Contents

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of the Housing Authority of Fiji ("the Authority") as at 31 July 2020, the related statement of Profit or Loss and other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended on that date and report as follows:

Directors

The Directors of the Authority at the date of this report are;

Directors	Appointed	Serve Until
Mr. Viliame Vodonaivalu - Chairperson	26-Oct-21	25-Oct-23
Mr.Saud Minam	26-Oct-21	27-Apr-23
Ms. Susan Naidu	26-Oct-21	27-Apr-23
Ms. Florence Takinana	26-Oct-21	27-Apr-26
Mr. Anil Prasad	26-Oct-21	unknown
Ms. Renee Duguivalu	26-Oct-21	20-Aug-22
Mr. Roveen Permal	4-May-19	6-Sep-20
Mr. Nesbitt Hazelman - Chairperson	4-May-19	3-May-20
Mr. Craig Strong	4-May-19	3-May-20
Ms. Lorraine Seeto - Chairperson	3-Jun-20	25-Oct-21
Ms. Senikavika Jiuta	3-Jun-20	25-Oct-21
Mr. Mohit Kumar Raj	4-May-19	25-Oct-21
Ms. Anabel Ali	4-May-19	25-Oct-21

State of affairs

In the opinion of the Directors, the accompanying statement of financial position give a true and fair view of the state of affairs of the Authority as at 31 July 2020 and the accompanying statement of Profit or Loss and other Comprehensive Income, statement of changes in equity and statement of cash flows give a true and fair view of the results of the Authority, its changes in equity and its cash flows for the year then ended.

Principal activities

The principal activities of the Authority during the course of the financial year were to provide affordable housing through the development of land and houses for sale and the financing of these properties. There was no significant change in the nature of the Authority's activities during the year.

Operating results

The operating results for the Authority for the period ended 31 July was:

	12 months ended 31 July 2020 $'000	7 months ended 31 July 2019 $'000
Net profit before income tax	1,904	808
Income tax expense	-	-
Net profit for the year	1,904	808

The Authority is exempt from income tax under Section 26 of the Housing Act, Cap. 267.

Dividends

The Directors recommend that no amounts be paid by way of dividends for the period ended 31 July 2020 (2019: $Nil).

Reserves

The Directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting

Basis of Accounting - Going Concern

Notwithstanding recent novel coronavirus (COVID-19) global outbreak and significant economic uncertainties, the financial statements of the Authority have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the Authority has adequate funds to meet its liabilities as and when they fall due over the next twelve months. Furthermore, directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

Going concern and impact of Covid-19

On 11 March 2020, the WHO declared COVID-19 to be a global pandemic. During this period, governments and various private sector organisations took significant measures to contain the virus. In response to the to the globle pandemic breakout the Government of Fiji remains on the highest level of alert closely monitoring the situaiotn. In March 2020 a protocal for national wide curfew was developed and effective from 25th April 2020. During the year the following measures were taken to contain the spread of the virus; travel bans, quarantines, social distancing, and closures of non-essential services which have have triggered significant disruptions to businesses including customer services and lot sales progress. The essential services continued to operate with strict guidelines which include the banks allowing customers and employers to remmit housing loan repayment through the bank. The outbreak have mainly impacted the following sectors; aviation, hospitality. The aviation industry faced massive disruption with travel restrictions effecting the supply chain. The hospitality sector has been impacted with low occupancy in business and holiday destinations having to close down entirely. Other affected sectors are the retail industry which is dependent on countries worst hit by COVID-19 affecting production and supply of materials. Management implemented precautionary measures, protocols and arrangements to minimize the disruptions to its day to day operations and continue with its business remotely.

The progressive upgrade of the IT infrustructure network provide mitigating solution with online connectivity between HA staff and stakeholders in different lockdown zones supporting work from home strategy. The management of the loan portfolio and business operation were coordinated within the various teams while request from customers remains a priority with remote support. From April 2020, the Authority has provided relief package to customer with respect to COVID-19 with loan repayment holiday for three months and extension of loan term for a period of up to six months, interest only repayment for three months and extending the loan term and reducing the amount of each payment with no restructuring fees charged for a period of up to six months. The negative trend in the economic indicators is expected to increase provision for impairment on these loans due to downward trend of the gross domestic product indicator. Comparison analysis provision for impairment and non perfroming loans is outlined in Note 23.

At this stage, the financial statements do not reflect uncertain financial implications, if any, arising in future from this situation. Apart from the above, no matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

Subsequent events

No event has arisen in the interval between the end of the financial year and the date of this report, item, transaction of a material and unusual nature likely, in the opinion of the Directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in subsequent financial years.

Bad debts and allowance for impairment loss

Prior to the completion of the Authority's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the provision of allowance for impairment loss. In the opinion of directors, adequate allowance has been made for impairment loss.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for impairment loss in the Authority, inadequate to any substantial extent.

Current and non-current assets

Prior to the completion of the financial statements of the Authority, the Directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of operations their values as shown in the accounting records of the Authority. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the Authority's financial statements misleading.

Unusual transactions

In the opinion of the Directors, the results of the operations of the Authority during the year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Authority in the year ended, other than those reflected in the financial statements.

Other circumstances

As at the date of this report:

a) no charge on the assets of the Authority has been given since the end of the year to secure the liabilities of any other person;

b) no contingent liabilities have arisen since the end of the financial year for which the Authority could become liable; and

c) no contingent liabilities or other liabilities of the Authority has become or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Authority to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Authority's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Authority misleading or inappropriate.

Signed for and on behalf of the Board and in accordance with a resolution of the Board of Directors.

Dated at Suva this day of 2023.

....
Chairperson

....
Member

HOUSING AUTHORITY OF FIJI
STATEMENT BY DIRECTORS'
FOR THE YEAR ENDED 31 JULY 2020

In accordance with a resolution of the Board of Directors of the Housing Authority of Fiji, we state that in the opinion of the Directors:

(i) the accompanying statement of Profit or Loss and other Comprehensive Income of the Authority is drawn up so as to give a true and fair view of the results of the Authority for 31 July 2020;

(ii) the accompanying statement of changes in equity of the Authority is drawn up so as to give a true and fair view of the changes in equity of the Authority for the year ended July 2020;

(iii) the accompanying statement of financial position of the Authority is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 July 2020;

(iv) the accompanying statement of cash flows of the Authority is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 31 July 2020;

(v) at the date of this statement there are reasonable grounds to believe the Authority will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the Authority.

Signed for and on behalf of the Board and in accordance with a resolution of the Board of Directors.

Dated at Suva this day of 2023.

....
Chairperson

....
Member

DRAFT INDEPENDENT AUDITOR'S REPORT

Housing Authority of Fiji

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Housing Authority of Fiji ("the Authority"), which comprise the Statement of Financial Position as at 31 July 2020, the Statement of 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 my opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 July 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Directors and Management are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Directors and Management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, CAP 267 of the Housing Act of 1955 and for such internal control as the Management and Directors determine is necessary to enable

Responsibilities of the Management and Those Charged with Governance for the Financial Statements (Cont'd)

the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Directors are responsible for assessing the Authority'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 Management and Directors either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 and 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 the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Directors' and Management's 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 Authority's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Housing Act 1955 in all material respects, and:

a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Authority has kept financial records sufficient to enable the financial statements to be prepared and audited.

Sairusi Dukuno
ACTING AUDITOR-GENERAL

Suva, Fiji
________ 2023

HOUSING AUTHORITY OF FIJI

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2020

	Notes	12 months ended 31 July 2020 $'000	7 months ended 31 July 2019 $'000
Interest income	6.1	7,854	3,499
Interest expense	7.1	(1,582)	(980)
Net interest income		6,272	2,519
Other operating income	6.2	12,556	7,524
Net operating income		**18,828**	**10,043**
Amortisation of intangible assets		16	43
Impairment loss on loans and advances		3,019	195
Cost of sales - land and houses		4,370	4,099
Depreciation of property, plant and equipment		749	387
Other expenses	7.3	3,237	1,468
Personnel expenses	7.2	5,533	3,043
Total operating expense		**16,924**	**9,235**
Net profit before income tax		1,904	808
Income tax expense	5 (n)	-	-
Net profit after tax		**1,904**	**808**

The accompanying notes form an integral part of this Statement of Profit or Loss and other Comprehensive Income.

HOUSING AUTHORITY OF FIJI
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020

	12 months ended 31 July 2020 $'000	7 months ended 31 July 2019 $'000
Accumulated losses		
Balance at the beginning of the year	(5,971)	(6,779)
Profit for the period	1,904	808
Balance at the end of the period	(4,067)	(5,971)
Asset revaluation reserve		
Balance at the beginning of the year	5,203	5,203
Balance at the end of the period	5,203	5,203
Government contribution		
Balance at the beginning of the year	15,958	15,958
Balance at the end of the period	15,958	15,958
Capital		
Balance at the beginning of the year	41,772	41,772
Balance at the end of the period	41,772	41,772
Total equity	**58,866**	**56,962**

The accompanying notes form an integral part of this Statement of Changes in Equity.

HOUSING AUTHORITY OF FIJI
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020

	Notes	2020 $'000	2019 $'000
Current Assets			
Cash and cash equivalents	8(a)	3,941	654
Held-to-maturity investments	9	10,052	9,529
Loans and advances	10 (a)	11,597	11,136
Inventories	11	83,984	70,405
Other assets	15	4,878	4,761
Total Current Assets		**114,452**	**96,485**
Non-Current Assets			
Loans and advances	10 (b)	77,334	76,677
Land held for future development	12	5,485	3,218
Intangible assets	14	11	173
Property, plant and equipment	13	9,492	10,104
Right of Use Assets		43	10
Total Non-Current Assets		**92,365**	**90,182**
TOTAL ASSETS		**206,817**	**186,668**
Current Liabilities			
Trade and other payables	17	28,395	28,406
Employee benefit liability	18	492	549
Debt issued and borrowed funds	16 (a)	10,499	7,743
Lease liability		12	10
Total Current Liabilities		**39,398**	**36,707**
Non-Current Liabilities			
Debt issued and borrowed funds	16 (b)	108,520	92,999
Lease liability		32	-
Total Non-Current Liabilities		**108,552**	**92,999**
TOTAL LIABILITIES		**147,950**	**129,706**
EQUITY			
Capital	19	41,772	41,772
Accumulated losses		(4,067)	(5,971)
Government grant		15,958	15,958
Asset revaluation reserve	19	5,203	5,203
TOTAL EQUITY		**58,866**	**56,962**
TOTAL EQUITY AND LIABILITIES		**206,817**	**186,668**

The accompanying notes form an integral part of this Statement of Financial Position.

Signed for and on behalf of the Board and in accordance with a resolution of the Board of Directors.

....
Chairperson

....
Member

HOUSING AUTHORITY OF FIJI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020

	Note	12 months ended 31 July 2020 Inflows/ (Outflows) $'000	7 months ended 31 July 2019 Inflows/ (Outflows) $'000
Operating activities			
Interest received		6,109	3,639
Fees, charges and other income received		5,845	2,343
Proceeds from sale of land and houses		5,881	4,687
Interest and other finance costs paid		(1,641)	(1,589)
Net customer loans issued and repayments received		(3,269)	(1,386)
Payments to contractors for Land Development		(20,781)	(12,894)
Other operating expenses paid		(6,650)	(3,425)
Cash flows used in operating activities		(14,506)	(8,625)
Investing activities			
Payments for property plant and equipment and intangible assets		10	(278)
Proceeds from sale of plant and equipment		29	56
Cash flows from investing activities		39	(222)
Financing activities			
Net repayment of borrowings		18,277	(1,030)
Cash flows provided by financing activities		18,277	(1,030)
Net increase in cash held		3,810	(9,877)
Cash at the beginning of the financial year		10,183	20,060
Cash at the end of the financial year	8(b)	**13,993**	**10,183**

The accompanying notes form an integral part of this Statement of Cash Flows.

1 Corporate Information

The financial statements of Housing Authority of Fiji ("the Authority") for the year ended 31 July 2020 were authorised for issue in accordance with a resolution of the Board of Directors on ____________________2023. Housing Authority of Fiji is a statutory authority established under the Housing Authority Act and domiciled in the Republic of Fiji.

1.1 Reporting entity

The Housing Authority is a statutory body established under Housing Act (Cap 267) in 1955 with the principal objective to provide housing accommodation to workers in Suva, Lautoka and other prescribed areas. The corporate vision of the Authority remains the focus of business activity during the course of the financial year in "helping Fijians own affordable homes" through:

- Provision of fully serviced lots at affordable price points
- Provision of mortgage financing to purchases lots and home loan construction – concessional interest rates for the first five years.

The Authority's mission is to provide adequate and affordable lots and housing to families with household income of $50,000 and below per annum and are first home buyers. The 5-Year & 20-Year National development plan articulates that, the Authority jointly with the Public Rental Board will ensure more land is devloped for residential lots and more affordable and accessible housing is provided. (Refer to National Developnment Plan - 2017- Page 4)

There was no significant change in the nature of the activities of the Authority during the year.

2 Financial Statements

a) Basis of preparation of the financial statements

Historical Cost

The financial statements have been prepared on a historical cost basis except for land and buildings included under property, plant and equipment which are recorded at fair value. The financial statements are presented in Fijian dollars and all values are rounded to the nearest thousand dollar except when otherwise indicated.

Foreign currencies

The financial statements are presented in Fiji dollars, which is the Authority's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at balance date. All differences are taken to 'Other operating income' or 'Other operating expenses' in the statement of Profit or Loss or other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Statement of compliance

The financial statements of Housing Authority of Fiji complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Critical accounting estimates and judgements

In application of the Authority's accounting policies, which are described in Note 5, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The critical judgements and assumptions made in applying the accounting policies of the Authority have been disclosed under following notes to the financial statements:

Note 5 (a) - Impairment of financial instruments
Note 5 (e) - Depreciation of property, plant and equipment
Note 5 (m) - Provision for developed lots and unsold properties

4 Changes in accounting policies and disclosures

Standards, amendments and interpretations effective for the year ended 31 July 2020

The following standards, amendments and interpretations to existing standards, applicable from 2020 are IFRS 3. IFRS 7, IAS 8 and IAS 1. The revision of the standards noted but not relevant to the Authority while preparing the annual accounts. On the same note the accounts as improve report & discloser on the financial intrument according to IFRS 7.

5 Summary of significant accounting policies

(a) Financial instruments

Financial asset and financial liabilities recognition
Purchases or sales of financial assets that require delivery of assets within the time frame established by convention in the marketplace are recognised on the trade date, i.e. the date that the Authority commits to purchase or sell the asset. Loans and receivables are recognised on settlement date, when cash is advanced to the borrowers. Financial assets in the scope of IFRS 9 are classified as either subsequently measured at amortised cost, fair value through other comprehensive income and expense (FVOCI) or fair value through profit and loss (FVPL). The classification depends on the business model for managing the financial assets and its contractual cash flow characteristics.
Financial assets are reclassified if the business model for managing those financial assets has changed. Financial liabilities are recognised when an obligation arises.

Classification and measurement
IFRS 9 introduces criteria for classification and measurement model. The classification and measurement of financial assets categories by the Authority is aligned with the definition and criteria of both the business model within which the asset is held and the contractual cash flow characteristics of the asset. The Authority's mortgage portfolio will continue to be measured on amortised cost under IFRS 9 resulting in no impact on the financial statement in respect to classification. There will be no change in the accounting for any financial liabilities.

Financial assets: Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Authority changes its business model for managing financial assets.

Financial assets: Subsequent measurement and gains and losses
Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of Profit or Loss and other Comprehensive Income. Any gain or loss on derecognition is recognised in the statement of comprehensive income.

Loans and Advances
Loans represent mortgage loans, village scheme loans, quick repair loans, home loans and personal loans. Quick repair loans can only be obtained if the borrower has an existing mortgage loan. These loans are added to the existing mortgage loan balance. For mortgage home loans & home construciton, collateral consisting of the mortgaged properties are obtained.

After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest and similar income' in the statement of Profit or Loss and other Comprehensive Income. The loss arising from impairment are recognised in the statement of comprehensive income in bad and doubtful debts expense.

Non performing loans

Loans are classified as non-performing if arrears relating to these loans are greater than three months. Non-performing loans report specfic provision as reasonable doubt exists as to the collectability of principal and interest. The Authroity has aligned the treatment of income suspended which was recoreded as liability and realised onced account status changes from non-perfroming to performing or write off against the debt. The total suspended income is realised as income and recorded as specifc provision according to notes 6.1 , 6.2 and 7.3.

Held-to-Maturity Investments
Held to maturity financial investments are those which carry fixed payments and have fixed maturities and which the Authority has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the asset have ceased when mortgage is discharged through sale or full settlement. Financial assets are derecognised when the obligation is discharged through settlement of debt or when the loan term matures and concurrently debt paid off.

5 Summary of significant accounting policies *continue*

(a) Financial instruments - *continue*

Modifications of financial assets
If the terms of a financial asset are modified, the Authority evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Authority recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of Profit or Loss and other Comprehensive Income. If such modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Loans & Advances
Loans represent mortgage loans advanced to eligible families earning below $50k per annum to facilitate home loans for purchase of residential lots and construction loan to build houses. The product also includes mortgage financing to faciliate purchase of property thats available for sale in the market. Quick repair loans, can only be obtained if the borrower has an existing mortgage loan. These loans are added to the existing mortgage loan balance. For mortgage loans, collateral consisting of the mortgaged properties are obtained.

Loans are financial assets initially recognised at fair value plus directly attributable transaction costs and fees. Loans are subsequently measured at amortised cost using the effective interest rate method where they have contractual cash flows which represent solely payments of principle & interest (SPPI) on the principal balance outstanding and they are held within the business model whose objective is achieved through holding the loans to collect these cash flows. They are presented net of any provisions for ECL.

Loan portfolio		
LOAN PRODUCT	**2019 - 2020 $'000**	**2019 $'000**
Total Loans	90,260	88,756
Provisions for ECL on loans	(4,391)	(3,825)
Total Net loans	85,869	84,931

i) Measurement
The Authority calculates the provisions for expected credit losses (ECL) based on a three stage approach. ECL are a probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe. They are determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The models use three main components to determine the ECL (as well as the time value of money) including:
- Probability of default (PD): the probability that a counterparty will default;
- Loss given default (LGD): the loss that is expected to arise in the event of a default; and
- Exposure at default (EAD): the estimated outstanding amount of credit exposure at the time of the default.

ii) Model stages
The three stages are as follows:

Stage 1: 12 months ECL - performing
For financial assets where there has been no significant increase in credit risk since origination a provision for 12 months ECL is recognised.

Stage 2: Lifetime ECL – performing
For financial assets where there has been a significant increase in credit risk since origination but where the asset is still performing a provision for lifetime ECL is recognised.

5 Summary of significant accounting policies *continue*

(a) Financial instruments - *continue*

ii) Model stages cotinued

Stage 3: Lifetime ECL – non-performing

For financial assets that are non-performing allowance for lifetime ECL is recognised. The Authority periodically reviews these loans along set of Indicators including breach of contract such as a default on interest or principal payments, a borrower experiencing significant financial difficulties or observable economic conditions that correlate to defaults on a group of loans.

Financial assets in stage 3 are those that are in default. A default occurs when the Authority considers that the customer is unlikely to repay its credit obligations on time facing financial difficulties which may significantly increase risk. However the Authority may proceed to recover debt through recourse and the proceed through sale with the expection to pay off the debt. This recovery process or recourse complies with the Credit Consumer Act.

iii) Collective and individual assessment

Financial assets that are in stages 1 and 2 are assessed on a collective basis since financial assets in these stages are below specified thresholds. Financial assets that are collectively assessed are grouped in pools with similar credit risk characteristics including the customer risk grade.

Those financial assets in stage 3 above the specified thresholds are assessed on an individual basis.

v) Movement between stages

Assets may move in both directions through the stages of the impairment model. Assets previously in stage 2 may move back to stage 1 if it is no longer considered significant increase in credit risk. Similarly, assets in stage 3 may move back to stage 1 or stage 2 if they are no longer assessed to be non-performing.

Exposure	Days Past Due (DPD)	Gross Carrying Amount	Loss Allowance	Carrying Amount
stage 1	0-29	$ 69,416,809	$ 503,650	$ 68,913,159
stage 2	30-90	$ 11,112,996	$ 255,596	$ 10,857,400
stage 3	> 91	$ 5,896,359	$ 465,577	$ 5,430,782
Total		**$ 90,260,399**	**$ 4,391,045**	**$ 85,869,354**

Forward looking macroeconomic information

The measurement of ECL for each stage and the assessment of significant increase in credit risk consider information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation of forward looking information is a critical accounting judgement.

Key judgements include when a significant increase in credit risk has occurred and estimation of forward looking macroeconomic information. Other factors which can impact the provision include the borrower's financial situation, the realisable value of collateral, the reliability of customer information and the likely cost and duration of recovering the loan. The macroeconomic scenarios are weighted based on the Authority's best estimate of the relative likelihood of each scenario. The weighting applied to each of the three macroeconomic scenarios takes into account historical frequency, current trends, and forward looking conditions. Where appropriate, adjustments will be made to modelled outcomes to reflect reasonable and supportable information not already incorporated in the models. Judgements can change with time as new information becomes available which could result in changes to the loss allowance for expected credit losses

Significant increase in credit risk

Determining when a financial asset has experienced a significant increase in credit risk since origination is a critical accounting judgement which is primarily based on changes on external factors and internal customer risk grades since origination of the facility. A change in an internal customer risk grade is based on both quantitative and qualitative factors. The Authority does not rebut the presumption that loans that are 30 days past due have experienced a significant increase in risk but this is used as a backstop rather than the primary indicator.

5 Summary of significant accounting policies *continue*

b) Leased assets

The Authority 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.

Authority as a lessee

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Authority recognises right-of-use assets 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, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, 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 assets, as follows:

- Leasehold land and buildings 1 to 99 years

If ownership of the leased asset transfers to the Authority 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 in section (d) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Authority and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 22.

iii) Short-term leases and leases of low-value assets

The Authority 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.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

5 Summary of significant accounting policies *continue*

c) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

i) Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts the future cash payments or receipts through the expected life of the financial instrument or shorter period, where appropriate to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Authority revises its estimates of payments or receipts.

ii) Fee income and charges

The Authority earns fees and charges from a diverse range of services to its customers. The fee income is brought to account on an accrual basis.

iii) Income from sale of land and houses

Revenue relating to the sale of land and houses is brought to account at the time of the sale which is in compliant with IFRS 15 which states that revenue is recognised when performance obligation are satisfied. The standard requires identification of distinct performance obligations within a contract, and allocation of the transaction price of the contract to those performance obligations. Revenue is then recognised as each performance obligation is satisfied. The standard also provides guidance on whether an entity is acting as a principal or an agent which impacts the presentation of revenue on a gross or net basis.

iv) Rental income

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases and is recorded in the statement of Profit or Loss and Other Comprehensive Income.

v) Gain or loss on sale of property, plant and equipment

Gain or loss on sale of property, plant and equipment is treated as operating income or expense.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of 3 months. For the purposes of the Statement of Cash Flows cash and cash equivalents consist of cash and cash equivalents as defined above.

5 Summary of significant accounting policies *continue*

Financial instruments - *continue*

e) Property, plant and equipment

Property, plant and equipment is stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met . All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Buildings	1.5% - 52%
Plant and equipment	20% - 33.33 %
Motor vehicles	20%
Computer equipment	20% - 33.33 %
Furniture and fittings	10%-20%

The asset's residual values, useful lives and depreciation rates are reviewed, and adjusted if appropriate, at each financial year end.

f) Revaluation of property, plant and equipment

The Authority revalues the buildings and staff houses recorded under property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent professionally qualified and registered valuers.

Non-specialized assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognized as an expense in the net result, the increment is recognized immediately as revenue in the net result.

Revaluation decrements are recognized immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

g) Land held for future development

Land held for future development represents freehold and leasehold land lots situated at various locations and are maintained for future developments. These are subsequently transferred to work in progress as development work commences on these properties. The land held for future development are recorded at cost.

The corporate target and strategic direction for the Authority is to produce 500 to 1,000 lots per annum.

h) Intangible assets

Intangible assets include computer software that does not form an integral part of the hardware. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the statement of Profit or Loss and other Comprehensive Income in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software	20% - 50%

5 Summary of significant accounting policies *continue*

i) Impairment of non financial assets

The Authority assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value. In determining fair value less costs to sell, an appropriate value model is used.

For impaired assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

j) Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, and 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.

k) Employee benefit liability

The employee benefit liability relates to amounts expected to be paid to employees for annual leave, sick leave and long service leave. Current employee remuneration rates are used to calculate these payments estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

Debt issued and borrowed funds relates to loan from EXIM Bank of China for various projects and bonds with various financial institutions and banks. Details of these are provided in note 16.

m) Inventories

Land and houses

Stock, comprising land and houses is carried at the lower of cost and net realisable value. At year end, the carrying value of unsold lots and developed properties are assessed and a provision for write-down is created where the net realisable value is determined to be less than carrying value.

Work in progress

Work-in-progress is valued at the lower of cost and net realisable value. Cost includes capitalised administrative costs which are incurred as a result of land development and house construction including interest costs on the funds used to finance the development up to the time of completion.

Developed and sub-divided lots include the cost of the land and capitalised expenses directly associated with bringing the stock to its existing condition and standard.

n) Income tax

The Authority is exempt from income tax under Section 26 of the Housing Act, Cap. 267.

o) Government grant liability

The Government provides an annual grant to the Authority to assist qualifying customers in meeting their mortgage repayments. This grant is in the form of a one off rebate to a customer's loan balance. Any grant that is not utilised at year end is shown as a liability until such time it is applied. There are certain criteria for customers to comply with to be eligible for financial assistance under the government grant plan.

p) Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods and services rendered. Creditors and accruals are stated at cost.

q) Government Grant

This relates to contributions received from the Government in prior years till 1993 to assist in the operations of the Authority.

r) Comparatives

Where necessary, amounts relating to prior years have been re-classified/adjusted to facilitate comparison and achieve consistency in disclosure with current financial year amounts. Explanations are provided for significant restatements where applicable.

The Financial statement for 2019 is for 7 months from January 2019 to July 2019, aligning to governments fiscal year (August to July), annual account for 2020 is presented for full fiscal year that is August 2019 to July 2020.

s) Segment information

(a) Industry segment

The Authority operates predominantly in the housing industry to provide affordable housing through development of land and houses for sale and the financing of these properties.

(b) Geographical segment

The Authority operates predominantly in Fiji and is therefore one geographical area for reporting purposes.

5 (i) Changes in accounting policies and disclosures

(a) New and amended standards and interpretations

The Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standard and amendment	Impact on the Authority
Amendments to IFRS 9: Prepayment Features with Negative Compensation	No material impact
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	No material impact
Amendments to IAS 28: Long-term interests in associates and joint ventures	No material impact
Annual Improvements 2015-2017 Cycle	No material impact

(a) 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 Authority's financial statements are disclosed below. The Authority intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have a material impact on the Authority.

New standards and amendments	Effective Date
Amendments to IAS 1 – Classification of Liabilities as Current or Noncurrent (including Amendment to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date issued in July 2020)	1 January 2023
Amendments to IAS 37 – Onerous Contracts: — Cost of Fulfilling a Contract	1 January 2022
Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
AIP (2018-2020 cycle): IFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to IFRS 3 – Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate 1 January 2021 Benchmark Reform – Phase 2	1 January 2021

		2020 $'000	2019 $'000
6	**INCOME**		
6.1	**Interest income**		
	Investment securities	545	412
	Loans and advances	5,262	3,087
	Interest suspended realised	2,048	
		7,854	3,499
6.2	**Other operating income**		
	Fees and charges	4,149	2,271
	Fees and charges suspended realised	796	
	Rent	49	17
	Other income	1,607	116
	Sale of land and houses	5,955	5,120
	Change in fair value of investment property	-	-
		12,556	7,524
7	**EXPENSES**		
7.1	**Interest expense**		
	Bonds	1,090	323
	Long term loans	491	657
	Interest (lease liability)	1	0.5
		1,582	980
7.2	**Personnel expenses**		
	Salaries and wages	3,877	2,174
	Employee entitlements	719	363
	FNPF contribution	416	282
	Other	521	224
		5,533	3,043
	Total Number of Staff at period end	**148**	**178**
7.3	**Other expenses**		
	Auditor's remuneration - audit fees	30	18
	Amortisation - leasehold land	540	29
	Repairs and maintenance	163	41
	Stock write-down	26	89
	Other expenses	2,478	1,291
		3,237	1,468
8	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	1	1
	Cash at bank	3,940	653
a)	Total Cash	3,941	654
	Short-term deposits (a)	10,052	9,529
b)	Total Cash and Cash Equivalent	13,993	10,183
9	**HELD-TO-MATURITY INVESTMENTS**		
	Term deposits	10,052	9,529

Term deposits are placed with financial institutions in Fiji at 3 months term. The interest rate of these deposits range from 2.25% - 3.50%.

10 LOANS AND ADVANCES

		2020 $'000	2019 $'000
(a)	**Current Asset**		
	Mortgage loans	12,327	11,919
	Village scheme loans	703	639
		13,030	**12,558**
	Less: Allowance for impairment loss	1,433	1,422
		1,433	**1,422**
		11,597	**11,136**
(b)	**Non-Current Asset**		
	Mortgage loans	78,654	77,238
	Village scheme loans	1,638	1,841
		80,292	**79,079**
	Less: Allowance for impairment loss	2,958	2,402
		2,958	**2,402**
		77,334	**76,677**
	Total Loans and Advances	**88,931**	**87,813**

Mortgage loans include staff housing loans and advances totalling $792,333 (2012: $1,300,710). Village scheme loans are secured by a combination of assignments over native lease rental monies and mortgage over value of collateral.

		2020 $'000	2019 $'000
(c)	**Provision for impairment**		
	At 1 August	3825	3,553
	Charge / (utilisation) for the year	591	363
	Amounts written off	(25)	(91)
	At 31 July	**4,391**	**3,825**
	Individual impairment	3,166	2,796
	Collective impairment	1,225	1,029
		4,391	**3,825**
	Impairment allowance -Navision customer	64	79
	Total Impairment allowance	**4,455**	**3,904**
	Gross amount of loans, individually determined to be impaired, before deducting any individual or collective assessed impairment allowance.	90,260	89,158

The Authority holds securities for these impaired loans. The difference between the assessed security values and the loan balance of identified impaired accounts have been included in the allowance for impairment.

11 INVENTORIES

	2020 $'000	2019 $'000
Developed lots	4,693	8,802
Less: provision for developed lots write-down	(366)	(346)
	4,327	8,457
Unsold properties	405	253
Less: provision for unsold properties write-down	(160)	(160)
	244	92
Development work-in-progress	79,413	61,856
Total inventories	**83,984**	**70,405**

(a) Borrowing cost capitalised for the year 2019/20 at a rate of 4.04%, amounting to $1,516,231 (2019:$828,472 (4.80%) has been capitalised to development work in progress.

12 LAND HELD FOR FUTURE DEVELOPMENT

	2020 $'000	2019 $'000
Freehold land		
- at deemed cost	202	202
Leasehold land – at cost	6,638	3,832
Less: provision for amortisation of leasehold land	(1,356)	(816)
Total land held for future development	**5,485**	**3,218**

13 PROPERTY, PLANT AND EQUIPMENT

	2020 $'000	2019 $'000
Property		
Valuation:		
At 1 August	9,335	9,334
Additions	-	1
Disposals	(5)	-
At period ended	9,330	9,335
Depreciation and impairment:		
At 1 August	595	396
Depreciation charge for the year	392	199
Disposals	(5)	-
At period ended	982	595
Net written down value - properties	**8,348**	**8,740**
Furniture and fittings		
Cost:		
At 1 August	1,756	2,337
Additions	19	7
Disposals	(82)	(588)
At period ended	1,693	1,756
Depreciation and impairment:		
At 1 August	1,642	2,173
Depreciation charge for the year	68	57
Disposals	(82)	(588)
At period ended	1,628	1,642
Net written down value - furniture and fittings	**65**	**114**
Staff houses		
Valuation:		
At 1 August	496	496
Additions	-	-
Disposals	-	-
At period ended	496	496
Depreciation and impairment:		
At 1 August	40	33
Depreciation charge for the year	12	7
At period ended	52	40
Net written down value - staff houses	**444**	**456**
Motor vehicles		
Cost:		
At 1 August	1,223	1,342
Additions	68	-
Disposals	(100)	(119)
At period ended	1,191	1,223

PROPERTY, PLANT AND EQUIPMENT *continued*	2020 $'000	2019 $'000
Depreciation and impairment:		
At 1 August	989	1,065
Depreciation charge for the year	78	43
Disposals	(100)	(119)
At period ended	967	989
Net written down value - motor vehicles	**224**	**234**
Computer equipment		
Cost:		
At 1 August	1,386	1,603
Additions	23	29
Disposals	(104)	(246)
At 31 July	1,305	1,386
Depreciation and impairment:		
At 1 August	1,128	1,322
Depreciation charge for the year	90	52
Disposals	(104)	(246)
At period ended	1,114	1,128
Net written down value - computer equipment	**191**	**258**
Others		
Cost:		
At 1 August	379	69
Additions	-	310
At 31 July	379	379
Cost:		
At 1 January	70	70
At 31 December	70	70
Depreciation and impairment:		
At 1 August	77	34
Depreciation charge for the year	82	43
At 31 July	159	77
Net written down value - others	**220**	**302**
Work in progress		
Cost:		
At 1 August	-	55
Ajustment	-	(55)
At period ended	-	-
Total		
Cost / valuation:		
At 1 August	14,575	15,236
Additions	110	347
Disposals/adjustments	(292)	(1,008)
At period ended	14,393	14,575
Depreciation and impairment:		
At 1 August	4,471	5,023
Depreciation charge for the year	722	401
Disposals	(292)	(953)
At 31 July	4,901	4,471
Net written down value - total	**9,492**	**10,104**

13 PROPERTY, PLANT AND EQUIPMENT *continued*

Cost:	**$'000**	**$'000**
Right of Use Assets		
At 1 August	17	-
Additions	45	17
At period ended	62	17
Depreciation and impairment:		
At 1 August	7	-
Depreciation	12	7
At period ended	19	7
Net written down value - Right to Use Asset	**43**	**10**

14 INTANGIBLE ASSETS

At 1 August	3,216	3,216
Disposals	(146)	-
At period ended	3,070	3,216
Depreciation and impairment:		
At 1 August	3,043	3,000
Amortisation charge for the year	16	43
At period ended	3,059	3,043
Net written down value - Intangible assets	**11**	**173**

(a) Depreciation charge for year 2020 amounting to $20,574.51 (2019:$14,457) has been capitalised to development work in progress.

15 OTHER ASSETS

Advance - FNPF settlement	2	19
Sundry debtors and prepayments	2,515	2,836
Stationery stock	17	19
Interest receivable	52	31
VAT receivable	2,287	1,856
Staff advances	4	-
	4,878	**4,761**

16 DEBT ISSUED AND BORROWED FUNDS

		Effective interest rate %		
(a)	Current			
	Bonds	4% to 5%	8,000	5,200
	Loans	2.00%	2,499	2,543
			10,499	7,743
(b)	Non current			
	Bonds	1% to 9%	82,163	62,835
	Loans	2.00%	26,357	30,164
			108,520	92,999
	Total debt issued and borrowed funds		**119,019**	**100,742**

	Maturity
Bonds	2020 to 2025
Loans	2020 to 2031

16 DEBT ISSUED AND BORROWED FUNDS - *continued*

Repayment of principal is guaranteed by the Government of Fiji. The funds raised by the Authority will be used to acquire new land and to carry out its land development capital projects to produce fully serviced lots and provide mortgage financing to its customer for new house constructions and purchase of new houses.

In 2010, the Government of Fiji entered into a financing agreement with the EXIM Bank of China for the Fiji Low Cost Housing project. The project was contracted to China Railway First Group (Fiji) Limited for Yuan 200,000,000. The Authority, as the eventual owner of the project on behalf of Government entered into an on-lending agreement with the Government. As at 31 July 2020, the loan balance amounts to FJD 28,856,012.

The foreign currency loan obtained by the Authority through Ministry of Economy from Exim Bank of China is converted to the closing exchange rate as at 31 July 2020.

17 TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Interest payable	745	818
Insurance payable	615	616
Government grant received in advance	15,531	17,120
Customer Accounts with Credit Balance	563	558
Trade payables and accruals	10,942	9,295
	28,395	**28,406**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms;
- Other payables are non-interest bearing and have an average term of six months;
- Interest payable is normally recorded monthly throughout the financial year; and
- Government Grant received is recognized as a liability until the authority utilises the amounts in accordance with Government policy and the conditions attached to the grant scheme.

18 EMPLOYEE BENEFIT LIABILITY

	2020	2019
At 1 August	549	542
Arising during the year	520	226
Utilised	(577)	(219)
At period ended	492	549
Represented by:		
Current	492	549

19 CAPITAL AND RESERVES

	2020	2019
Capital	41,772	41,772
<u>Asset Revaluation Reserve</u>		
At 1 August	5,203	5,203
Movements	-	-
At period ended	5,203	5,203

20 CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Authority enters into various commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Authority.

The total commitments and contingent liabilities at balance date are as follows:

	2020 $'000	2019 $'000
Contingent liabilities		
Guarantees	5	5

	2020 $'000	2019 $'000
	5	5
Commitments		
Operating lease commitments	300	302
Capital commitments	68,328	80,665
	68,628	80,967
Total	68,633	80,972

Contingent liabilities

The details and estimated maximum amounts of contingent liabilities that may become payable by the Authority are set out below. The Directors are not aware of any circumstances or information that would lead them to believe that these contingent liabilities will crystallize and consequently no provisions are included in the financial statements in respect of these matters:

	2020	2019
Guarantee		
Energy Fiji Limited bond	5	5

Commitments

a) Operating lease commitments
Future operating lease rentals not provided for in the financial statements and payable as follows:

	2020	2019
Not later than one year	300	301
Later than one year but not later than five years	-	1
Later than five years	-	-
	300	302

Litigation Claims

b) The Authority is also subject to various additional unquantified claims and legal actions, which arose in the ordinary course of business. On the basis of legal opinion obtained and in the opinion of the Directors, no significant liability is expected to eventuate.

21 RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Board has a related party relationship with its Directors. The directors of the Board in office during the year were:

	Appointed	Serve Until
Mr. Roveen Permal	4-May-19	6-Sep-20
Mr. Nesbitt Hazelman - Chairperson	4-May-19	3-May-20
Mr. Craig Strong	4-May-19	3-May-20
Ms. Lorraine Seeto - Chairperson	3-Jun-20	25-Oct-21
Ms. Senikavika Jiuta	3-Jun-20	25-Oct-21
Mr. Mohit Kumar Raj	4-May-19	25-Oct-21
Ms. Anabel Ali	4-May-19	25-Oct-21

(b) Transactions with related parties

Transactions with related parties during the year ended 31 July 2020 with approximate transaction value are summarised as follows:

	2020 $'000	2019 $'000
Board expenses and allowances	52	25
Government grant	15,531	17,120

(c) **Compensation of key management personnel**

	2020	2019
Short term employee benefits	479	159
	479	159

21 RELATED PARTY DISCLOSURES *continued*

Key management personnel include the Chief Executive Officer and the four General Managers of the Authority.

Executive Management		Appointed	Serve Until
Robert Sen	Chief Executive Officer	16-Sep-19	22-Oct-21
Poasa Verevakabau	General Manager Finance & Administration	18-Oct-17	22-Jan-21
Leonard Kwansing	General Manager Customer Relations	18-Oct-17	26-Feb-21
Isikeli Navuda	General Manager Land & Housing Development	1-Oct-16	26-Feb-21
Maciu Katamotu	Acting General Manager Lending	30-Oct-18	3-May-20
Raveena Kumar	General Manager Lending	4-May-20	3-May-23

22. LEASES

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2020 $'000	2019 $'000
As at 1 January 2019		-
Additions		17
Depreciation expense		(7)
As at 31 July 2019		10
Additions		45
Depreciation expense		(13)
As at 31 July 2020		43

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 $'000	2019 $'000
As at 1 Aug 2019		10
Additions		45
Accretion of interest		1
Payments		(13)
As at 31 July 2020		44
Current		12
Non-current		32
		44

The following are the amounts recognised in profit or loss:

	2020 $'000	2019 $'000
Depreciation expense of right-of-use assets	13	7
Interest expense on lease liabilities	1	0.5
Total amount recognised in profit or loss	14	7

The Authority had total cash outflows for leases of $13k in 2019/2020 (Jan 19- July19: $7k).

22.1 Introduction- Financial Risk Management Objectives & Policies

Risk is inherent in the Authority's activities but it is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. Risk management is a fundamental element of the Authority's business practice on all levels and encompasses different types of risks. Risk management is an integral part of the business planning and controlling process. Material risks are monitored and regularly discussed with Management Board and the Audit Committee. The risk management process is critical to the Authority's business continuity while focusing on delivering its product and services at affordable cost. Business division leaders are accountable for managing risk exposure affecting their division.

Risk can be interpreted as the combination of the probability of an event and the impact of its consequences. Business activities resulting in a negative impact represent risks that can prevent value creation or erode existing value. In order to deliver value while maintaining competitive edge, the Authority understands the types of risks it faces and addresses them appropriately. The Authority is exposed to credit risk, liquidity risk and market risks.

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The independent risk control process does not include business risks such as changes in business environment, technology and industry. Business risks are identified through the Authority's strategic planning process and monitored throughout the year.

Going concern and impact of Covid-19

The Board and management have assessed the Authoritys ability as a going concern, considering the affected industries and Governments initiative to minimise impacts in 2019/20 & 2020/21 while 2021/22 reflects improve economic conditions with mobility restriction eased.

The Covid 19 pandemic have largely affected the tourism and the aviation's industry from early 2020. The Authority is expected to experience uncertainty but is confident that it will continue as going concern with signs of normalcy and the Authority will be able to continue to deliver its product and discharge liabilities in the ordinary course of the business for the foreseeable future. In maintaining its operation the following factors have been considered:

- Government commitment to continue government guarantee of $150 Million expiring in 2024.
- Borrowing:
  - Received competitive rates on bonds issued in December 2020 amounting to $20 million.
  - The borrowing interest rates remains competitive with 2.66%, 2.82% and 3.36% which was accepted by the Authority.
- Covid 19 relief scheme - Government with the FNPF provided special assistance scheme to support customers affected by the pandemic with reduce hours or unemployed.
- Exim Bank Loan Repayment - Government approved Debt Service Suspension Initiative (DSSI) commencing from 1 May 2020 to 1 December 2020.

Financial Risk Management Objectives & Policies ***continue***

Going concern and impact of Covid-19 continue

o RBF Housing facility of $100 million accesssible by Banking Institution at the rate of 0.25% reduced from 1% per annum in 2021. The facility provides financial leverage concurrently assisting 350 families with aggregate sum of $56 million. Furthermore 318 applications were submmited in 2020/21 with aggregate loan of $27million which will be drawn in 2022. The funds also support capital development projects reducing fudning cost element, ensuring lots are affordable.

o Residential lot production in progress to deliver 1,417 lots at:

- Davuilevu - 577 lots
- Nepani - 181 lots
- Tavua - 116 lots
- Tavakubu - 435 lots
- Covata - 108 lots

- Lots projected to be available from late 2023 to 2025.
- Covata Land development capital projects - civil works commenced from December 2020. The projects was affected by the Covid-19 restriction and is anticipated to be completed by late 2023.
- The balance of the four projects are around 90% to 95% complete.
- Awarded scheming & design for Veikoba subdivision at Nasinu to - WesEng consulting Pte Limited. The lot yield projected to be around 468 lots. Lots anticipated to be delivered by 2024/25

The following measures were taken in 2020/21 anticipating prolong disruption including the macroeconomic uncertainty from the results of economic activity and the scale of the pandemic;

o The Board & management have reviewed its variable and fix cost reducing the non-essential services

- Closure of Suva branch Office from June 2020.
- Out sourced services, while service cycle reduced by some vendors.
- Reschedule training programme
- 19 Staff retired/resigned from employment not replace
- Payroll reduced by $575,218.00 per annum
- Projects Officers reduces from 21 to 5 personnel

o Supply Chain: Anticipated delay in supply of materials for capital projects, however we have noted that the Engineers are working closely with the contractors to ensure completion of the development to achieve the projected revised timelines.

o Davuilevu Land development project projected budget amounts to $46.89 million VIP reports 75% drawdown,

o Tavakaubu Land development project projected budget amounts to $24.71 million VIP reporting 100% drawdown

o Financing and liquidity

- Funding Capital projects: while restriction is in place the cash outflow for capital projects remains low with WIP amounting to $81.29 million and progressive sale is anticipated from 2023 to 2025. The stock includes the new developed subdivision assign to IFC.

- Mortgage financing: The RBF housing facility is currently supporting the mortgage financing portfolio with $57 million while 264 loan application worth $27million was approved by RBF which will be disbursed progressively in 2021/22.

- Exim Loan Repayment -repayment holiday was granted by Government under the Debt Service Suspension Initiative (DSSI) program from three repayment, however the exchange loss recoreded for the FY 2019/20 was around $1.68 millio compared to $0.86 million FY 2020/21 while FY 2021/22 reported exchange gain of $0.41 million (unaudited).

o Allowance for expected credit losses (ECL)

- The Covid 19 pandemic have affected customers employed in the tourism industry, aviation industry and retail industry. Collectively management have assessed debtors and disaggregated into multiple segments, given the different industries were affected differently by the pandemic. As a result the Authority granted moratorium on non-payment of debt assisting 681 families as at October 2021 under the Covid-19 relief program with deferred repayment of $60,000 per month.

- The provision for impairment on loans increase by 25% in FY 2020/21 comapred to FY 2019/20 or by $1million. The non perfromimg loan portfolio increase by 84% in FY 2020/21 compared to FY 2019/20 or by $8.24 million. The Covid- 19 restrction was eased from late 2021 and economic activity improve apparently loan performance improve with reduction in the provison for impairment on loans by 4.8% in FY 2021/22 (unaudited) compared to FY 2020/21 or by $0.026 million. The non performing loan reduced by 46% in 2021/22 (unaudited) compared to FY 2020/21 or by $8.23 million.

- More broadly, reductions in forecasts in economic growth increase the probability of default across the loan portfolio and loss given default rates increase while value of the Authority's security and collateral over the loan are conservative compared to the market value.

Financial Risk Management Objectives & Policies *continue*

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. The Directors have set-up sub-committees to be responsible for managing and monitoring specific risks such as audit, finance, human resource, Land & Housing Division and credit provision.

The Authority's strategic plan is focused on addressing housing needs for low income to middle income residents. Therefore, the executive management sets overarching strategic objectives as well as financial targets based on demands and Government mandate. These objectives are cascaded to the respective divisions to ensure alignment of the business operation to achieve its corporate goal.

The executive management is accountable for meeting the overall objectives of the Authority, while being consistent with its overall mission. Risk management is considered fundamental to the Authority's ability to deliver its core services.

As part of the strategic planning process and day-to-day management of the business, the divisional leaders identify internal and external events that may affect the achievement of the Authority's objectives. Divisional leaders concurrently identify and assess these risks through their expertise, formal assessments and analysis of business intelligence and trends.

Risks affecting the Authority to achieve its corporate objectives are identified at various points in the business cycle. Management encourages a risk culture, encouraging employees to be open, candid and fact-based in discussing risk issues, and making all relevant facts and information available so that the Authority can consider all possible options in making decisions. The points in the business cycle are during strategic and business planning process and monthly business review meetings. However, throughout the year, the executive management assess the Authority's performance which incorporates the risk management functions to identify internal and external events that might affect achievement of the Authority's objectives. In addition, the various meetings incorporate risk management, scanning of the external environment for risk indicators through analysis of applicable business intelligence, including trends in the housing/lending market, legislative changes, consumer models, as well as relationships with external factors. Finally, risk management functions review the output from internal monitoring and assurance activities to identify gaps and emerging risk areas.

Governance ensures that identified risks and associated response strategies are communicated to the respective divisional head and subsequently escalated to the Executive Committee member or directly to the Audit Committee. The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Governance and oversight

The Board of Directors provides oversight of the various anticipated risks faced by the Authority to executive management. The Directors have set-up sub-committees to be responsible for managing and monitoring specific risk areas such as audit, finance, human resource, project management and lending portfolio. In addition, the Board of Directors receives regular reports from executive management and the independent internal auditor. The external audit report is also presented to the Board of Directors.

The Board of Directors is responsible for the overall risk management approach and review of the risk incorporated in the Authority's corporate plan. The Board is dedicated and fully committed to its role in ensuring quality, compliance and effective risk management.

Internal audit

Internal audit is a corporate function and independent of any other function or unit of the Authority. The internal audit function provides assurance to the board and executive management on the quality and effectiveness of internal control processes and systems, of management of all risks and governance.

Risk Management and reporting systems

The Authority's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical expense adjusted to reflect the economic environment. The Authority also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur, does occur.

Monitoring and controlling risks is primarily based on limits established by the Authority. These limits reflect the business strategy and market environment of the Authority as well as the level of risk that the Authority is willing to accept, with additional emphasis on selected industries.

Information compiled from all the business units is examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Board of Directors and the head of each business section. The process ensures management deal effectively with future events that create uncertainty, events that pose a significant risk or opportunity, and to respond in a prompt, efficient and effective manner to support the growth drivers of creating value through innovation and executing with excellence and leading with purpose.

Information and communication channels are in place to make business leaders, as well as individuals, aware of risks that fall into their area of responsibility and the expected behavior to mitigate negative outcomes.

Financial Risk Management Objectives & Policies ***continue***

Excessive risk concentration

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

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

22.2 Credit Risk

The Authority incurs risk with regards to loans, advances and other receivables due from customers. Credit risk is the likelihood of future financial loss resulting from the failure of clients or counter parties to meet contractual obligations to the Authority as they fall due. The measurement of Expected Credit Loss (ECL) under IFRS 9 uses the information and approaches that the Authority uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9.

The Authority manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations and by monitoring exposures in relation to such limits.

The Authority has established a credit quality review process to provide early identification of possible changes and the credit worthiness for counterparties including regular collateral revisions. The credit quality review process allows the Authority to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Authority also has in place processes that identify, assess and control credit risk in relation to the loan portfolio, to assist in determining the appropriateness of provisions for loan impairment. These processes also enable assessments to be made of other classes of assets that may carry an element of credit risk.

Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cashflows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occuring, of the associated loss ratios and default correlations between counterparties. The Authority measures credit risk using Probability of Default (PD), Exposure of Default (EAD) and Loss Given Default (LGD).

Credit risk grading

The Authority assesses credit risk grading on a collective basis given the risk exposures in its loan portfolio are homogeneous. In determining the expected credit losses, the Authority integrated the staging strucutre and risk grading system, which reflects its assessment of the probability of default of individual counterparties. The change will result in earlier recognition of credit lossess and the amount of credit losses will be updated at each reporting date

The table below shows the maximum exposure to credit risk for the components of the statement of financial position; the maximum exposure is shown gross, before the effect of mitigation.

	Net Maximum Exposure 2020 $'000	Net Maximum Exposure 2019 $'000
Loans and advances (Note 10)	88,931	87,813
Total credit exposure	**88,931**	**87,813**
Information on how the Expected Credit Loss (ECL) is measured and how the three stages are determined in included in Note 5 (a).		
Contingent liabilities (Note 18)	5	5
Commitments (Note 18)	68,628	80,967
Total	68,633	80,972
Total credit exposure	**157,564**	**180,585**

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

22.3 Interest rate risk

Interest rates on financial assets and liabilities are fixed over the terms of the relevant contracts, thereby minimizing the risk of mis-matches in interest rates. At the reporting date, the interest rate profile of the Authority's interest bearing financial instruments carrying amounts were:

Fixed rate instruments	2020 $'000	2019 $'000
Financial assets	106,749	101,230
Financial liabilities	148,159	122,440

The following sensitivity analysis is based on the interest risk exposures, if any, in existence at balance date:

	Increase /(decrease) in interest rate	Effect on profit before tax $'000
2020	+10 bp	110
	- 10 bp	(110)
2019	+10 bp	101
	- 10 bp	(101)

23 Capital Management

The primary objective of the Authority's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its operations and maximise shareholder value.

The Authority manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Authority may adjust the dividend payment to shareholders, return capital to shareholders or raise capital.

The Authority monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Authority includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders less the net unrealised gains reserve.

	2020 $'000	2019 $'000
Interest bearing loans and borrowings	119,019	100,742
Trade and other payables	28,395	28,406
Less: cash	(3,941)	(654)
Net debt	143,473	128,494
Equity	58,866	56,962
Total capital	58,866	56,962
Capital and net debt	202,338	185,456
Gearing ratio	71%	69%