

OFFICE OF THE AUDITOR GENERAL

Auditing for Better Public Sector Performance and Accountability



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File: 1282

26 January 2026

Sereana Qoro
Chairperson
Housing Authority of Fiji
VALELEVU

Dear Ms. Qoro

AUDITED FINANCIAL STATEMENTS
HOUSING AUTHORITY OF FIJI – 31 JULY 2024

Audited financial statements for Housing Authority of Fiji for the year ended 31 July 2024 together with my audit report on them are enclosed.

Particulars of any errors and omissions arising from the audit were forwarded to the Management for necessary actions.

Yours sincerely

Finau Seru Nagera
AUDITOR-GENERAL

cc. Chief Executive Officer – Housing Authority

Encl.

→ CEO

please forward
a letter of
acknowledgment
to Auditor General.

allh.
10/02/26

HOUSING AUTHORITY OF FIJI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

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HOUSING AUTHORITY OF FIJI
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2024

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 2024, 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
Ms. Sereana Qoro - Chairperson	28-Apr-23	27-Apr-26
Ms. Maraia Ubitau	28-Apr-23	27-Apr-26
Ms. Prem Lata Narayan	28-Apr-23	27-Apr-26
Mr. Isikeli Navuda	28-Apr-23	27-Apr-26
Mr. Ravikant Ritesh Singh	24-Oct-24	23-Oct-27

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 2024 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 year ended 31 July was:

	2024 \$	2023 \$
Net profit before income tax	2,178,131	840,861
Income tax expense	-	-
Net profit for the year	2,178,131	840,861

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 year ended 31 July 2024 (2023: \$Nil).

Reserves

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

Basis of Accounting

The Directors consider the Authority to be a going concern. The Directors believe that the basis of preparation of the financial statement is appropriate, and the Authority will be able to continue in operation for at least 12 months from the date of this report.

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 during the financial year, other than those reflected in the financial statements.

HOUSING AUTHORITY OF FIJI
DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 31 JULY 2024

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) except for the contingent liabilities disclosed in the financial statements, 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 22nd day of Dec 2025.



Chairperson



Member

HOUSING AUTHORITY OF FIJI
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 JULY 2024

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 year ended 31 July 2024;
- (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 2024;
- (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 2024;
- (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 2024;
- (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 22nd day of Dec 2025.


.....
Chairperson


.....
Member

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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 2024, the Statement of Profit and 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 my opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the Authority as at 31 July 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my 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 Management and Directors are responsible for the other information. The other information comprises the Directors' Report, Statement by Directors and the Annual Report but does not include the financial statements and the auditor's report thereon. The Annual Report is expected to be made available to me after the date of this auditor's report.

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 on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of the Management and Directors for the Financial Statements

The Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, the Housing Act of 1955 and for such internal control as the Management and 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 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.

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.

Report on Other Legal 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.



Finau Seru Nagera
AUDITOR-GENERAL



Suva, Fiji
26 January 2026

HOUSING AUTHORITY OF FIJI
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2024

	Notes	2024 \$	2023 \$
Interest income	6.1	4,430,478	4,522,252
Interest expense	7.1	(261,458)	(1,450,665)
Net interest income		4,169,020	3,071,587
Other operating income	6.2	6,545,597	6,492,589
Net operating income		10,714,617	9,564,176
Amortisation of intangible assets	14	64,813	63,285
Impairment loss on loans and advances		192,583	137,869
Cost of sales - land and houses		1,269,915	1,380,789
Depreciation of property, plant and equipment	13	497,093	475,878
Impairment loss on property, plant and equipment		506,649	-
Other expenses	7.3	2,033,188	2,703,017
Personnel expenses	7.2	3,972,245	3,962,477
Total operating expense		8,536,486	8,723,315
Net profit before income tax		2,178,131	840,861
Income tax expense	5 (n)	-	-
Net profit after tax		2,178,131	840,861
Other comprehensive income			
Reversal of revaluation surplus of property, plant and equipment	13 (a)	(101,980)	-
Total comprehensive income		2,076,151	840,861

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 2024

	Notes	2024 \$	2023 \$
Accumulated losses			
Balance at the beginning of the year		(4,357,872)	(5,198,733)
Profit for the year		2,178,131	840,861
Balance at the end of the year		<u>(2,179,741)</u>	<u>(4,357,872)</u>
Asset revaluation reserve			
Balance at the beginning of the year		8,053,797	5,203,284
Revaluation during the year		-	2,850,513
Revaluation reversal during the year	13 (a)	(101,980)	-
Balance at the end of the year	20	<u>7,951,817</u>	<u>8,053,797</u>
Government contribution			
Balance at the beginning of the year		15,958,457	15,958,457
Balance at the end of the year		<u>15,958,457</u>	<u>15,958,457</u>
Capital			
Balance at the beginning of the year	20	41,772,420	41,772,420
Balance at the end of the year		<u>41,772,420</u>	<u>41,772,420</u>
Total equity		<u>63,502,953</u>	<u>61,426,802</u>

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 2024

	Notes	2024	2023
		\$	\$
Current Assets			
Cash and cash equivalents	8	15,865,257	31,722,047
Investments at amortised cost	9	-	98,715
Loans and advances	10(a)	10,411,275	10,798,997
Inventories	11	91,589,475	86,810,755
Other assets	15	3,753,858	3,721,237
Total Current Assets		121,619,855	133,151,751
Non-Current Assets			
Loans and advances	10 (b)	60,018,115	65,476,889
Land held for future development	12	6,631,140	5,355,981
Intangible assets	14	154,315	213,585
Right of use assets	21	337,842	356,381
Property, plant and equipment	13	11,655,580	11,876,946
Total Non-Current Assets		78,796,992	83,279,782
TOTAL ASSETS		200,416,857	216,431,533
Current Liabilities			
Trade and other payables	17	20,890,586	19,668,564
Employee benefit liability	19	222,869	242,354
Provisions	18	50,000	50,000
Lease liability	21	93,020	85,483
Debt issued and borrowed funds	16 (a)	45,104,317	27,232,327
Total Current Liabilities		66,360,792	47,278,728
Non-Current Liabilities			
Lease liability	21	250,906	274,511
Debt issued and borrowed funds	16 (b)	70,302,206	107,451,492
Total Non-Current Liabilities		70,553,112	107,726,003
TOTAL LIABILITIES		136,913,904	155,004,731
EQUITY			
Capital	20	41,772,420	41,772,420
Accumulated losses		(2,179,741)	(4,357,872)
Government grant		15,958,457	15,958,457
Asset revaluation reserve	20	7,951,817	8,053,797
TOTAL EQUITY		63,502,953	61,426,802
TOTAL EQUITY AND LIABILITIES		200,416,857	216,431,533

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 2024

		2024	2023
		Inflows/ (Outflows)	Inflows/ (Outflows)
		\$	\$
Cash flows from Operating activities			
Interest received		4,429,396	3,947,306
Fees, charges and other income received	6.2	4,272,565	3,542,850
Proceeds from sale of land and houses	6.2	2,239,468	2,376,676
Interest and other finance costs paid	16 (c)	(1,048,860)	(1,417,780)
Net customer loans issued and repayments received		5,803,891	3,900,083
Payments to contractors for land development		(3,340,343)	(4,724,589)
Net payments from Government grants		(16,559)	(945,166)
Other operating expenses paid		(8,062,487)	(7,716,334)
Cash flows from/ (used in) operating activities		4,277,071	(1,036,954)
Cash flows from Investing activities			
Payments for property plant and equipment and intangible assets		(889,897)	(399,559)
Proceeds from sale of plant and equipment		33,565	578,000
Proceed from short term investments, net		98,715	(1,935)
Cash flows from/ (used in) investing activities		(757,617)	174,506
Cash flows from Financing activities			
Net repayment of borrowings	16 (c)	(19,277,296)	23,433,888
Lease payments	21	(98,948)	(35,600)
Cash flows from/ (used in) financing activities		(19,376,244)	23,398,288
Net (decrease)/increase in cash and cash equivalents		(15,856,790)	22,535,840
Cash and cash equivalents at the beginning of the financial year		31,722,047	9,186,207
Cash and cash equivalents at the end of the financial year	8	15,865,257	31,722,047

The accompanying notes form an integral part of this statement of cash flows.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2024

1 Corporate Information

Housing Authority of Fiji ("the Authority") is a statutory authority established under the Housing Authority Act and domiciled in the Republic of Fiji. The financial statements of Housing Authority of Fiji for the year 1 August 2023 to 31 July 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 22nd December 2025.

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 focal 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 fully serviced lots and adequate housing that is affordable to families with household income of \$50k and below per annum and are first home buyers.

The National Development Plan 2025-2029 page 118 supports that provision of an effective system that ensures accessible and adequate housing through the following policies:

- Provide access to decent and safe housing options to all especially low income earners.
- Implement effective and sustainable land-use planning for housing development and promote green building practices.

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 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 and 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).

c) Going concern

Based on current financial performance and future projections, management believes that the Authority will have cash flows sufficient to ensure on-going continuity. Accordingly, the financial statements have been prepared on the basis that the Authority is a going concern.

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 (b) - Leased assets and liabilities

Note 5 (e) - Depreciation of property, plant and equipment

Note 5 (f) - Revaluation of property, plant and equipment

Note 5 (g) - Amortization of land held for future development

Note 5 (f) - Revaluation of property, plant and equipment

Note 5 (h) - Amortization of intangible assets

Note 5 (i) - Impairment of non-financial assets

Note 5 (m) - Inventories (Net realisable value assessment)

4 Changes in accounting policies and disclosures

(a) New and amended standards and interpretations

The following new standards and amendments became effective as of 1 January 2023:

Standard and amendment	Impact on the Authority
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	No material impact
Definition of Accounting Estimates - Amendments to IAS 8	No material impact
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	No material impact

Standards issued but not yet effective

The new and amended standards and interpretations that are issued by the IASB, that are effective in future accounting period, are disclosed below. The Authority intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Authority is currently assessing the impact of these new accounting standards, and amendments.

New standards and amendments	Effective Date
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).	1 January 2024
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).	1 January 2026
IFRS S1 - General requirements for disclosure of sustainability-related financial information	1 January 2026
IFRS S2 - Climate-related disclosures.	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027

5 Summary of material 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 and secured through mortgage financing. Financial assets in the scope of IFRS 9 are classified as either subsequently measured at amortised cost, fair value through other comprehensive income (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.

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.

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: 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. Any gain or loss on derecognition is recognised in the statement of profit or loss.

Investments at amortised cost

Investments at amortised cost includes fixed-income securities that the Authority intends to retain until their maturity date. These instruments provide a reliable means of generating consistent returns over a defined period. They provide consistent interest income over their contractual term and are primarily held to support predictable cash flow requirements and long-term financial planning.

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 liabilities are derecognised when the obligation is discharged through settlement of debt when the loan term matures.

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. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

5 Summary of material accounting policies *continued*

(a) Financial instruments *continued*

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 off set the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Loans and Advances

Loans represent mortgage loans, village scheme loans, quick repair loans, home loans and personal loans. Mortgage loans are advanced to eligible families earning below \$50k per annum to facilitate home loans for purchase of residential lots and construction loan to build approved dwelling. The product also includes mortgage financing to facilitate purchase of property that's 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 home loans & home construction, collateral consisting of the mortgaged properties are obtained. Loans and advances are initially recognised at fair value plus directly attributable transaction costs and fees. These are subsequently measured at amortised cost using the effective interest rate method where they have contractual cash flows which represent solely payments of principal & 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, 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. The loss arising from impairment are recognised in the statement of Profit or Loss in bad and doubtful debts expense. Loans are classified as non-performing if arrears relating to these loans are greater than three months. Non-performing loans report specific provision as reasonable doubt exists as to the collectability of principal and interest.

Loans and advances net of provisions for Expected Credit Loss (ECL) are given below.

LOAN PRODUCT	2023 / 2024	2022 / 2023
Total Loans	\$ 75,427,899	\$ 81,079,198
Provisions for ECL on loans	\$ (4,998,509)	\$ (4,803,312)
Total Net loans	\$ 70,429,390	\$ 76,275,886

Impairment Losses on Loans & Advances

The Authority assesses at each balance date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers are experiencing significant financial difficulties with default or delinquency in interest or in principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Authority first assesses individually whether objective evidence of impairment exist individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Authority determines no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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. The indicators of a significant increase in credit risk are described on the following page.

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 expectation to pay off the debt. This recovery process or recourse complies with the Credit Consumer Act.

5 Summary of material accounting policies *continued*

(a) Financial instruments *continued*

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.

iv) 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	Net Carrying Amount
Stage 1	0-29	\$ 56,202,144	\$ 459,678	\$ 55,742,466
Stage 2	30-90	10,689,116	\$ 306,885	\$ 10,382,231
Stage 3	> 91	4,121,760	\$ 400,270	\$ 3,721,490
Specific		4,414,879	\$ 3,831,676	\$ 583,203
Total		\$ 75,427,899	\$ 4,998,509	\$ 70,429,390

v) 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.

Estimation of expected credit losses

The measurement of expected credit losses requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- the internal credit grading model that is applied to the financial assets based on historical information which assigns probabilities of default to the group of asset.
- the criteria for assessing if there has been a significant increase in credit risk, hence allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment.

The Authority is required to regularly review the ECL model in the context of actual loss experience and adjust when necessary according to its policy.

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.

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.

vi) Impairment Losses on Loans & Advances

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the statement of Profit or Loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Authority. If, in a subsequent year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment is recognised, the impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If in future, write-off is later recovered, the recovery is credited to the allowance for impairment losses.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Authority's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

5 Summary of material accounting policies *continued*

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, recognise 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	99 years
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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.

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 in-substance 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 Authority 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 Authority's lease liabilities are included in Note 21.

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.

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.

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.

5 Summary of material accounting policies *continued*

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 or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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% - 3.5%
Plant and equipment	20% - 33.33 %
Motor vehicles	20%
Computer equipment	20% - 33.33 %
Furniture and fittings	10% - 33.33 %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

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

f) Revaluation of property, plant and equipment

The Authority revalues the office buildings 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 4100 lots from 2024 to 2026.

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 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%
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i) Impairment of non – financial assets

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Authority estimates the asset's 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. When 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 discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

5 Summary of material accounting policies *continued*

i) Impairment of non – financial assets *continued*

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 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 a 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.

l) Debt issued and borrowed funds

Debt issued and borrowed funds relates to loan from EXIM Bank of China for various projects and bonds with various financial institutions and banks. These borrowings are measured at fair value on initial recognition. Subsequent to initial recognition they are measured at amortised cost using effective interest method. Any discount on bonds is amortized to interest expense on a straight-line basis over the term of the bond to which it relates. Further 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 the end of the financial year, 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 and borrowing 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 facing financial distress with debt relief fund scheme. 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 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.

s) Segment information

(a) Industry segment

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

(b) Geographical segment

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

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

5 Summary of material accounting policies *continued*

t) Current versus non-current classification

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

- It is expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is 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 the 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 Authority classifies all other liabilities as non-current.

		2024	2023
		\$	\$
6 INCOME			
6.1	Interest income		
	Investment securities	95,746	121,555
	Loans and advances	4,334,732	4,400,697
		<u>4,430,478</u>	<u>4,522,252</u>
6.2	Other operating income		
	Fees and charges	3,317,037	3,401,980
	Rent	67,749	36,964
	Other income	921,343	676,969
	Sale of land and houses	2,239,468	2,376,676
		<u>6,545,597</u>	<u>6,482,589</u>
7 EXPENSES			
7.1	Interest expense		
	Bonds	729,601	883,431
	Long term loans	(481,172)	562,710
	Interest on lease liability	13,029	4,524
		<u>261,458</u>	<u>1,450,665</u>
	(a) Overaccrued interest expense relating to the Exim Bank loan from prior years, amounting to \$800,431, has been reversed in the current year and offset against the current year's interest expense.		
7.2	Personnel expenses		
	Salaries and wages	3,127,137	3,178,889
	Employee entitlements	297,041	370,606
	Fiji National Provident Fund contribution	370,765	319,731
	Other	177,302	93,251
		<u>3,972,245</u>	<u>3,962,477</u>
7.3	Other expenses		
	Auditor's remuneration - audit fees	45,000	33,030
	Amortisation - leasehold land	14,953	14,947
	Repairs and maintenance	329,634	212,855
	Stock write-down	(3,385)	29,378
	Other expenses	1,646,986	2,412,807
		<u>2,033,188</u>	<u>2,703,017</u>
8 CASH AND CASH EQUIVALENTS			
	Cash on hand	1,650	1,650
	Cash at bank	9,764,571	1,720,397
		<u>9,766,221</u>	<u>1,722,047</u>
	Short-term deposits	6,099,036	30,000,000
	Total cash and cash equivalents	<u>15,865,257</u>	<u>31,722,047</u>

(a) Short term deposits are placed with financial institutions in Fiji for 3 month term. The interest rate of these deposits range from 0.10% -1.5% per annum.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

	2024 \$	2023 \$
9 INVESTMENTS AT AMORTISED COST		
Term deposits	-	98,715
Term deposits are placed with financial institutions in Fiji for 1 year term. The interest rate of these deposits range from 0.30% per annum.		
10 LOANS AND ADVANCES		
(a) Current Asset		
Mortgage loans	11,774,834	12,260,552
Village scheme loans	1,267,871	1,061,320
	13,042,705	13,321,872
Less: Allowance for impairment loss	(2,631,430)	(2,522,875)
	10,411,275	10,798,997
(b) Non-Current Asset		
Mortgage loans	60,808,178	66,792,977
Village scheme loans	1,577,016	964,349
	62,385,194	67,757,326
Less: Allowance for impairment loss	(2,367,079)	(2,280,437)
	60,018,115	65,476,889
Total Loans and Advances	70,429,390	76,275,886
(c) Provision for impairment		
At 1 August	4,803,312	5,224,858
Provision for the year	195,197	176,837
Amounts written off	-	(598,383)
At 31 July	4,998,509	4,803,312
(c) Provision for impairment <i>continued</i>		
Individual impairment	3,831,676	3,458,016
Collective impairment	1,166,833	1,345,296
	4,998,509	4,803,312
Impairment allowance - Other receivables (Navision customer)	60,543	63,158
Total impairment allowance	5,059,052	4,866,470
Gross amount of loans, before deducting any individual or collective assessed impairment allowance.	75,427,899	81,079,198
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		
Developed lots	5,252,094	1,774,822
Less: Provision for developed lots write-down	(359,979)	(359,979)
	4,892,115	1,414,843
Unsold properties	140,948	192,887
Less: Provision for unsold properties write-down	(136,969)	(136,969)
	3,979	55,718
Development work-in-progress	86,693,381	85,340,194
Total inventories	91,589,475	86,810,755
(a) Borrowing cost capitalised for the financial year at a rate of 1.39%, amounting to \$8,279 (2023:\$34,524 (1.60%)) has been capitalised to development work in progress.		
12 LAND HELD FOR FUTURE DEVELOPMENT		
Freehold land		
- at deemed cost	102,000	202,000
Leasehold land - at cost	6,984,501	5,594,388
Less: Provision for amortisation of leasehold land	(455,361)	(440,407)
Total land held for future development	6,631,140	5,355,981

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

13 PROPERTY, PLANT AND EQUIPMENT		2024	2023
Property		\$	\$
Valuation:			
At 1 August		12,642,841	9,332,480
Additions		-	36,432
Impairment loss	(a)	(668,060)	-
Revaluation		-	3,273,929
At 31 July		11,974,781	12,642,841
Depreciation and impairment:			
At 1 August		1,760,406	1,614,097
Depreciation charge for the year		196,829	146,309
Depreciation charge on impairment		(59,431)	-
At 31 July		1,897,804	1,760,406
Net written down value - properties		10,076,977	10,882,435

(a) During the year ended 31 July 2024, the Authority recognised an impairment loss in respect of its Lautoka office building, which had a carrying amount of \$608,629 prior to impairment. The impairment was primarily due to the building's unusable condition and Occupational Health and Safety (OHS) concerns, which led to the relocation of office to a rented premises. Subsequent inspections revealed significant termite infestation, further supporting management's assessment that the asset's recoverable amount was below its carrying value. Accordingly, the revaluation surplus of \$101,980 previously recognised in respect of this asset was reversed through other comprehensive income, and the remaining impairment loss of \$506,649 was recognised in the statement of profit or loss.

(b) In July 2023, an independent valuation was carried out by registered valuer Pacific Valuations Pte Limited for the properties of the Housing Authority located at Valelevu, Nasinu and Tavewa Avenue, Lautoka. Revaluations were done to assess fair value of the properties. The Directors worked closely with external valuers to establish the appropriate valuation techniques and inputs to the valuation model. The valuation method adopted by the valuer is the income and market approach. The Directors accepted this valuation report and were of the view that is appropriately disclosed the fair value of the properties as at 31 July 2023. The Directors have determined that the fair values of the properties as at 31 July 2024 remain the same as the prior year, based on their assessment carried out for the year ended 31 July 2024.

Furniture and fittings			
Cost:			
At 1 August		1,966,024	1,698,093
Additions		254,373	297,232
Disposals		-	(29,301)
At 31 July		2,220,397	1,966,024
Depreciation and impairment:			
At 1 August		1,673,626	1,666,167
Depreciation charge for the year		76,851	36,760
Disposals		-	(29,301)
At 31 July		1,750,477	1,673,626
Net written down value - furniture and fittings		469,920	292,398

Staff houses			
Valuation:			
At 1 August		20,823	495,823
Disposals		-	(475,000)
At 31 July		20,823	20,823
Depreciation and impairment:			
At 1 August		20,823	75,062
Depreciation charge for the year		-	2,305
Reversal of depreciation on revaluation		-	(56,544)
At 31 July		20,823	20,823
Net written down value - staff houses		-	-

Motor vehicles			
Cost:			
At 1 August		775,393	855,393
Additions		74,714	-
Disposals		(108,839)	(80,000)
At 31 July		741,268	775,393
Depreciation and impairment:			
At 1 August		749,059	738,523
Depreciation charge for the year		24,320	39,447
Disposals		(108,839)	(28,911)
At 31 July		664,540	749,059
Net written down value - motor vehicles		76,728	26,334

Computer equipment			
Cost:			
At 1 August		1,842,267	1,592,501
Additions		18,904	421,349
Disposals		-	(171,583)
At 31 July		1,861,171	1,842,267
Depreciation and impairment:			
At 1 August		1,242,376	1,224,941
Depreciation charge for the year		173,087	189,018
Disposals		-	(171,583)
At 31 July		1,415,463	1,242,376
Net written down value - computer equipment		445,708	599,891

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

13 PROPERTY, PLANT AND EQUIPMENT *continued*

	2024 \$	2023 \$
Others		
Cost:		
At 1 August	379,670	379,670
At 31 July	379,670	379,670
Depreciation and impairment:		
At 1 August	353,664	291,625
Depreciation charge for the year	26,006	62,039
At 31 July	379,670	353,664
Net written down value - others	-	26,006
Work in progress		
Cost:		
At 1 August	49,883	521,585
Additions	889,899	476,218
At 31 July	939,782	997,803
Transfers	(353,534)	(947,920)
At 31 December	(353,534)	(947,920)
Net written down value - work in progress	586,248	49,883
Total		
Cost / valuation:		
At 1 August	17,676,901	14,875,545
Additions	1,237,890	1,231,231
Disposals/adjustments	(1,130,433)	(1,703,805)
Revaluation	-	3,273,929
At 31 July	17,784,358	17,676,900
Depreciation and impairment:		
At 1 August	5,799,955	5,610,416
Depreciation charge for the year	497,093	475,877
Disposals and impairment losses	(168,270)	(286,339)
At 31 July	6,128,778	5,799,954
Net written down value - total	11,655,580	11,876,946

14 INTANGIBLE ASSETS

Cost:		
At 1 August	3,378,480	3,219,042
Additions	5,543	159,438
At 31 July	3,384,023	3,378,480
Depreciation and impairment:		
At 1 August	3,164,895	3,101,610
Amortisation charge for the year	64,813	63,285
At 31 July	3,229,708	3,164,895
Net written down value - intangible assets	154,315	213,585

15 OTHER ASSETS

	2024 \$	2023 \$
Advance - FNPF settlement	220,871	51,546
Sundry debtors and prepayments	2,364,252	2,588,920
Stationery stock	13,504	13,063
Interest receivable	22,458	18,762
Value Added Tax receivable	1,132,773	1,048,946
	3,753,858	3,721,237

16 DEBT ISSUED AND BORROWED FUNDS

	Effective interest rate %	2024 \$	2023 \$
(a) Current			
Bonds	0.25% to 2.25%	42,327,751	24,335,400
Loans	2.00%	2,776,566	2,896,927
		45,104,317	27,232,327
(b) Non current			
Bonds	0.25% to 3.36%	51,528,065	84,769,124
Loans	2.00%	18,774,141	22,682,368
		70,302,206	107,451,492
Total debt issued and borrowed funds		115,406,523	134,683,819

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

16 DEBT ISSUED AND BORROWED FUNDS *continued*

(b) Non current *continued*

	Maturity
Bonds	2025 to 2028
Loans	2024 to 2031

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 beneficiary owner of the project on behalf of Government entered into an on-lending agreement with the Government. As at 31 July 2024, the loan balance amounts to FJD \$21,550,707.

The foreign currency loan obtained by the Authority through Ministry of Finance from Exim Bank of China is converted at the closing exchange rate as at 31 July 2024.

(c) Reconciliation of movement of liabilities to cash flows from financing activities

	Loans (\$)	Bonds (\$)	Total (\$)
Balance at 1 August 2023	25,579,295	109,104,524	134,683,819
Other changes - liability related			
Interest expense	319,259	729,601	1,048,860
Interest paid	(319,259)	(729,601)	(1,048,860)
Total liability related other charges	-	-	-
Changes from financing cash flows			
Proceeds from bonds issued	-	9,086,692	9,086,692
Settlements made during the year	(4,028,588)	(24,335,400)	(28,363,988)
Total changes from financing cash flows	(4,028,588)	(15,248,708)	(19,277,296)
Balance at 31 July 2024	<u>21,550,707</u>	<u>93,855,816</u>	<u>115,406,523</u>

17 TRADE AND OTHER PAYABLES

Interest payable	231,470	1,128,357
Insurance payable	161,644	231,011
Government grant received in advance	10,898,749	8,207,016
Customer accounts with credit balance	1,672,850	1,528,641
Trade payables and accruals	7,925,873	8,573,539
	<u>20,890,586</u>	<u>19,668,564</u>

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 PROVISIONS

The provision for contingency/medical insurance for the year is as follows:

	2024 \$	2023 \$
At 1 August	50,000	50,000
At 31 July	<u>50,000</u>	<u>50,000</u>
Represented by:		
Current	<u>50,000</u>	<u>50,000</u>

19 EMPLOYEE BENEFIT LIABILITY

The movement in employee benefit liability during the year is as follows:

At 1 August	242,354	383,117
Arising during the year	147,639	50,443
Utilised	(167,124)	(191,206)
At 31 July	<u>222,869</u>	<u>242,354</u>
Represented by:		
Current	<u>222,869</u>	<u>242,354</u>

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

20 CAPITAL AND RESERVES

Capital		41,772,420	41,772,420
Asset Revaluation Reserve			
At 1 August		8,053,797	5,203,284
Revaluation during the year		-	3,273,929
Revaluation reversal	Note 13 (a)	(101,980)	(423,416)
At 31 July		7,951,817	8,053,797

21. RIGHTS OF USE AND LEASES

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

As at 1 August	356,381	12,945
Additions	69,852	374,365
Depreciation expense	(88,391)	(30,929)
As at 31 July	337,842	356,381

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

As at 1 August	359,993	14,957
Additions	69,852	376,112
Accretion of interest	13,029	4,524
Payments	(98,948)	(35,600)
As at 31 July	343,926	359,993

Current	93,020	85,483
Non-current	250,906	274,511
	343,926	359,994

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	88,391	30,929
Interest expense on lease liabilities	13,029	4,524
Total amount recognised in profit or loss	101,420	35,453

The Authority had total cash outflows for leases of \$ 98,948 in 2023/2024 (2022/2023: \$35,600).

22 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:

	2024 \$	2023 \$
Contingent liabilities		
Energy Fiji Limited	5,024	5,024
Department of Environment	94,650	94,650
	99,674	99,674
Commitments		
Operating lease commitments	117,488	131,658
Capital commitments	42,163,299	51,923,092
	42,280,787	52,054,750
Total	42,380,461	52,154,424

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:

Guarantee		
Energy Fiji Limited	5,024	5,024
Department of Environment	94,650	94,650

Litigation Claims

The Authority is also subject to various additional unquantified claims and legal actions, which arise 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.

23 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:

	Appointe	Serve Until
Ms. Sereana Qoro - Chairperson	28-Apr-23	27-Apr-26
Ms. Maraia Ubitau	28-Apr-23	27-Apr-26
Ms. Prem Lata Narayan	28-Apr-23	27-Apr-26
Mr. Isikeli Navuda	28-Apr-23	27-Apr-26
Ms. Florence Takinana	26-Oct-21	25-Oct-24
Mr. Ravikant Ritesh Singh	24-Oct-24	23-Oct-27

(b) Transactions with related parties

Transactions with related parties during the year ended 31 July 2024 with approximate transaction value are summarised as follows:

	2024 \$	2023 \$
Board expenses and allowances	55,553	55,287

(c) Compensation of key management personnel

Short term employee benefits

768,064	788,399
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Key management personnel include the Chief Executive Officer, Head Of Risk and the three General Managers of the Authority.

Executive Management

		Appointe	Serve Until
Ritesh Singh	Chief Executive Officer	7-Mar-22	6-Mar-25
Poasa Verevakabau	General Manager Finance & Administration	1-Jun-24	30-May-27
Raveena Kumar	General Manager Lending	4-May-20	3-May-26
Renee Duguivalu	General Manager Land & Housing Development	26-Sep-22	25-Sep-25
Shaheed Ali	Head of Risk	18-Jul-22	18-Jul-25

24 EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event 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 future financial years.

25 RISK MANAGEMENT OBJECTIVES AND POLICIES

25.1 Introduction

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.

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.

25.2 Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks. The Board 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.

25 RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

25.2 Risk management structure *continued*

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 risk in the business cycle are discussed 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 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 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 review 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 potential 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.

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.

25.3 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 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.

25 RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

25.3 Credit Risk *continued*

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 occurring, 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 structure 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 losses 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 net of impairment allowance balances.

	Net Maximum Exposure 2024 \$	Net Maximum Exposure 2023 \$
Loans and advances (Note 10)	70,429,390	76,275,886
Total credit exposure	70,429,390	76,275,886

Information on how the Expected Credit Loss (ECL) is measured and how the three stages are determined is included in Note 5 (a).

25.4 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:

	2024 \$	2023 \$
Financial assets	81,526,935	111,177,913
Financial liabilities	115,406,523	134,683,819

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
2024	+10 bp	125
	- 10 bp	(125)
2023	+10 bp	123
	- 10 bp	(123)

25.5 Liquidity risk

Liquidity risk arises when an entity is unable to meet its financial obligations as they come due, potentially impacting operational continuity and financial stability. Effective management of this risk is essential to maintaining operational integrity and financial resilience. The Authority employs rigorous daily monitoring of cash flow positions and maintains adequate cash reserves and access to funding sources to ensure all short-term liabilities can be met in a timely manner.

Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities (except for lease liabilities) analysed according to when they are expected to be recovered or settled.

31 July 2024

	At call	Less than 3 months	4 to 12 months	1 to 5 years	over 5 years	Provision for doubtful debts	Total
	\$	\$	\$	\$	\$	\$	\$
Financial assets							
Cash	9,766,221	6,099,036	-	-	-	-	15,865,257
Loans and advances	6,966,684	1,609,986	4,530,313	20,256,750	42,064,166	(4,998,509)	70,429,390
Other assets	-	3,753,858	-	-	-	(60,543)	3,693,315
Total	16,732,905	11,462,880	4,530,313	20,256,750	42,064,166	(5,059,052)	89,987,952

Financial liabilities

Borrowings	-	19,309,340	11,981,589	79,483,938	4,631,656	-	115,406,523
Accrued interest	-	231,470	-	-	-	-	231,470
Accounts payable and accrued liabilities	-	20,659,116	-	-	-	-	20,659,116
Total	-	40,199,925	11,981,589	79,483,938	4,631,656	-	136,297,109

31 JULY 2023

	At call	Less than 3 months	4 to 12 months	1 to 5 years	over 5 years	Provision for doubtful debts	Total
	\$	\$	\$	\$	\$	\$	\$
Financial assets							
Cash	1,722,047	30,000,000	-	-	-	-	31,722,047
Loans and advances	7,063,519	1,547,379	4,710,974	21,951,941	45,805,385	(4,803,312)	76,275,886
Other assets	-	3,721,237	-	-	-	(63,158)	3,658,079
Financial investments at amortised cost	-	-	98,715	-	-	-	98,715
Total	8,785,566	35,268,616	4,809,689	21,951,941	45,805,385	(4,866,470)	111,754,727
Financial liabilities							
Borrowings	14,335,400	-	12,530,661	94,891,766	12,925,992	-	134,683,819
Accrued interest	-	1,128,357	-	-	-	-	1,128,357
Accounts payable and accrued liabilities	-	18,540,206	-	-	-	-	18,540,206
Total	14,335,400	19,668,563	12,530,661	94,891,766	12,925,992	-	154,352,382

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2024

26 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.

	2024 \$	2023 \$
Interest bearing loans and borrowings	115,406,523	134,683,819
Less: Cash	(15,865,257)	(31,722,047)
Net debt	99,541,266	102,961,772
Equity	63,502,953	61,426,802
Total capital	63,502,953	61,426,802
Capital and net debt	163,044,219	164,388,574
Gearing ratio	61%	63%

27 AUTHORITY DETAILS

Registered office:

Housing Authority Building, Saqa Street, Valelevu, Nasinu
P.O. Box 6472, Nasinu
Telephone: (679) 339 2977
Facsimile: (679) 334 0092
Email: info@housing.com.fj
www.housingfiji.com

Branches:

Lautoka
FDB Building, 38 Vitogo Parade, Ground Floor, Lautoka
P.O. Box 262, Lautoka
Telephone: (679) 666 0299
Facsimile: (679) 666 5602

Labasa
FNPF Building, Rosawa Street, Labasa
P.O. Box 78, Labasa
Telephone: (679) 881 1977
Facsimile: (679) 881 3919

Number of employees at the end of the year:

	2024	2023
Management	17	16
Staff	72	79
Project/Unestablished staff/Trainees	15	11
	104	106