



**FAMILY HOMES FUNDS LIMITED**  
**Abuja, Nigeria**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

FAMILY HOMES FUNDS LIMITED

REPORT OF THE DIRECTORS, AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2022

Contents	Page
General Information	3
Report of Directors	4
Statement of Directors' Responsibilities	7
Certificate of Account	8
Audited Financial Statements	
Independent Auditors' Report	9
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Other National Disclosures	
Value Added Statement	49
Five-Year Financial summary	50

**FAMILY HOMES FUNDS LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**GENERAL INFORMATION**

<b>COUNTRY OF INCORPORATION</b>	Nigeria
<b>COMPANY REGISTRATION NUMBER</b>	RC1360519
<b>DIRECTORS</b>	
Chairman	Mr. Suleiman Barau
Managing Director	Mr. Abdul Mutallab Mukhtar (Appointed 6 <sup>th</sup> February 2023)
Managing Director	Mr. Femi Adewole (Resigned 21 <sup>st</sup> October 2022)
Non-Executive Director	Mr. Chiweze Allen Ukwuoma
Non-Executive Director	Mr. Mohammed Rashid Umar
Non-Executive Director	Ambassador Muhammadu Adamu Jumba
Non-Executive Director	Mr Uche Orji (Representative of NSIA Property Investment Company Limited, resigned on 30 <sup>th</sup> September 2022)
Non-Executive Director	Mr. Aminu Umar-Sadiq (Representative of NSIA Property Investment Company Limited, Appointed on 14 <sup>th</sup> October 2022)
Non-Executive Director	Aisha Shehu Omar (Representative of Federal Ministry Of Finance Incorporated)
<b>COMPANY SECRETARY</b>	Mr. Franklin J. Eseagwu 3rd Floor Sinoki House Samuel Ademulegun Avenue Central Business District 900211 Abuja
<b>REGISTERED OFFICE</b>	3 <sup>rd</sup> Floor Sinoki House Samuel Ademulegun Avenue Central Business District 900211 Abuja
<b>AUDITORS</b>	Ernst & Young 10th & 13th Floor UBA House 57 Marina, Lagos.
<b>COMPANY SOLICITORS</b>	Banwo & Ighodalo Plot 2669, Afri-Investment House 50 Aguiyi Ironsi Street, Wuse Abuja
<b>PRINCIPAL BANKERS</b>	CBN Treasury Single Account

## FAMILY HOMES FUNDS LIMITED

### REPORT OF THE DIRECTORS

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### LEGAL FORM

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

#### PRINCIPAL ACTIVITY

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

#### STATE OF AFFAIRS

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

#### RESULT FOR THE YEAR

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

#### DIVIDEND

The Board of Directors proposed a final dividend of 5% on profit after taxation amounting to N72,511,450 (2021: N242,677,000). This dividend is subject to withholding tax at appropriate rate.

#### PROPERTY, PLANT AND EQUIPMENT

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

## FAMILY HOMES FUNDS LIMITED

### REPORT OF THE DIRECTORS - Continued

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### DIRECTORS

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

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

#### DIRECTORS INTEREST IN CONTRACTS

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

#### DIRECTORS INTEREST IN SHARES

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

#### BENEFICIAL OWNERSHIP

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

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

#### CHARITABLE AND OTHER DONATIONS

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

**FAMILY HOMES FUNDS LIMITED**

**REPORT OF THE DIRECTORS - Continued**

**EMPLOYMENT AND EMPLOYEES**

**Employment of Disabled Persons**

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

**Health, Safety and Welfare of Employees**

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

**Employee Involvement and Training**

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

**EVENTS AFTER REPORTING PERIOD**

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

**AUDITORS**

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

**BY ORDER OF THE BOARD**



COMPANY SECRETARY  
Mr. Franklin J. Eseagwu

31 March 2023

FAMILY HOMES FUNDS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2022

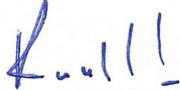
The Companies and Allied Matters Act, 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

- 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 2022. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



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



Suleiman Barau  
Chairman  
FRC/2015/ICENNIG/00000011559

31 March 2023

FAMILY HOMES FUNDS LIMITED

CERTIFICATE OF ACCOUNT

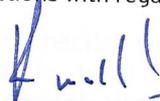
FOR THE YEAR ENDED 31 DECEMBER 2022

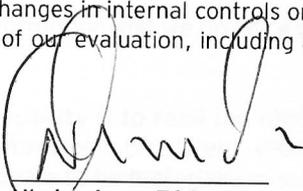
Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

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

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

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

31 March 2023



**Building a better  
working world**

**Ernst & Young**  
10th Floor  
UBA House  
57, Marina  
P. O. Box 2442, Marina  
Lagos.

Tel: +234 (01) 631 4500  
Fax: +234 (01) 463 0481  
Email: [Services@ng.ey.com](mailto:Services@ng.ey.com)  
[www.ey.com](http://www.ey.com)

## **Independent Auditor's Report**

*To the Members of Family Homes Funds Limited*

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

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

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other Information***

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

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

## Independent Auditor's Report

*To the Members of Family Homes Funds Limited - Continued*

### ***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.

**Independent Auditor's Report**

*To the Members of Family Homes Funds Limited - Continued*

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

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

**Report on Other Legal and Regulatory Requirements**

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

- ▶ We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ▶ In our opinion, proper books of account have been kept by the Company in so far as appears from our examination of those books;
- ▶ The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



**Funmi Ogunlowo FCA**  
FRC/2013/ICAN/0000000681  
For Ernst & Young  
Lagos, Nigeria

26 June 2023



FAMILY HOMES FUNDS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

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

See notes to the financial statements

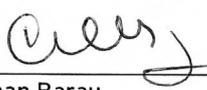
FAMILY HOMES FUNDS LIMITED

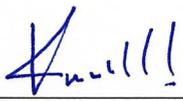
STATEMENT OF FINANCIAL POSITION

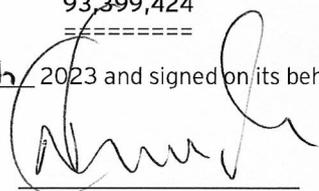
AS AT 31 DECEMBER 2022

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

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

  
 Suleiman Barau  
 Chairman  
 FRC/2015/ICENNIG/00000011559

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

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

See notes to the financial statements

FAMILY HOMES FUNDS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

See notes to the financial statements

FAMILY HOMES FUNDS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

See notes to the financial statements

**FAMILY HOMES FUNDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. General information**

**1.1 Description of business**

Family Homes Funds Limited was incorporated as a private limited liability Company in Nigeria on 8 September 2016. The Company is owned by 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	510,000	51
	-----	
	1,000,000	
	=====	

**1.2 Composition of financial statements**

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 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.

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### c) Foreign Currency transactions

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

##### i) Transactions and balances

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

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

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

#### 2.1 Revenue Recognition

Revenue recognition from contract with customers

##### 2.1 Revenue from contract with customers

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

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

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

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

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

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

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

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 2.1 Construction contracts - continued

###### Significant financing component

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

###### Contract Balances

###### Trade Receivables

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

###### Contract Liabilities

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

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

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

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

Assets covered by a single contract are treated separately when:

- a) The separate proposals have been submitted for each asset
- b) Each asset has been subject to separate negotiation and the contractor and customer have been able to accept or reject that part of the contract relating to each asset
- c) The costs and revenues of each asset can be identified

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

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

The three criteria must be met before combination can occur.

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

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

#### 2.2 Borrowings

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

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

#### 2.3 Borrowing costs

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

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

#### 2.4 Property, plant and equipment

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

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

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

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

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

#### 2.5 Non-current assets held for sale

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

#### 2.6 Inventories

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

#### 2.7 Taxation

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

##### 2.7.1 Income and deferred tax for the year

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

##### 2.7.2 Income tax

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

##### 2.7.3 Deferred taxation

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

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

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.

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 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.

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 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.

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 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).

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 2.12 Provisions - Continued

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.

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 2.15 Leases

Policy prior to 1 January 2021

(a) The company is a lessee

(i) Operating lease

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

(ii) Finance lease

Leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and noncurrent borrowings. The interest element of the finance cost is treated as borrowing costs (see Note 2.18) and expensed/capitalised over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

(b) The company is a lessor

(i) Operating lease

Policy from 1 January 2021

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

Company as a lessee

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

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

##### i. right-of-use assets

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

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

Residential buildings	2 Years
Plant and machines	2 Years

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

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 2. Summary of significant accounting policies-continued

##### 2.15 Leases-Continued

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

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

#### 3. Changes in accounting policies and disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022

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

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

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

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

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

- i. IFRS 17 - Insurance Contracts - 1 January 2023
- ii. Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current - 1 January 2023
- iii. Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - 1 January 2023
- iv. Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - 1 January 2023
- v. Definition of Accounting Estimates - Amendments to IAS 8 - 1 January 2023
- vi. Lease liability in a Sale and Leaseback - Amendments to IFRS 16- 1 January 2024

The Company intends to adopt these standards, if applicable, when they become effective.

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

##### 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.

**FAMILY HOMES FUNDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**4b Estimates and assumptions continued.**

**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.

**ii 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.

**iii 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.

<b>5 Revenue from contracts with customers</b>	<b>2022</b>	<b>2021</b>
<b>5.1 Disaggregated revenue information</b>	<b>₦'000</b>	<b>₦'000</b>
i. Total revenue from contracts with customers	5,192,650 =====	3,313,234 =====
ii. Geographical markets		
Within Nigeria	5,192,650	3,313,234
Outside Nigeria	-	-
	-----	-----
Total revenue from contracts with customers	5,192,650 =====	3,313,234 =====

**FAMILY HOMES FUNDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**5 Revenue from contracts with customers - Continued**

	2022 N'000	2021 N'000
The revenue of the company was earned from the following streams:		
Interest income earned from loans to state governments and others*	4,770,588	3,089,121
Loan management fees*	338,752	210,702
Penalties and other fees	2,470	1,180
Due diligence	19,000	-
Profit from sales of Houses	61,840	12,231
	-----	-----
Total revenue from contracts with customers	5,192,650	3,313,234
	=====	=====

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

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

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

	2022 N'000	2021 N'000
<b>6. Finance income</b>		
Interest from fixed deposit	2,609,905	2,103,372
Interest from investment in sinking fund	87,455	17,252
	-----	-----
	2,696,960	2,120,624
	=====	=====
<b>7. Operating and administrative expenses</b>		
Amortization	26,237	9,149
Audit fee	15,000	13,000
Bank charges	901	679
Depreciation (Note 8b)	128,049	89,425
Directors' emoluments (Note 8a.3)	126,182	117,435
Donations	69,926	16,651
Loan charges*	652,377	258,696
Loss on disposal of property, plant and equipment	6,122	-
Impairment provision on loans	402,563	63,703
Insurance	6,156	6,325
Marketing expenses	7,911	30,383
Office supplies	15,276	10,986
Office running expenses	39,477	36,837
Other expenses	207,373	102,068
Personnel expense (Note 8a.3)	632,577	533,480
Printing and stationeries	28,078	13,456
Professional and consultancy Fees**	1,316,300	700,237
Rent	33,643	22,113
Travel expenses	99,352	84,713
Vehicle expenses	15,380	7,883
	-----	-----
	3,828,880	2,117,219
	=====	=====

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

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

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2022 ₹'000	2021 ₹'000
<b>7.1 Finance cost</b>		
Lease rental expenses on Sukuk bonds (Note 22.3)	2,011,103	595,833
	<u>2,011,103</u>	<u>595,833</u>
	=====	=====
<b>8a. Staff costs and employee numbers</b>		
8a.1 The number of employees of the Company other than directors who earned more than ₹500,000 in the year;		
	2022 Number	2021 Number
₹500,000 - ₹1,000,000	5	5
₹1,100,000 - ₹2,000,000	-	-
₹2,100,000 - ₹3,000,000	4	4
₹3,100,000 - ₹4,000,000	2	2
₹4,100,000 - Above	32	30
	<u>43</u>	<u>41</u>
	===	===
8a.2 The average number of employees in the Company's employment during the year	43	41
	===	===
	2022 ₹'000	2021 ₹'000
8a.3 Staff cost relating to the above		
Wages and salaries	597,851	507,675
Defined benefit pension schemes	34,726	25,805
	<u>632,577</u>	<u>533,480</u>
Directors' emolument	126,182	117,435
	<u>758,759</u>	<u>650,915</u>
	=====	=====
8b. Depreciation		
Depreciation of property, plant and equipment	91,455	64,075
Depreciation of Right of use asset	36,594	25,350
	<u>128,049</u>	<u>89,425</u>
	=====	=====
<b>9. Profit before taxation</b>		
Profit before taxation has been arrived at after charging:		
Amortization	26,237	9,149
Auditors' remuneration	15,000	13,000
Depreciation of property, plant and equipment	91,455	64,075
Depreciation of Right of use asset	36,594	25,350
Personnel cost	827,985	699,671
Directors' emolument	126,182	117,435
	<u>1,123,483</u>	<u>1,038,680</u>
	=====	=====

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

10. Taxation	2022	2021
<b>10.1 Income tax recognized in profit or loss</b>	<b>₦'000</b>	<b>₦'000</b>
Current tax	573,304	225,143
Minimum tax	-	-
Education tax	52,716	21,961
Deferred tax charge for the year	(26,727)	46,928
Police trust fund levy	105	-
	-----	-----
Total income tax expense recognized in the current year	599,398	294,032
	=====	=====
<b>10.2 Amount recognized in the statement of financial position</b>		
Current tax liabilities		
At 1 January	247,104	24,202
Minimum tax	-	-
Education tax	52,716	21,961
Company income tax	573,304	225,143
Police trust fund levy	105	-
	-----	-----
At 31 December	873,229	271,306
Payments during the year	(217,577)	(24,202)
	-----	-----
	655,652	247,104
	=====	=====
<b>10.3 Reconciliation of effective tax rate</b>		
Profit before tax	2,049,627	2,720,806
	=====	=====
Income tax at 30%	614,888	816,242
Non-deductible expenses	203,560	85,906
Income exempts from tax	(185,819)	(638,617)
Effect of loss relief	-	-
Effect of capital allowance	(59,325)	(38,388)
Effect of minimum tax	-	-
Effect of education tax levy	52,716	21,961
Effect of police trust fund	105	-
Deferred tax effect	(26,727)	46,928
	-----	-----
	599,398	294,032
	=====	=====
Effective tax rate	29%	11%

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

10.5 Deferred Taxation  
Deferred taxation has been computed using the liability method resulting into deferred tax liability of ₦3,602,000 (2021; asset: ₦30,329,090).

Deferred taxation (liability)/asset	2022	2021
	₦'000	₦'000
At 1 January	(30,329)	16,599
Charge for the year	26,727	(46,928)
	-----	-----
At 31 December	(3,602)	(30,329)
	=====	=====

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

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

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

<b>12. Intangible assets - Software</b>	₦'000
<b>Cost</b>	
At 1 January 2022	87,752
Additions	94,978
	-----
At 31 December 2022	182,730
	-----
<b>Accumulated Amortization</b>	
At 1 January 2022	13,771
Charge for the year	26,237
	-----
As at 31 December 2022	40,008
	-----
<b>Net book value</b>	142,722
	=====
At 31 December 2021	73,980
	=====

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

<b>13. Right of use assets</b>		
Cost		₦'000
At 1 January 2022		80,501
Additions		70,899
		-----
At 31 December 2022		151,400
		-----
<b>Accumulated Depreciation</b>		
At 1 January 2022		57,361
Charge for the year		36,594
		-----
At 31 December 2022		93,955
		-----
Net book values		
At 31 December 2022		57,445
		=====
At 31 December 2021		23,140
		=====
<b>14. Investment Properties</b>	2022	2021
	₦'000	₦'000
Cost of investment properties is categorized as follows:		
At 31 December	1,259,966	1,259,966
	=====	=====

The Company has elected to value investment properties at cost.

The Company's investment properties comprises of parcels of land in Kano and Ogun States. There are no restrictions on the realisability of its investment properties. The investment properties were revalued by independent professionally qualified valuers who hold recognised relevant professional qualifications and have relevant experience in the location and categories of the investment properties valued. As at 31 December 2022 the fair value of the investment properties is ₦3.901 billion (2021: ₦3.350 billion).

**Basis of valuation**

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

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

**FAMILY HOMES FUNDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**15 Loans receivable**

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

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

**Adamawa State**

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

**Bauchi State**

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

**Borno State**

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

**Yobe State**

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 15 Loans receivable - Continued

##### **Niger State**

A loan of N 282 million was disbursed to Niger State Government in 2022 which is the first tranche at an interest rate of 9% with a tenor of 120 months for the building of low-cost houses. The loan has a moratorium of 12 months for interest and 48 months for the principal. At the expiration of the moratorium, repayment will be made on a monthly basis. In addition, the loan may be restructured soonest to have adequate funding for the project. The interest is charged accordingly, management fee is also applicable at the rate of 1% annually payable monthly.

##### **Green Pastures Loan**

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

##### **Kebbi State**

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

##### **Akwa-Ibom State**

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

##### **Kano State**

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

##### **Zamfara State**

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

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

15 Loans receivable - Continued

Gombe State

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

15.2 ECL Impairment Provision

A reconciliation of the allowance for impairment losses on loan receivables

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

	2022 N'000	2021 N'000
At 1 January	699,586	635,883
Charge for the year	402,563	63,703
At 31 December	1,102,149	699,586
	=====	=====

16 Property inventories

	2022 N'000	2021 N'000
Properties under construction	13,948,047	12,007,692
Finished properties	5,848,337	5,725,494
	19,796,384	17,733,186
	=====	=====

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

17. Trade and other receivables

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

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

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

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

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

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

18. Cash and cash equivalents

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

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

19 Issued Capital

	2022	2021
	₦'000	₦'000
Authorised share capital		
1,000,000 ordinary shares of N1 each	1,000	1,000
	=====	=====
Issued		
1,000,000 ordinary shares of N1 each	1,000	1,000
	=====	=====

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

20.1 Capital grant

	2022	2021
	₦'000	₦'000
At 1 January	78,500,000	65,000,000
Additions	7,000,000	13,500,000
	-----	-----
At 31 December	85,500,000	78,500,000
	=====	=====

As part of Federal Government of Nigeria's Social Investment Programme, ₦100 billion was earmarked from the ₦500 billion Social Intervention Programme Fund for affordable housing. This fund (₦100 billion) is to be managed by Family Homes Funds Limited (FHFL) for the development and sale of houses to low/middle income families at low cost. Of the total amount of ₦100 billion that was approved by the FGN, the Ministry of Finance has released a total of ₦85.5 billion at the end of the reporting year.

20.2 Deferred Income grant

	2022	2021
	₦'000	₦'000
At 1 January	-	-
Additions	4,800,000	-
	-----	-----
	4,800,000	-
	=====	=====

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

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

	2022 N'000	2021 N'000
<b>21. Retained earnings</b>		
At 1 January	2,428,872	2,098
Profit for the year	1,450,229	2,426,774
2021 final dividend	(242,677)	-
	-----	-----
At 31 December	3,636,424	2,428,872
	=====	=====

**21.1. Basic earning/(loss) per share**

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

	2022 N'000	2021 N'000
Profit attributable to owners of the Company	1,450,229	2,426,774
	=====	=====
	'000	'000
Weighted average number of ordinary shares for basic EPS	1,000	1,000
	====	====
Basic earning/(loss) per share (N)	1,450	2,427
	=====	=====

**22. Trade and other payables**

Accruals	476,097	85,426
Deferred income	3,255,835	1,279,603
Payroll deduction liabilities	158,652	91,130
Other tax liabilities (Note 22.1)	245,633	130,124
Dividend payable (Note 22.2)	123,765	-
Other payables	62,636	10,003
	-----	-----
	4,322,618	1,596,286
	=====	=====

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

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

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

**22.1 Other tax liabilities**

	2022 N'000	2021 N'000
Value added tax	158,500	45,554
Withholding tax payable	85,513	84,230
Personal income tax	1,620	340
	-----	-----
	245,633	130,124
	=====	=====

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

22.2 Dividend Payable	2022	2021
	N'000	N'000
2021 final dividend	242,677	-
Cash paid	(118,912)	-
	-----	-----
	123,765	-
	=====	=====
<b>23. Non-Interest-bearing loans and borrowings</b>		
Nigeria Sovereign Investment Authority (NSIA)	-	
FHFL Sukuk issuance programme bond	30,388,126	10,595,833
	-----	-----
	30,388,126	10,595,833
	=====	=====
Current	4,248,684	1,544,504
Non-current	26,139,442	9,051,329
	-----	-----
	30,388,126	10,595,833
	=====	=====
<b>23.1 Movement in loans and borrowings is as shown below:</b>		
At 1 January	10,595,833	375,000
Additions	20,000,000	10,000,000
Repayment during the year	(948,671)	(375,000)
	-----	-----
	29,647,162	10,000,000
Repayment of accrued lease rental	(595,833)	-
Accrued lease rental (Note 22.3)	1,336,797	595,833
	-----	-----
At 31 December	30,388,126	10,595,833
	=====	=====
<p>This represents FHFL Sukuk issuance programmed bond of N10 billion @ 13% interest rate (Lease rental) and N20 billion @ 14% interest rate (Lease rental). Family Homes Funds Limited has raised all the series of N30 billion and repayment of both principal and lease rental has commenced. The bond will be repaid over 7 years.</p>		
<b>23.2 Sinking Fund Investment</b>	2022	2021
	N'000	N'000
Investment	6,253,845	1,791,091
	-----	-----
	6,253,845	1,791,091
	=====	=====
<p>Sinking fund investment relates to the amount paid in advance to the joint trustee account which will be used to settle both principal and lease rental on Sukuk bond future repayments. This amount was later re-invested by the trustee @ interest rate of 3%.</p>		
<b>23.3 Lease Rental Accrued</b>	2022	2021
	N'000	N'000
Opening balance	595,833	-
Lease interest for the year (Note 7.1)	2,011,103	595,833
	-----	-----
	2,606,936	595,833
Payment in the year	(1,270,139)	-
	-----	-----
	1,336,797	595,833
	=====	=====

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

24. Related party information

Related Party Name	Year	Equity N'000	Loan N'000	Grand Total N'000
FGN Social Intervention Programme Grant	2022	(85,500,000)	-	(85,500,000)
	2021	(78,500,000)	-	(78,500,000)

24.1 Remuneration of Key Management Personnel

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

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

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

Emoluments	Number	Number
N1,000,001 and above	6	7
	==	==

25. Financial risk management objectives and policies

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

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

a. Market risk

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 25. Financial risk management objectives and policies-Continued

##### a. Market risk- Continued

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

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

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

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

##### b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. If there is any change in interest rate policy, the Company re-negotiates with its banks taking into consideration the Company's targeted margin.

##### c. Foreign currency risk

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

##### Foreign currency sensitivity

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

##### d. Credit risk

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

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

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

## FAMILY HOMES FUNDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued

#### 25. Financial risk management objectives and policies-Continued

##### Cash and short-term deposits

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

##### Trade receivables

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

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stage delinquency to write-off. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

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

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

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

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

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the

PDs, etc. - are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

**FAMILY HOMES FUNDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

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

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

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

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

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

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

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

**Excessive risk concentration**

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

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

**Liquidity risk**

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

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

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

Liquidity risk-Continued

	Contractual Undiscounted cash flow	On deman d	< 3 months	3 to 12 months	2 to 6 years	Carrying value
31 December 2022	₱ 000	₱ 000	₱ 000	₱ 000	₱ 000	₱ 000
Non-interest-bearing loans and borrowings	30,388,126	-	-	4,248,684	26,139,442	30,388,126
Trade and other payables*	4,322,618	-	310,911	4,011,707	-	4,322,618
	-----	-----	-----	-----	-----	-----
	<b>34,710,744</b>	<b>-</b>	<b>310,911</b>	<b>8,260,391</b>	<b>26,139,442</b>	<b>34,710,744</b>
	=====	=====	=====	=====	=====	=====
<b>31 December 2021</b>						
Non-interest-bearing loans and borrowings	10,595,833	-	-	1,544,504	9,051,329	10,595,833
Trade and other payables*	1,596,286	-	91,131	1,505,155	-	1,596,286
	-----	-----	-----	-----	-----	-----
	<b>12,192,119</b>	<b>-</b>	<b>91,131</b>	<b>3,049,659</b>	<b>9,051,329</b>	<b>12,192,119</b>
	=====	=====	=====	=====	=====	=====

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

26 Fair values

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

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

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

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

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

**FAMILY HOMES FUNDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**26 Fair values- Continued**

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

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

**Fair value hierarchy**

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

Level 1: quote prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

**Fair value hierarchy**

	Date of valuation	Level 1	Level 2	Level 3
Quantitative disclosures on fair value measurement hierarchy for the CGU		₹ 000	₹ 000	₹ 000
<b>Financial assets for which fair values are disclosed</b>	<b>31 December 2022</b>		-	
Share capital receivable (Note 17)	Current			1,000
Loan receivable (Note 15)	Non-current			69,137,600
	<b>31 December 2021</b>			-
	Current	-	-	1,000
	Non-current	-	-	41,111,237
<b>Liabilities for which fair values are disclosed</b>				
Non- interest-bearing loans and borrowings (Note 23)				
	<b>31 December 2022</b>			30,388,126
	<b>31 December 2021</b>	-	-	10,595,833

**27. Capital management**

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

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

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

FAMILY HOMES FUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

27. Capital Management-Continued

	2022 ₹ 000	2021 ₹ 000
Non-interest-bearing loans and borrowings (Note 23)	30,388,126	10,595,833
Trade and other payables (Note 22)	4,322,618	1,596,286
cash and short-term deposits (Note 18)	(30,595,711)	(30,495,064)
Sinking funds investment	(6,253,845)	(1,791,091)
	-----	-----
Net (asset)/debt	(2,138,812)	(20,094,036)
Equity	89,137,424	80,929,872
	-----	-----
Capital and net debt	86,998,612	62,626,927
	=====	=====
Gearing ratio	(2)%	(32)%
	=====	=====

28. Capital Commitments

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

29. Guarantees

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

30. Financial commitments

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

31. Contingent liabilities and contingent assets

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

32. Events after the reporting period

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

**FAMILY HOMES FUNDS LIMITED**

**VALUE ADDED STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

FAMILY HOMES FUNDS LIMITED

FIVE-YEAR FINANCIAL SUMMARY

	2022 ₦ 000	2021 ₦ 000	2020 ₦ 000	2019 ₦ 000	2018 ₦ 000
Share capital	1,000	1,000	1,000	1,000	1,000
Capital grant	85,500,000	78,500,000	65,000,000	20,000,000	20,000,000
Retained earnings	3,636,424	2,428,872	2,098	(616,889)	(507,462)
<b>Total equity</b>	<b>89,137,424</b>	<b>80,929,872</b>	<b>65,003,098</b>	<b>19,384,111</b>	<b>19,493,538</b>
Non-current assets	77,027,774	44,465,418	40,903,388	1,413,608	1,262,553
Non-current liabilities	(30,943,044)	(9,081,658)	-	-	-
Net current assets	43,052,694	45,546,112	24,099,710	17,970,503	18,230,985
<b>Net assets</b>	<b>89,137,424</b>	<b>80,929,872</b>	<b>65,003,098</b>	<b>19,384,111</b>	<b>19,493,538</b>
Revenue	5,192,650	3,313,234	1,813,269	40,583	-
Profit before tax	2,049,627	2,720,806	626,590	(109,427)	(235,061)
Income tax expense	(599,398)	(294,032)	(7,603)	-	-
Profit/Loss for the year	1,450,229	2,426,774	618,987	(109,427)	(235,061)
Basic EPS/(LPS) (Naira)	1,450.23	2,426.77	618.99	(109.43)	(235.06)