOPLE

The FHFL Team is a group of diverse, passionate individuals, working together to fulfill 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 vigor.

Our team continues to grow in order 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 2021, we have nine departments supporting the MD, namely: Investment; Project Management; Portfolio and Assets Management; Finance; Human Resources, Administration and

Procurement; Strategy and Business Performance; Legal; Risk and Compliance; 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 to it. To this end, the team begins every year - with 2021 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 wellbeing 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 2021, we organized a Health Week comprising of 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 2021.

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 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 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 sponsor's 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 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.





FROM THE CEO>>>



Mr. Femi Adewole
MANAGING DIRECTOR/CEO

THRIVING & DEVELOPING THROUGH CHANGING TIMES

It is my pleasure to present the Family Homes Funds Limited's Annual Report for the period ended 31 December 2021. 2021 was a landmark year for Family Homes Funds Limited. As a relatively young organization, which became fully operational in 2018, 2021 was the year where it began to thrive and develop its character in terms of corporate governance, people, values, internal controls, operations, and finances. Family Homes Funds Limited continues to enjoy good government support, with mass housing considered a necessary element for Nigeria's economic growth and development.

The Board of Directors since inauguration in 2019 has been very integral to the growth of our business and our stability as a corporate entity. In 2021, the Board continued its critical duties of providing important approvals to several key policies and projects. The organisation grew from 33 people in 2020 to 41 people by the end of 2021. An effective organisational structure has since been established and populated across key roles including Investment, Finance, Human Resources and Administration, Project Management, Portfolio and Asset Management, Legal, Risk Strategy & Business performance, and Corporate Communications. To guide and ensure quality in operating our activities, we began to implement already developed Standard Operating Procedures (SOPs) covering our strategic, operational, customer facing, and administrative/financial processes in the last quarter of the year.

The Company's Affordable Housing Fund through which it provides construction financing remains its active fund. At the end of December 2021, the company has committed to the development of

13,014 homes. The Company also had adequate liquidity to fund on going works and recent approvals. We also commenced work on setting up the Help to Own and Rental Housing funds. These Funds would be important in assisting Nigerians on low income to own or rent a decent home.

As a fund, financial sustainability is key to ensuring we can fulfil our mandate. We have made early progress towards mobilising capital for the programme. We have signed a co-funding agreement with the Africa Development Bank (AfDB), and are in discussions with several development finance institutions including the French Development Agency (AFD - Agence Française de Développement) for a students' accommodation programme across public universities in Nigeria. In July, we successfully completed the issuance of N10,000,000,000 7 Year 13% Series 1 Ijara Lease Sukuk ("Series I Sukuk") under the N30,000,000,000 Sukuk Issuance Programme.

A strong emphasis has also been placed on social and environmental impact. Since inception till the end of December 2021, we estimate that we have provided over 60,000 jobs directly and indirectly through our various projects. We also spur economic growth and development by encouraging our developers to source for building materials locally.

Overall, the business outlook remains positive, and potential for impact is great. 2021 was important for us to lay the foundation for a performance driven and accountable organisation. For 2022, we will look to achieving excellence around our corporate governance, finances, operations, internal controls, and people.



CHANGING LIVES

At FHFL, Changing Lives is our Company Mantra. It dictates how we visualise ourselves and who we want to be. We align closely with the New Urban Agenda and the Global Goals promoting sustainable cities and communities, no poverty, good health and well-being, clean water and sanitation, decent work, economic growth, and reduced inequalities. Without adequate housing, our communities cannot be sustainable.

If we interrogate standard of living components from the global multidimensional poverty indicators (MPI) framework, we find that it includes analysis of a household's access and use of cooking fuel, Sanitation, Drinking water, Housing (materials) Electricity and Assets. All six components are addressed within a home. The two other aspects of the MPI look at Health (nutrition and child mortality) and Education (Years of Schooling and Attendance).

Family Homes Funds is taking steps to deepen its sense of ownership and accountability towards resolving the housing crisis in our nation. We do this through actively creating products that directly meet the pressing needs of our target population.

We leverage on an ecosystem of partners, stakeholders in the form of staff, industry experts, leaders, investors, and many other professionals who have committed their expertise and resources towards providing affordable housing in Nigeria. Within this ecosystem, we are consistently working on solutions to empower the low-income earner in Nigeria to ensure dignity for them and their families.

As housing is recognised as a basic right for all, we recognise that certain groups - women, informal workers, one-parent households, people with disabilities and many others - find it even more difficult to access housing and financing for housing. Our community engagement series have 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.

At FHFL, Changing Lives is at the heart of who we are and the core of what we do. It is the fuel that keeps us going. We are confident that using our finances, leveraging our partnerships and passion, we will make an impact, one live at a time, one home at a time.



OUR IMPACT



21,614 People
Directly Engaged



43,228 Indirect Jobs
provided



64,842 Total Jobs
Created



13,014 Homes
Financed Across
Nigeria



EXECUTIVE MANAGEMENT TEAM



Mr. Femi Adewole
Managing Director/CEO



Mr. Sani Yakubu
**Chief Housing
Investment Officer**



Mrs. Nkeiru Arum
Chief Finance Officer



Dr. Sa'id Kori
**Acting GM, Project &
Portfolio Management**

MANAGEMENT STRUCTURE

The Management structure of the Company is comprised of the Executive and Non-Executive Management Team

Executive Management

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

Non-Executive Management

- Head of Affordable Housing Fund
- Company Secretary/Head of Legal Service
- 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

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 make necessary recommendation to the Board
- **Project Review Committee:** Provides oversight over financed projects of the company





PERFORMANCE HIGHLIGHTS>>>



PERFORMANCE HIGHLIGHTS

MARKET OVERVIEW

FHFL as a social housing fund has significant potential for impact. The company is positioned to facilitate the provision of decent homes for Nigerians on low income, using the construction of these homes to create multiple direct and indirect jobs. Although actual numbers are unspecified, 22 million is the current estimate for the housing deficit. Reports further purport that Nigeria's population could surpass 400m by 2050 with up to 50% living in urban areas. There is also a growing number of unplanned settlements leading to a proliferation of slums.

Supply for decent homes generally, and particularly for people on low income is faced with a lot of challenges. These challenges include high costs of capital for building projects, difficulties in land acquisition and accompanying barriers to obtaining land titles, poor infrastructure, and high costs of providing necessary

infrastructure and services to encourage demand for the built units. Developers are also wary about building homes for purchase for the low-income brackets as they are not always assured of offtake.

The supply/demand imbalance is most acute for low-income earners. Many would-be homeowners have neither the resources nor access to home finance options. Indeed, many potentially "affordable" homes are not purchased because low levels of mortgages are given, people cannot access the existing loans, and/or have misgivings about the Nigerian mortgage industry. There is also a weak regulatory and enabling environment with limited choice. For example, no formal rental housing options. Currently, mortgage is less than 1% of the Nigerian GDP compared to an average of 71% in developed economies.

A 2018 report by the Centre for Affordable Housing Finance showed that the total size of mortgages given

was 24,414 while mortgage interest rate was 19.5%, over 20 years. This was higher than other strong African economies like South Africa (10%), Kenya (13%) and Ethiopia (16%).

Given the challenges within the housing market, we are positioned to play a role in providing construction financing, while ensuring that valuable products are created to enhance the accessibility of homes by our target beneficiaries.

BUSINESS OPERATIONS

Family Homes Funds Limited's active Fund is the Affordable Housing Fund through which it provides construction financing to public and private sector developers. At the end of December 2021, it had 13,014 projects totalling in Delta, Ogun, Kaduna, Kano, Nasarawa, Borno, Yobe, Bauchi, Adamawa, Niger and Green Pastures Project.

- Within these projects, 6,090 Homes were completed and held for sale.
- 6,224 Homes at different stages of construction.
- Another 2,754 homes has also been approved by the Board but were yet to commence construction. These projects were in Enugu, Akwa Ibom, Kano, Kaduna, Zamfara, Kebbi.
- In the pipeline, we had at least 13,369 homes under active consideration for approval by the Board.

PROJECTS SPOTLIGHT

As of 31 December 2021, we had the following projects:

The Family Homes Estates, Luvu Madaki, Nasarawa is developed to accommodate 568 homes comprising one- and two-bedroom semidetached bungalows. It is in a serene area at Luvu Madaki, in Masaka, and has running water, electricity and security.

The Family Homes Estate Asaba is located at Issele-

Azagba/Otulu Road, a bustling highway with proximity to the Asaba Airport and quick access into Asaba town. The estate is developed to accommodate 650 homes comprising one and two bedrooms, semi-detached bungalows. The estate comes with water and electricity facilities and was constructed to accommodate green and public spaces, shops, worship areas and recreational areas.

The Family Homes Estate, Gidan Iyali, Kaduna is developed to accommodate 424 units of one- and two-bedroom terrace bungalows, and three-bedroom terrace duplexes with extra quarters. It is strategically located in the centre of town and 5 minutes' drive from highbrow neighbourhoods like Isa Kaita and the Government Reserved Area, GRA.

The Family Homes Estate, New Makun, Ogun: The Family Homes Estate at new Makun City has 636 homes located along Lagos- Ibadan express way which has earned its status as one of the busiest corridors in Western Africa. It is well laid out in a master plan and zoned to serve commercial, residential, hospitality, education, and religious purposes. It is a 25-minute drive from old Lagos Toll Gate, 6-minute drive from the Redeemed Church Camp and 5-minute drive from Sagamu interchange.

Muhammed Sanusi II Royal Estate, Kano is in Darmanawa City of Kano and is designed to accommodate 469 units of two- and three-bedroom flats. It is about five minutes' drive away from the Mallam Aminu Kano Teaching hospital and is surrounded by a growing community. The buildings are designed to have a good use of space and green space and to be a conducive environment for families.

Green Pasture Housing Project - Ogun state: with completion level at 66%, the Green Pasture Housing Project on the Lagos/Ibadan expressway will provide 1000 homes that are affordable for low-income families.

NORTHEAST PROJECTS

In northeast of Nigeria - a region that has been

6,090
Homes Completed



6,090 Homes were completed and held for sale.

6,224 Homes
Under Construction



6,224 Homes under construction



devastated by the violent activities of insurgent militants – the Family Homes Funds is partnering with the respective state governments in their efforts to resettle previously displaced families and provide them with the opportunity to earn a decent living again. Through the partnership, Family Homes Funds has financed the development of 7,993 homes and provided other technical support required to improve the living condition of low-income earners and Internally Displaced Persons 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 brand new homes in their original communities to start new lives. The program reaffirms FHFL’s commitment to improving the lives of Nigerians – especially the most vulnerable ones – wherever they may be.

Given the financial status of the families, the homes are only priced at N1.8 million, presenting a very rare affordability benchmark in Nigeria.

Adamawa state: there is an ongoing construction of 1,000 homes in Adamawa State, with progress of work reaching 59% as of December 31, 2021.

Bauchi state: 1,443 homes are almost totally completed across six locations in Bauchi state. Major outstanding works include completion of tile works, buglers, electrical and mechanical fittings, clearance, and cleaning.

Borno state: In Borno state, FHFL has completed 1800 homes of 3200 and has commissioned 3 sites where previously displaced families have been housed. Outstanding works is approximately 30% with most sites only struggling to execute works because of security concerns.

Yobe state: 1,630 homes have been completed out of total 1800 mixed units. 150 at different completion stages, and 20 units at DPC level. Practical completion certificates have been issued for 21 sites, while the remaining contractors are working towards completion.

Completed and Active Projects as at 31st December 2021

Location	No of Homes	Completed	On-Going
Borno	3,200	1800	1,400
Yobe	2,350	2050	200
Bauchi	1,443	-	-
Niger	1,220	-	-
Green Pasture Housing Project, Ogun	1,040	-	200
Adamawa	1,000	-	1,000
Family Housing Estate, Delta	650	578	72
New Makun, Ogun	636	232	404
Grand Luvu, Nasarawa	582	582	0
Muhammed Sanusi II Estate, Kano	469	469	0
Gidan Iyali Estate, Kaduna	424	379	45
Total	13,014		

Committed Projects (Projects with Board Approvals) as at 31st December 2021

Location	No of Homes
Niger	1,220
Osun	992
Akwa Ibom	650
Zamfara	600
Kebbi state	500
Panisau - Kano	500
Katsina	500
Ekiti	500
Jigawa	459
Abia	395
Plateau	308
Enugu state	250
Adashe Women	134

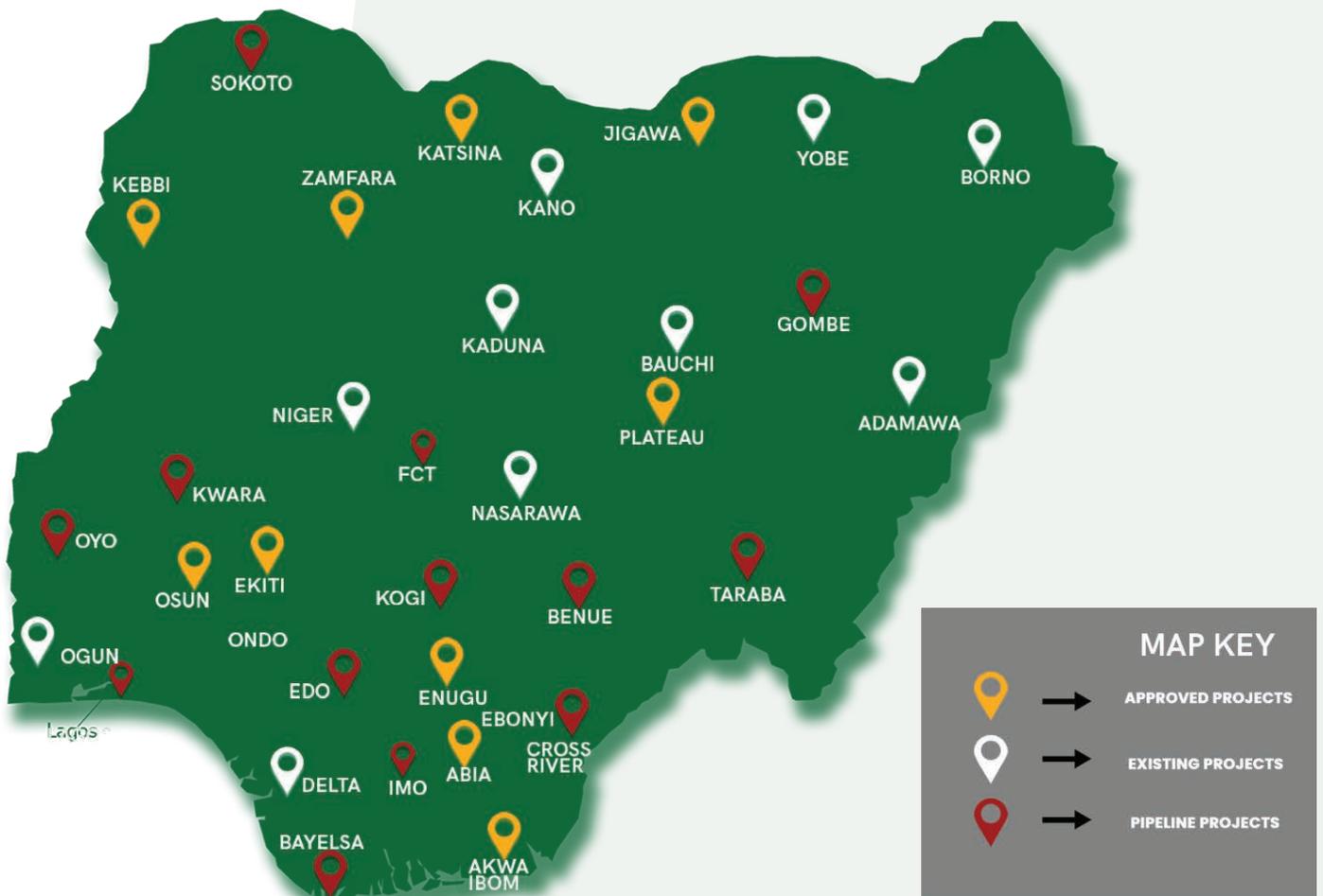
ACTIVE PIPELINE

Project currently under detailed due diligence ahead of consideration by the Board of the FHFL for financing under the Affordable Housing Fund.

Location	No. of Homes	Location	No. of Homes
FCT	1920	Kwara	400
Lagos	1250	Taraba	370
Sokoto	750	Enugu	673
Niger	742	Imo	331
Ogun	708	Anambra	297
Cross River	600	Oyo	270
Gombe	600	Katsina	250
Zamfara	600	Nasarawa	250
Benue	597	Abia	215
Delta	550	Kaduna	184
Bayelsa	500	Edo	162
Borno	500	Ondo	100
Kogi	450		

FHFL will continue to prioritise the equitable distribution of investment in the 6 geo-political zones. Significant efforts are being made to increase the size of the portfolio in the South-East and the North Central.

FHFL PROJECTS ACROSS NIGERIA





₦60.7b
Invested in
Affordable homes

64,842
Direct and Indirect
Jobs Created

13,014
Homes
Financed

13,369
Homes under
active consideration

SUSTAINABILITY AND IMPACT

At FHFL, social, economic, and environmental Impact is integral to who we are and what we do. We align closely with the New Urban Agenda and the Global Goals promoting sustainable cities and communities, no poverty, good health and well-being, clean water and sanitation, decent work and economic growth, and reduced inequalities.

As an organisation, we are providing solutions to Nigeria's rapid urbanization and reducing the proliferation of slums by providing decent homes. We are also promoting inclusivity and access to decent homes for all Nigerians, particularly those on low income. The homes we have been building have a selling price between ₦2.5m and ₦15m. However, we are launching a strategic initiative to pull these prices even lower by introducing standard house designs and bill of quantities, developing and utilising local and on-site manufacturing, engaging in bulk procurement and innovative capital mobilisation.

Our drive to ensure that Nigerians can afford decent homes has also stirred us to commence the development of the Help to Own and Rental Housing Funds. One of our newly committed projects in the Northeast is being developed in partnership with the Borno State Government, providing 3,200 homes for Internally Displaced Persons (IDPs).

We are also contributing to national economic growth and development through the provision of jobs and the local sourcing of building materials. By December 31, 2021, we had engaged more than 60,000 people through our projects. Through our operations, we have been able to employ people of all skill levels and

trades. These include architects, project managers, quantity surveyors, masons, carpenters, plumbers, electricians, iron-benders, painters, tilers, welders, manual labourers, and artisans.

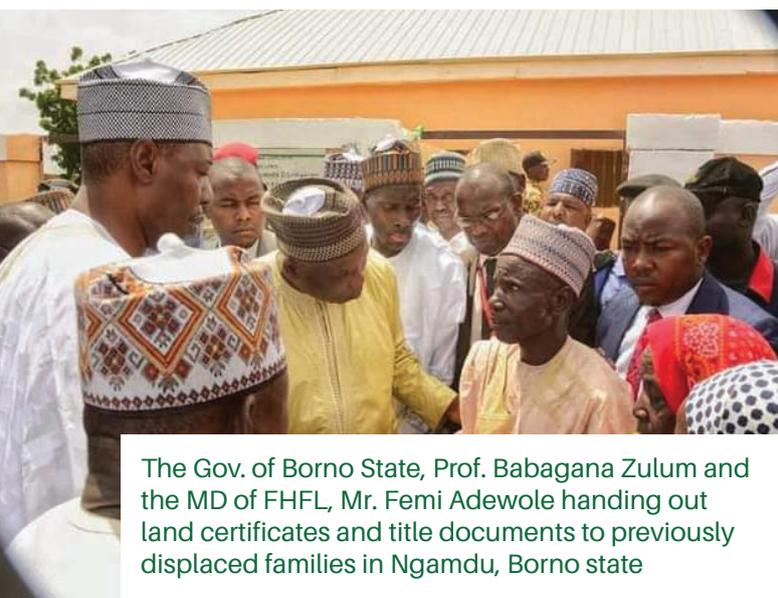
We also see a unique opportunity for engaging previously unemployed youth and increasing the skill levels on our projects by executing an apprenticeship and artisans skills training scheme. To this end, we are developing an implementation plan with expert technical input and collaboration with an industry leader - Construction Skills Training and Empowerment Programme (C-STEMP).

FHFL is keen to stimulate the local manufacturing industry and encourages our developers to source for materials locally. Our completed project in Nasarawa for example stands as a stellar example of this. There 93% of all input materials were locally sources within the state or the country. These locally sources materials included cements, windows, doors, tiles, sanitary fittings, paintings, granite, reinforcement, roof members, electrical cables, conduit pipes, plumbing pipes, and fittings. Roofing sheets were imported but locally corrugated. Furthermore, we are in conversation with the Nigerian Building & Road Research Institute to scale up the use of locally made building technology and materials for use in our homes.

In 2022, we intend to continue expand our social, economic, and environmental impact. We will develop our environmental and social management framework, policy, and management system to ensure that our environmental and social benefits are maximised, and the risks are mitigated.



Vice President of the Federal Republic of Nigeria, Prof. Yemi Osibanjo commissioning the Family Homes Funds Estate, Asaba, Delta state



The Gov. of Borno State, Prof. Babagana Zulum and the MD of FHFL, Mr. Femi Adewole handing out land certificates and title documents to previously displaced families in Ngamdu, Borno state



The MD of FHFL, Mr. Femi Adewole presenting a home key to a family in FHFL Estate, Asaba, Delta State



The Senate Committee on Housing led by the Chairman, Sen. Sam Egwu taking a tour of Family Homes Estate, New Makun, Ogun State



Vice President of the Federal Republic of Nigeria, Prof. Yemi Osibanjo taking a tour of Family Homes Funds model homes in Dei-Dei, Abuja



The Honourable Minister of Finance, Budget and National Planning, Madam Zainab Shamsuna Ahmed taking a tour of Family Homes Funds Estate, Darmanawa, Kano



The Senate Committee on Housing led by the Chairman, Sen. Sam Egwu taking a tour of Family Homes Estate, Darmanawa, Kano State



A happy resident of Family Homes Funds Estate, Grand Luvu, Nasarawa State

SPECIAL WOMEN EMPOWERMENT INITIATIVE

We are particularly excited about the opportunity for 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 Nigerian. In many of our cities, landlords will often refuse to rent a home to a woman without a husband. Even worse, it is still a common occurrence 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 will ensure 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.

All the homes upon completion will be sold to the low-

income beneficiaries including civil servants and the members of the public with repayment periods of up to 15 years with monthly repayments from N25,000.

The project is being developed in Ungwan Sarki, Kaduna State. The construction work is stimulating local manufacturing by use of a significant number of local materials for construction and the provision of about 536 jobs (professional, skilled, and unskilled workers).

Adashe Women's Housing Society is a voluntary membership association of women (widows and single mothers) with a common goal of saving towards owning their own homes. The vision of Adashe is to ensure that every member has access to home ownership free of any stress. Their membership consists largely of widows for whom owning a house is an immense financing challenge.







OPERATIONAL PERFORMANCE >>>

OPERATIONAL PERFORMANCE



3,260
New Homes



Rental & Incremental
Housing Schemes in progress



18,991
New Jobs

FINANCIAL SUSTAINABILITY

KPIs	Target	Actual
Profit before Tax	N1.9bn	N2.4bn
Total Assets	N107bn	92bn
New Capital Raised	N35bn	23.5bn

LEGACY PROJECT SALES

KPIs	Target	Actual
Complete legacy projects	All legacy projects completed by October 2021	89%
Sales of completed homes	At least 70% of all completed homes sold	39%

HIGH PERFORMANCE WORKFORCE

KPIs	Target	Actual
Employees achieving agreed upon performance targets	80% meet or exceed agreed targets	61%
Percentage Trained	90% of Scheduled Training	63%
Talent pipeline programme established	Establishing an Elite Young Professionals Training Scheme	In progress

₦10,000,000,000 7 YEAR 13.00% SERIES I IJARA LEASE SUKUK DUE 2028



OUR MILESTONE CORPORATE SUKUK ISSUANCE

FHFL Issuance of N10bn Series 1 Ijara Lease Sukuk ...first ever certified corporate Sukuk in Nigeria

On Thursday, July 15, 2021, Family Homes Funds Limited through Family Homes Sukuk Issuance Program Plc - successfully completed the issuance of N10,000,000,000 7 Year 13% Series 1 Ijara Lease Sukuk due 2028 ("Series I Sukuk") under the N30,000,000,000 Sukuk Issuance Programme.

The Series I Sukuk is the first ever SEC registered corporate Sukuk to be issued in Nigeria. It is also the first ever corporate Sukuk certified by the Financial Regulation Advisory Council of Experts (FRACE) of the Central Bank of Nigeria. The transaction also represents Family Homes' debut in the Nigerian Debt Capital Markets. The issuance was 2.1x oversubscribed.

The Book Build process for the transaction was launched on Friday, June 25, 2021, and was completed on Tuesday, July 6, 2021. The transaction was well received and attracted significant demand from a wide range of high value and quality investors including pension funds, ethical funds, fund managers, non-finance Islamic institutions, trustees, corporate and high net worth individuals. The total value of orders received during the Book Build was N21.3 billion (representing a 2.1 times oversubscription) of the

intended N10 billion. The issuance was launched at a rental rate of 13.00% per annum. Notwithstanding current market dynamics and volatility, this debut transaction had tremendous support from the debt capital market.

The Series I Sukuk Issuance reinforces the Company's commitment to facilitating the provision of affordable homes and diversifying its funding sources, as well as the resilience of the domestic debt capital market. Family Homes will deploy the net proceeds to finance and develop affordable homes for low-income earners.

Commenting on the Sukuk issuance, Femi Adewole, Chief Executive Officer of Family Homes said:

"We are very proud of this landmark transaction, which is the first ever certified corporate Sukuk issued in Nigeria. The domestic debt capital market has given us the opportunity to further diversify our funding sources and provided the necessary support for our goal of providing affordable homes across Nigeria. The strong support for this transaction, given the challenging environment, is a reflection of the depth of the market, and investor confidence in Family Homes Fund's long-term strategy and management team."



AWARDS, RATINGS AND RECOGNITIONS

 <p>Awards</p>	<ul style="list-style-type: none"> • The Family Homes Funds’ Corporate Sukuk Issuance in July 2021 was named Finance Deal of the Year in Nigeria at the African International Conference on Islamic Finance (5th AICIF) on 9th November 2021 • FHF won Housing Intervention Program of the Year at the 2021 Africa Housing Award in Abuja
 <p>Ratings</p>	<ul style="list-style-type: none"> • 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 rated FHFL at BBB. • GCR Ratings (GCR) also rated the company BBB+ in 2021 • In September 2021, Family Homes Funds was ranked number 1 out of 475 Federal Ministries, Department and Agencies, the 36 States, and 774 Local Governments as the most transparent and integrity driven institution of all by the Centre for Fiscal Transparency and Integrity Watch (CEFTIW)
 <p>Recognitions</p>	<ul style="list-style-type: none"> • FHFL corporate Sukuk Issuance was given an honorary recognition at the 2021 Business Day Awards



DEVELOPMENT IMPACT



Sitting on a pile of concrete slabs, and sipping from a bottle of water, Jibril is very excited to finally take off his safety helmet and talk about the opportunity of earning a decent living after about a year without work. A graduate of engineering, Jibril is one of the thousands employed on Family Homes Funds Limited (FHFL) affordable housing project sites.

“About a year ago, I was just at home, not sure where my next meal would come from. I am sure you know the struggle most people go through to find job. Luckily for me, a friend spoke to me about Family Homes Funds and their affordable housing projects in Yobe state. He told me workers were needed on site. That is how this new chapter of my life started. Here I am today, a site engineer, in company of so many workers, building homes for people like my parents who do not earn so much.”

Providing over 13,014 affordable homes across Nigeria for low to middle income earners, Family Homes Funds has created well over 60,000 direct and indirect jobs in the process - creating early socio-economic impact in most of the states, especially the northeast states where economic activities had been threatened by insecurity. Since construction works began, these projects have become major sources of employment for thousands of people.

Jibril is hard at work on a project site in Yobe state capital, Damaturu, where at least 900 homes of a total 2,350 are ready for first time homeowners. At a time when the fear of unemployment is real, Jibril's immediate concerns are anything but that. In Yobe, 8,700 people have found jobs through Family Homes Funds.

Jibril's story becomes familiar as one travels from one project site to another across different locations in the country where jobs have been created for contractors, developers, engineers, site supervisors, admin staff, property managers, artisans, masons, plumbers, electricians, iron benders, foremen, gardeners, laborers, cleaners, tillers, storekeepers, security guards, food vendors, suppliers, and other products and service providers tied to the construction sites. Their stories validate FHFL's belief that when building

affordable housing communities in a vast country like Nigeria with significant housing deficit, job creation will always be an integral part of that, and people like Jibril bring such vision to life.

Family Homes Funds' Social Impact Tracker shows that each site employs an average of 320 people - directly and indirectly - guaranteeing economic sustenance for several families and their extended beneficiaries.

" That is how this new chapter of my life started. Here I am today, a site engineer, in company of so many workers, building homes for people like my parents who do not earn so much. "

According to Jibril, the impact of this opportunity is much more than the employment it provides. As foods are being put on the table, crimes are also being reduced in many parts of the state.

“Imagine if these projects were not happening. All these workers, both the educated and uneducated ones would have been idling away, and probably considering the option of crime. So, for me, the impact of this is very huge. The economic benefits aside, it has reduced the level of crime in our state.”

Laid off from his former place of employment because of the peculiar economic challenges that trailed the Covid-19 pandemic, 26-year-old Jibola, who now works as an artisan on another FHFL project site in Makun, had to endure a torrid time of joblessness that was only ended because of the opportunity that Family Homes Funds project in Ogun state offered.

Confident about gaining employment on any of FHFL's project sites, a lot of people like Jibola have gone to



1,000 artisans trained and engaged on sites



learn new skills that are needed for the construction works. Recently - and given the high demand for skilled labour on FHFL sites - over 1,000 artisans were trained in different skills and will join other workers on site as FHFL projects advance in phases.

One other significance of these developments is that the opportunities for work remain even after the construction work has been completed. There are continuous needs for facility managers, electricians, plumbers, carpenters, gardeners and cleaners, security guards, and of course there are jobs and household incomes that will be generated by small businesses that will spring up in the estates when families move in.

With FHFL homes noticeably present in several local governments in the northeast for example, the socio-economic impact of the organization is well appreciated, especially by the state governments, who

" Given the high demand for skilled labour on FHFL sites - over 1,000 artisans were trained in different skills and will join other workers on site as FHFL projects advance in phases. "

describe FHFL as their biggest and most successful partner.

"We are happy that this partnership has worked well, and we also look forward to more. A lot of jobs have



The FHFL team led by the MD, Mr. Femi Adewole presenting relief materials to Internally Displaced Persons (IDPs) in a community in Abuja

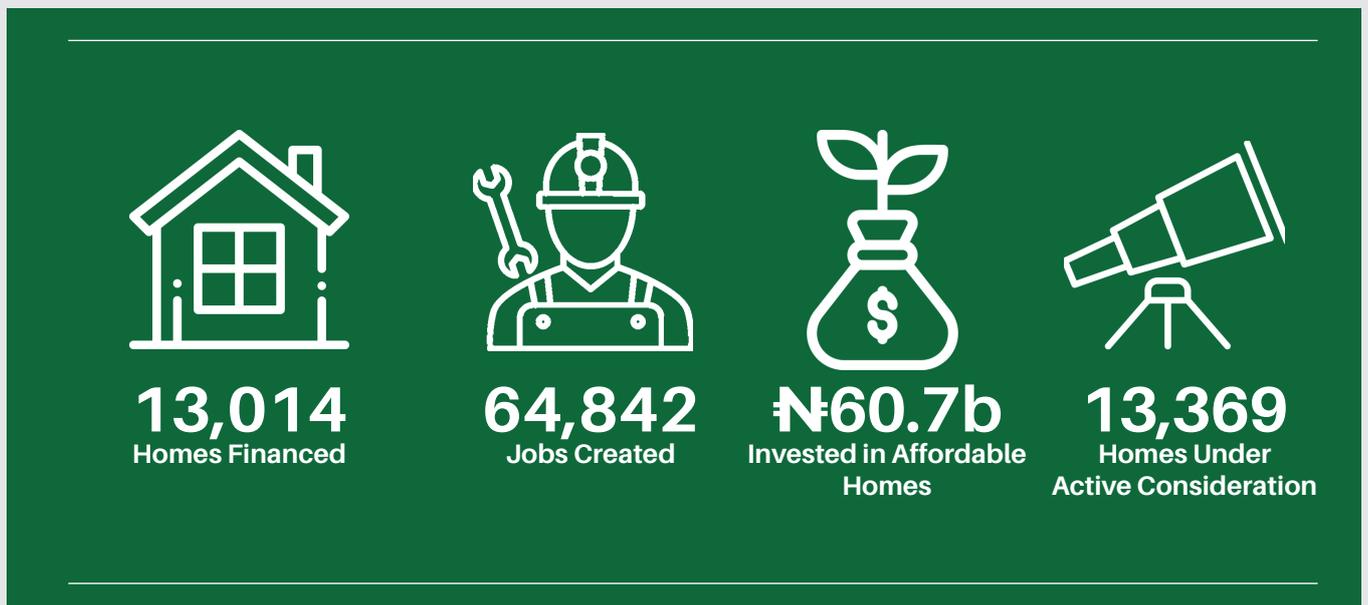
been created and a lot of local materials are also being used," the Secretary to the State Government of Yobe state, Baba Malam Wali says of FHFL impact in the state.

In December 2021, the first phases of these homes were completed and ready for new families. This will be a lifetime opportunity for civil servants, members of cooperatives, and artisans like Kabir to own their own homes in an environment that offers opportunities for modern living without the need to break a bank.

These stories are fulfillment of Family Homes Funds' vision of providing homes for the most vulnerable groups in the society, and employment opportunities

for those who are losing faith because of economic challenges. As projects enter more phases and into more states across Nigeria, the number of jobs created by Family Homes Funds through its investments and partnerships will only continue to increase.

Across FHFL projects in states like Delta, Nasarawa, Ogun, Kano, Kaduna, Bauchi, Borno, Adamawa, Kebbi, Niger, Akwa Ibom and others, the constant sentiment of most of the workers - now totaling about 82,026 - 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 - exactly the difference Family Homes Funds was created to make.







FINANCIAL STATEMENT>>>

FINANCIAL STATEMENT



N2.4bn
Profit after Tax



N23.5bn
New Capital Raised



3,260
New Homes

Affordable housing loans disbursed for 3,260 homes in Niger, Adamawa and Green Pastures Project in Ogun.

REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

GENERAL INFORMATION

Country of Incorporation	Nigeria
Company registration Number	RC1360519
DIRECTORS	
Chairman	Mr. Suleiman Barau
Managing Director	Mr. Femi Adewole
Non-Executive Director	Mr. Chiweze Ukwuoma
Non-Executive Director	Mr. Muhammedu Umar
Non-Executive Director	Ambassador Muhammadu Jumba
Non-Executive Director	Mr. Uche Orji (Representative of Nigeria Sovereign Investment Authority NSIA)
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	The Clan Place, Plot 1386A Tigris Crescent Maitama 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

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 2021.

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

	2021	2020
	N'000	N'000
Revenue	3,313,234	1,813,269
	=====	=====
Profit before taxation	2,720,806	626,590
Taxation	(294,032)	(7,603)
	-----	-----
Profit after taxation	2,426,774	618,987
	=====	=====
Total comprehensive profit for the year	2,426,774	618,987
	=====	=====

DIVIDEND

The directors do not recommend to members the payment of dividend in respect of the year ended 31 December 2021 (2020: Nil).

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 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 2021.

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 2021 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 2021.

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

8th June 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

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:

- a. 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;
- b. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c. 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 2021. 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.



Femi Adewole
Director
FRC/2020/008/00000020585



Suleiman Barau
Chairman
FRC/2015/ICENNIG/00000011559

8th June 2022

CERTIFICATE OF ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended December 31, 2021 that:

- a. 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;
- b. 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.
- c. 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;
- d. 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.



Femi Adewole
Managing Director
FRC/2020/008/00000020585



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

8th June 2022



Ernst & Young
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57, Marina
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Lagos

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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 2021, 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 2021, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Company. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Company. 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 Family Homes Funds Limited Annual Financial Statements for the year ended 31 December 2021, which includes the Report of the Directors, statements of the Director responsibilities and other National Disclosures. 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.

Independent Auditor's Report

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

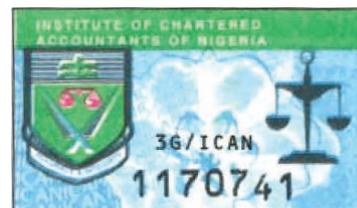
In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- 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

8th June 2022



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 ₦ 000	2020 ₦ 000
Revenue	5	3,313,234	1,813,269
Finance Income	6	2,120,624	632,082
Operating and administrative expenses	7	(2,117,219)	(1,818,761)
Finance cost	7.1	(595,833)	-
Profit before tax	9	2,720,806	626,590
Income tax expense	10	(294,032)	(7,603)
Profit for the year		2,426,774	618,987
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the year		- =====	618,987 =====
Basic earnings/(loss) per share (Naira)	20.1	2,426,774 =====	618.99 =====

See notes to the financial statements

FAMILY HOMES FUNDS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021		2021	2020
	Notes	₦ 000	₦ 000
Assets			
<i>Non-current assets</i>			
Property plant and equipment	11	206,004	132,355
Intangible assets	12	73,980	6,065
Right of use Asset	13	23,140	15,989
Investment properties	14	1,259,966	1,259,966
Loan receivables	15	41,111,237	39,472,414
Deferred asset	10	-	16,599
		-----	-----
<i>Current assets</i>		42,674,327	40,903,388
		=====	=====
Property inventories	16	17,733,186	16,076,073
Sinking fund investment	22.2	1,791,091	-
Trade and other receivables	17	705,755	200,112
Cash and cash equivalents	18	30,495,065	9,335,343
		-----	-----
Total assets		50,725,097	25,611,528
		=====	=====
Equity and Liabilities		93,399,424	66,514,916
		=====	=====
<i>Equity</i>			
Share capital	19.1	1,000	1,000
Capital grant	19.2	78,500,000	65,000,000
Retained earnings	20	2,428,872	2,098
		-----	-----
Total equity		80,929,872	65,003,098
		=====	=====
<i>Non-current liability</i>			
Loans and borrowings	22.1	9,051,329	-
Deferred tax liability	10	30,329	-
		-----	-----
Total non-current liability		9,081,658	-
		=====	=====
<i>Current liabilities</i>			
Trade and other payables	21	1,596,286	1,112,616
Loans and borrowings	22	1,544,504	375,000
Income tax payable	10	247,104	24,202
		-----	-----
Total current liabilities		3,387,894	1,511,818
		-----	-----
Total liabilities		12,469,552	1,511,818
		=====	=====
Total Equity and Liabilities		93,399,424	66,514,916
		=====	=====

The financial statements were approved by the Board of Directors on 2022 and signed on its behalf by:



Suleiman Barau
Chairman
FRC/2015/ICENNIG/00000011559



Femi Adewole
Managing Director
FRC/2020/008/00000020585



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

See notes to the financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Capital Grant	Accumulated Profit	Total Equity
2020	₹ 000	₹ 000	₹ 000	₹ 000
At 1 January 2020	1,000	20,000,000	(616,889)	19,384,111
Capital grant inflow	-	45,000,000	-	45,000,000
Profit for the year	-	-	618,987	618,987
At 31 December 2020	<u>1,000</u> =====	<u>65,000,000</u> =====	<u>2,098</u> =====	<u>65,003,098</u> =====
2021				
At 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	<u>1,000</u> =====	<u>78,500,000</u> =====	<u>2,428,872</u> =====	<u>80,929,872</u> =====

See notes to the financial statements

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

Operating activities	Note	2021 ¥ 000	2020 ¥000
Profit before tax		2,720,806	626,590
Adjustments to reconcile profit before tax to net cash flow: Depreciation of property, plant and equipment	11	64,075	38,441
Depreciation of Right of use Asset	13	25,350	24,000
Amortization of intangibles	12	9,149	3,192
Interest income	6	(2,120,624)	(632,082)
Loan receivable	15	(1,702,526)	(39,472,414)
Finance cost	7.1	595,833	-
Impairment of loans	15	63,703	635,884
Write down of inventory	7	-	104,370
Working capital adjustments:		(344,234)	(38,672,019)
Increase in inventories		(1,657,113)	(3,452,776)
(Increase)/decrease in trade and other receivables		(505,642)	4,762,830
Increase in Sinking funds investment		(1,791,091)	-
Increase in trade and other payables		483,670	202,476
		(3,814,410)	(37,159,489)
Interest received	6	2,120,624	632,082
Income taxes paid	10	(24,202)	-
Net cash flow used in operating activities		(1,717,988)	(36,527,407)
Investing activities			
Purchase of intangible assets	12	(77,064)	(7,659)
Purchase of property, plant and equipment	11	(137,725)	(58,741)
Right-of-use assets	13	(32,501)	-
Net cash flow used in investing activities		(247,290)	(66,400)
Financing Activities			
Capital grant	19.2	13,500,000	45,000,000
Loan obtained	22.1	10,000,000	-
Repayment of NSIA Loan	22.1	(375,000)	(1,125,000)
Net cash flow from financing activities		23,125,000	43,875,000
Net increase in cash and cash equivalents		21,159,722	7,281,193
Cash and cash equivalents at 1 January		9,335,343	2,054,150
Cash and cash equivalents at 31 December	18	30,495,065	9,335,343

See notes to the financial statements

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 Nigeria Sovereign Investment Authority 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	<u>510,000</u>	51
	<u>1,000,000</u>	
	=====	

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 and 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 and 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

2.1.1 Construction contracts

The Company is in the business of acquiring, developing, selling and managing high quality, serviced commercial and residential accommodation and retail space. These contracts are divided into three revenue streams namely:

- Sales of Goods - Sale of property stock
- Facilities management services provided to the customer: Rendering of services - Management fees and service charge surcharge
- Rental income on investment property

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.

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.

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.

Buildings	2%
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 2020 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 2020

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 2020

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.

c. 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 2021, 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. Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

ii. Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

4

NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

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. Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework - 1 January 2022.
- IV. Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16 - 1 January 2022.

- V. Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 - 1 January 2022
- VI. IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter - 1 January 2022.
- VII. IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities - 1 January 2022
- VIII. IAS 41 Agriculture – Taxation in fair value measurements - 1 January 2022
- IX. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - 1 January 2023
- X. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - 1 January 2023
- XI. Definition of Accounting Estimates - Amendments to IAS 8 - 1 January 2023

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.

v. 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.

vi. 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	2021 N'000	2020 N'000
5.1	Disaggregated revenue information		
i.	Total revenue from contracts with customers	3,313,726 =====	1,813,269 =====
ii.	Geographical markets		
	Within Nigeria	3,313,726	1,813,269
	Outside Nigeria	-	-
	Total revenue from contracts with customers	3,313,726 =====	1,813,269 =====

The revenue of the company was earned from the following streams:	2021 N'000	2020 N'000
Interest income earned from loans to state governments and others*	3,089,121	1,658,085
Loan management fees*	210,702	107,849
Penalties and other fees	1,180	-
Rental income	12,231	47,335
Total revenue from contracts with customers	3,313,234 =====	1,813,269 =====

*During the year, the Company gave out housing development loans to five (5) (2020:4) 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.

6.	Finance income	2021 ₦'000	2020 ₦'000
	Interest Income from bank balances	-	854
	Interest from fixed deposit	2,103,372	97,886
	Interest from treasury bills	-	533,342
	Interest from investment in sinking fund	17,252	-
		2,120,624	632,082
		=====	=====

7.	Operating and administrative expenses		
	Amortization	9,149	3,191
	Audit fee	13,000	8,500
	Bank charges	679	411
	Depreciation (Note 8b)	89,425	62,441
	Directors' emoluments (Note 8a.3)	117,435	57,111
	Donations	16,651	11,825
	Loan charges	258,696	-
	Impairment provision on loans	63,703	635,884
	Insurance	6,325	3,992
	Marketing expenses	30,383	23,370
	Office supplies	10,986	3,257
	Office running expenses	36,837	21,127
	Other expenses	102,068	3,370
	Personnel expense (Note 8a.3)	699,671	514,001
	Printing and stationeries	13,456	6,275
	Professional and consultancy Fees	534,046	301,370
	Rent	22,113	21,911
	Travel expenses	84,713	32,047
	Vehicle expenses	7,883	4,308
	Write down of inventory	-	104,370
		2,117,219	1,818,761
		=====	=====

7.1	Finance cost	2021 ₦'000	2020 ₦'000
	Lease rental expenses on Sukuk bonds	595,833	-
		=====	=====
		595,833	-
		=====	=====

8a. Staff costs and employee numbers

8a.1	The number of employees of the Company other than directors who earned more than ₦500,000 in the year	2021 Number	2020 Number
	₦500,000 - ₦1,000,000	5	4
	₦1,100,000 - ₦2,000,000	-	-
	₦2,100,000 - ₦3,000,000	4	3
	₦3,100,000 - ₦4,000,000	2	4
	₦4,100,000 - Above	30	25
		41	36
		===	===

8a.2	The average number of employees in the Company's employment during the year	41	36
		===	===

8a.3	Staff cost relating to the above	2021 ₦'000	2020 ₦'000
	Wages and salaries	507,675	380,645
	Defined benefit pension schemes	25,805	51,398
	Other staff costs	166,191	81,958
		699,671	514,001
	Directors' emolument	117,435	57,111
		817,106	571,112
		=====	=====
8b.	Depreciation		
	Depreciation of property, plant and equipment	64,075	38,441
	Depreciation of Right of use asset	25,350	24,000
		89,425	62,441
		=====	=====

9.	Profit before taxation		
	Profit before taxation has been arrived at after charging:		
	Amortization	9,149	3,191
	Auditors' remuneration	13,000	8,500
	Depreciation of property, plant and equipment	64,075	38,441
	Depreciation of Right of use asset	25,350	24,000
	Personnel cost	699,671	514,001
	Directors' emolument	117,435	57,111
		=====	=====

10 Taxation

10.1	Income tax recognized in profit or loss	2021 ₹'000	2020 ₹'000
	Current tax	225,143	-
	Minimum tax	-	5,995
	Education tax	21,961	18,207
	Deferred tax charge for the year	46,928	(16,599)
	Total income tax expense recognized in the current year	294,032	7,603
		=====	=====
10.2	Amount recognized in the statement of financial position		
	Current tax liabilities		
	At 1 January	24,202	-
	Minimum tax	-	5,995
	Education tax	21,961	18,207
	Company income tax	225,143	-
	At 31 December	271,306	24,202
	Payments during the year	(24,202)	-
		247,104	24,202
		=====	=====
10.3	Reconciliation of effective tax rate		
	Profit before tax	2,720,806	626,590
		=====	=====
	Income tax at 30%	816,242	187,977
	Non-deductible expenses	85,906	252,513
	Income exempts from tax	(638,617)	(167,202)
	Effect of loss relief	-	(243,155)
	Effect of capital allowance	(38,388)	(30,133)
	Effect of minimum tax	-	5,995
	Effect of education tax levy	21,961	18,207
	Deferred tax effect	46,928	(16,599)
		294,032	7,603
		=====	=====
	Effective tax rate	11%	1%

10.4 Provision for Education Tax has been computed at the rate of 2.5% on the assessable profit in accordance with Finance Act, 2021

10.5 Deferred Taxation

Deferred taxation has been computed using the liability method resulting into deferred tax liability of N30,329,090 (2020; asset: 16,598,663).

	2021 ₹'000	2020 ₹'000
Deferred taxation (liability)/asset		
At 1 January	16,599	-
Charge for the year	(46,928)	16,599
At 31 December	(30,329)	16,599
	=====	=====

11 Property, plant and equipment

	Buildings	Motor Vehicles	Office Furniture & fittings	Equipment	Total
Cost	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	-	61,185	38,646	29,244	129,075
Additions	-	42,893	728	15,120	58,741
At 31 December 2020	-----	104,078	39,374	44,364	187,816
Additions	-	115,736	8,438	13,551	137,725
At 31 December 2021	-----	219,813	47,812	57,915	325,541
	=====	=====	=====	=====	=====
Depreciation and impairment					
At 1 January 2021	-	28,604	13,917	12,940	55,461
Charge for the year	-	39,464	10,317	14,295	64,076
At 31 December 2021	-----	68,068	24,234	27,235	119,537
	=====	=====	=====	=====	=====
Net book value					
At 31 December 2021	-	151,745	23,579	30,680	206,004
	=====	=====	=====	=====	=====
At 31 December 2020	-	75,474	25,457	31,424	132,355
	=====	=====	=====	=====	=====

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 2021 (2020: Nil).

12.	Intangible assets - Software	₦'000
	Cost	
	At 1 January 2021	10,688
	Additions	77,064
	At 31 December 2021	87,752

	Accumulated Amortization	
	At 1 January 2021	4,623
	Charge for the year	9,149

	As at 31 December 2021	13,772
	Net book values	
	At 31 December 2021	73,980
		=====
	At 31 December 2020	6,065
		=====

2022 CORPORATE **TARGETS**



**FAMILY HOMES FUNDS
2022
CORPORATE
OBJECTIVES**
01

HOUSING UNITS AND JOB CREATION

Achieve a target of 20,640 units delivering 125,000 jobs



**FAMILY HOMES FUNDS
2022
CORPORATE
OBJECTIVES**
02

INCREASED BALANCE SHEET SIZE

Achieve financial targets of N1.5bn profit before tax and increase the balance sheet size to 125 billion



**FAMILY HOMES FUNDS
2022
CORPORATE
OBJECTIVES**
03

OPERATIONAL EFFICIENCY

Increase operational efficiency by expediting commitments and approvals ensuring that 80% of eligible financing requests are processed within 60 days of receipt of full application



**FAMILY HOMES FUNDS
2022
CORPORATE
OBJECTIVES**
04

CUSTOMER EXPERIENCE

Achieve a 70% global customer experience satisfaction index



**2022
CORPORATE
OBJECTIVES**
05

STAFF ENGAGEMENT

Achieve a staff engagement index of at least 50%.



**FAMILY HOMES FUNDS
2022
CORPORATE
OBJECTIVES**
06

IFC EDGE CERTIFICATION

Achieve IFC Edge Certification on at least one project





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