

OFFICE OF THE AUDITOR GENERAL

Auditing for Better Public Sector Performance and Accountability



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File: 1282

28 September 2026

Sereana Qoro
Chairperson
Housing Authority of Fiji
VALELEVU

Dear Ms. Qoro

AUDITED FINANCIAL STATEMENTS
HOUSING AUTHORITY OF FIJI – 31 JULY 2025

Audited financial statements for Housing Authority of Fiji for the year ended 31 July 2025 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.

HOUSING AUTHORITY OF FIJI
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

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**HOUSING AUTHORITY OF FIJI
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2025**

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 2025, 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-25
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 2025 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:

	2025	2024
	\$	\$
Net profit before income tax	511,187	2,178,131
Income tax expense	-	-
Net profit for the year	<u>511,187</u>	<u>2,178,131</u>

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 2025 (2024: \$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.

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 17 day of September 2026.


Chairperson


Member

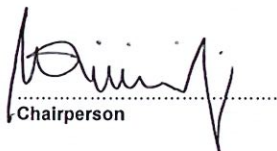
**HOUSING AUTHORITY OF FIJI
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 JULY 2025**

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 2025;
- (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 2025;
- (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 2025;
- (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 2025;
- (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 17 day of September 2026.


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 2025, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material 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 2025, 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 have 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 Accountants' 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.

Emphasis of Matter – Long outstanding Bonus payable balance

I draw attention to Note 17(a) of the financial statements, which describes that the Authority's other payables balance include a provision for bonus amounting to \$1,096,456 (2024: \$912,000) for management and staff. This provision has been carried forward since the 2019 financial year and also include amounts relating to employees who have since left the Authority.

I note that the continued recognition of this provision over an extended period, including amounts relating to former employees, gives rise to uncertainty regarding the appropriateness, and valuation of the liability.

My opinion is not modified in respect of this matter.

Other Information

The Management and Directors are responsible for the other information. The other information comprise 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 Those Charged with Governance for the Financial Statements

The Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

F. Seru

Finau Seru Nagera
AUDITOR-GENERAL



Suva, Fiji
28 September 2026

HOUSING AUTHORITY OF FIJI
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2025

	Notes	2025 \$	2024 \$
Interest income	6.1	4,275,545	4,430,478
Interest expense	7.1	(701,530)	(261,458)
Net interest income		3,574,015	4,169,020
Other operating income	6.2	8,757,780	6,545,597
Net operating income		12,331,795	10,714,617
Amortisation of intangible assets	14	68,348	64,813
Impairment loss on loans and advances		918,318	192,583
Cost of sales - land and houses		3,710,994	1,269,915
Depreciation of property, plant and equipment	13	556,693	497,093
Impairment loss on property, plant and equipment	13(a)	-	506,649
Other expenses	7.3	2,298,447	2,033,188
Personnel expenses	7.2	4,267,808	3,972,245
Total operating expense		11,820,608	8,536,486
Net profit before income tax		511,187	2,178,131
Income tax expense	5 (n)	-	-
Net profit after tax		511,187	2,178,131
Other comprehensive income			
Reversal of revaluation surplus of property, plant and equipment	13 (a)	-	(101,980)
Total comprehensive income		511,187	2,076,151

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 2025**

	Notes	2025 \$	2024 \$
Accumulated losses			
Balance at the beginning of the year		(2,179,741)	(4,357,872)
Profit for the year		511,187	2,178,131
Balance at the end of the year		<u>(1,668,554)</u>	<u>(2,179,741)</u>
Asset revaluation reserve			
Balance at the beginning of the year		7,951,817	8,053,797
Revaluation reversal during the year	13 (a)	-	(101,980)
Balance at the end of the year	20	<u>7,951,817</u>	<u>7,951,817</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>64,014,140</u>	<u>63,502,953</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 2025

	Notes	2025 \$	2024 \$
Current Assets			
Cash and cash equivalents	8	11,697,541	15,865,257
Investments at amortised cost	9	6,000,000	-
Loans and advances	10(a)	9,992,470	10,411,275
Inventories	11	89,209,351	91,589,475
Other assets	15	3,823,036	3,753,858
Total Current Assets		120,722,398	121,619,865
Non-Current Assets			
Loans and advances	10 (b)	57,146,651	60,018,115
Land held for future development	12	6,470,640	6,631,140
Intangible assets	14	198,397	154,315
Right of use assets	21	242,745	337,842
Property, plant and equipment	13	11,795,137	11,655,580
Total Non-Current Assets		75,853,570	78,796,992
TOTAL ASSETS		196,575,968	200,416,857
Current Liabilities			
Trade and other payables	17	18,466,430	20,890,586
Employee benefit liability	19	221,023	222,869
Provisions	18	50,000	50,000
Lease liability	21	95,922	93,020
Debt issued and borrowed funds	16 (a)	6,538,648	45,104,317
Total Current Liabilities		25,372,023	66,360,792
Non-Current Liabilities			
Lease liability	21	154,984	250,906
Debt issued and borrowed funds	16 (b)	107,034,821	70,302,206
Total Non-Current Liabilities		107,189,805	70,553,112
TOTAL LIABILITIES		132,561,828	136,913,904
EQUITY			
Capital	20	41,772,420	41,772,420
Accumulated losses		(1,668,554)	(2,179,741)
Government grant		15,958,457	15,958,457
Asset revaluation reserve	20	7,951,817	7,951,817
TOTAL EQUITY		64,014,140	63,502,953
TOTAL EQUITY AND LIABILITIES		196,575,968	200,416,857

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 2025

	Notes	2025 Inflows/ (Outflows) \$	2024 Inflows/ (Outflows) \$
Cash flows from Operating activities			
Interest received		4,271,974	4,429,396
Fees, charges and other income received		3,613,535	4,272,565
Proceeds from sale of land and houses	6.2	4,895,504	2,239,468
Interest and other finance costs paid	16 (c)	(691,617)	(1,048,860)
Net customer loans issued and repayments received		1,946,186	5,803,891
Payments to contractors for land		(1,330,869)	(3,340,343)
Net payments from Government grants		(80,618)	(16,559)
Other operating expenses paid		(8,295,885)	(8,062,487)
Cash flows from operating activities		4,328,210	4,277,071
Cash flows from Investing activities			
Payments for property plant and equipment and intangible assets		(808,679)	(889,897)
Proceeds from sale of plant and equipment		248,740	33,565
Proceed from short term investments, net		(6,000,000)	98,715
Cash flows used in investing activities		(6,559,939)	(757,617)
Cash flows from Financing activities			
Net repayment of borrowings	16 (c)	(1,833,054)	(19,277,296)
Lease payments	21	(102,933)	(98,948)
Cash flows from used in financing activities		(1,935,987)	(19,376,244)
Net decrease in cash and cash equivalents		(4,167,716)	(15,856,790)
Cash and cash equivalents at the beginning of the financial year		15,865,257	31,722,047
Cash and cash equivalents at the end of the financial year	8	11,697,541	15,865,257

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 2025**

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 2024 to 31 July 2025 were authorised for issue in accordance with a resolution of the Board of Directors on _____ 2026.

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 116 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 (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 2025:

Standard and amendment	Impact on the Authority
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	
Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7)	
Lack of Exchangeability-Amendments to IAS 21	
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	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
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS S1 - General requirements for disclosure of sustainability-related financial information)	1 January 2026
IFRS S2 - Climate-related disclosures.	1 January 2029
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.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

5 Summary of material accounting policies *continued*

(a) Financial Instruments *continued*

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.

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	2024 / 2025	2023 / 2024
Total Loans	\$ 73,055,948	\$ 75,427,899
Provisions for ECL on Loans	\$ (5,916,827)	\$ (4,998,509)
Total Net Loans	\$ 67,139,121	\$ 70,429,390

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.

5 Summary of material accounting policies *continued*

(a) Financial instruments *continued*

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.

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	\$ 55,413,595	\$ 457,207	\$ 54,956,388
Stage 2	30-90	7,628,520	\$ 224,489	\$ 7,404,031
Stage 3	> 91	5,296,250	\$ 517,548	\$ 4,778,702
Specific		4,717,583	\$ 4,717,583	-
Total		\$ 73,055,948	\$ 5,916,827	\$ 67,139,121

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 estimate 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.

5 Summary of material accounting policies *continued*
(a) Financial Instruments *continued*

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.

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

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.

5 Summary of material accounting policies *continued*

(b) Leased assets *continued*

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.

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.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

5 Summary of material accounting policies *continued*

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 Authority's corporate target and strategic direction from 2025 to 2030 is to deliver a total of 4,709 lots, comprising 3,423 standard lots and 1,286 lots with housing units.

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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5 Summary of material accounting policies *continued*

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.

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 comprise loans from the EXIM Bank of China for various development projects, as well as bonds issued to multiple financial institutions and banks. These borrowings are initially recognised at fair value. After initial recognition, they are subsequently measured at amortised cost using the effective interest method. Bond discounts are amortised on a straight-line basis over the life of the respective bond and recorded as interest expense. The loan from EXIM Bank of China, originally facilitated through the Ministry of Finance, has since been locally refinanced through HFC Bank. The refinancing arrangement spans five years and includes an interest rate of 3.25%, an establishment fee of 0.30%, and a monthly maintenance fee of 0.025%. Further details are disclosed 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.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

5 Summary of material accounting policies *continued*

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.

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.

6 INCOME	2025	2024
	\$	\$
6.1 Interest income		
Investment securities	43,558	95,746
Loans and advances	4,231,987	4,334,732
	<u>4,275,545</u>	<u>4,430,478</u>
6.2 Other operating income		
Fees and charges	3,471,743	3,317,037
Rent	67,628	67,749
Other income	322,905	921,343
Sale of land and houses	4,895,504	2,239,468
	<u>8,757,780</u>	<u>6,545,597</u>
7 EXPENSES		
7.1 Interest expense		
Bonds	470,971	729,601
Long term loans (a)	220,646	(481,172)
Interest on lease liability	9,913	13,029
	<u>701,530</u>	<u>261,458</u>
(a) Overaccrued interest expense relating to the Exim Bank loan from prior years, amounting to \$800,431, was reversed in year ended 31 July 2024 and offset against the Interest expense for year ended 31 July 2024.		
7.2 Personnel expenses		
Salaries and wages	3,304,940	3,127,137
Employee entitlements	376,551	297,041
Fiji National Provident Fund contribution	381,577	370,765
Other	204,740	177,302
	<u>4,267,808</u>	<u>3,972,245</u>

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

	2025 \$	2024 \$
7 EXPENSES continued		
7.3 Other expenses		
Auditor's remuneration - audit fees	45,000	45,000
Amortisation - leasehold land	160,000	14,953
Repairs and maintenance	44,214	329,634
Stock write-down	(85,352)	(3,385)
Other expenses	2,134,585	1,646,986
	<u>2,298,447</u>	<u>2,033,188</u>
8 CASH AND CASH EQUIVALENTS		
Cash on hand	1,650	1,650
Cash at bank	3,355,390	9,764,571
	<u>3,357,040</u>	<u>9,766,221</u>
Short-term deposits	8,340,501	6,099,036
Total cash and cash equivalents	<u>11,697,541</u>	<u>15,865,257</u>
9 INVESTMENTS AT AMORTISED COST		
Term deposits	<u>6,000,000</u>	<u>-</u>
Term deposits are held with financial institutions in Fiji for periods ranging from 2 months to 6 months. The interest rates on these deposits range from 0.10% to 2.05% per annum.		
10 LOANS AND ADVANCES		
(a) Current Asset		
Mortgage loans	11,808,535	11,774,834
Village scheme loans	1,761,967	1,267,871
	<u>13,370,502</u>	<u>13,042,705</u>
Less: Allowance for impairment loss	(3,378,032)	(2,631,430)
	<u>9,992,470</u>	<u>10,411,275</u>
(b) Non-Current Asset		
Mortgage loans	58,404,489	60,808,178
Village scheme loans	1,280,957	1,577,016
	<u>59,685,446</u>	<u>62,385,194</u>
Less: Allowance for impairment loss	(2,538,795)	(2,367,079)
	<u>57,146,651</u>	<u>60,018,115</u>
Total Loans and Advances	<u>67,139,121</u>	<u>70,429,390</u>
(c) Provision for Impairment		
At 1 August	4,998,509	4,803,312
Provision for the year	918,318	195,197
	<u>5,916,827</u>	<u>4,998,509</u>
At 31 July		
Individual impairment	4,717,584	3,831,676
Collective impairment	1,199,243	1,166,833
	<u>5,916,827</u>	<u>4,998,509</u>
Impairment allowance - Other receivables (Navision customer)	60,293	60,543
Total impairment allowance	<u>5,977,120</u>	<u>5,059,052</u>
Gross amount of loans, before deducting any individual or collectively assessed impairment allowance.	<u>73,055,948</u>	<u>75,427,899</u>

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.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

	2025 \$	2024 \$
11 INVENTORIES		
Developed lots	4,725,675	5,252,094
Less: Provision for developed lots write-down	(274,627)	(359,979)
	<u>4,451,048</u>	<u>4,892,115</u>
Unsold properties	167,873	140,948
Less: Provision for unsold properties write-down	(136,969)	(136,969)
	<u>30,904</u>	<u>3,979</u>
Development work-in-progress	84,727,399	86,693,381
Total inventories	<u>89,209,351</u>	<u>91,589,475</u>

(a) Borrowing cost for the financial year at a rate of 1.55%, amounting to \$31,476 (2024:\$8,279 (1.39%)) has been capitalised to development work in progress.

12 LAND HELD FOR FUTURE DEVELOPMENT

Freehold land		
- at deemed cost	102,000	102,000
Leasehold land – at cost	6,984,001	6,984,501
Less: Provision for amortisation of leasehold land	(615,361)	(455,361)
Total land held for future development	<u>6,470,640</u>	<u>6,631,140</u>

13 PROPERTY, PLANT AND EQUIPMENT

Property

Valuation:

At 1 August	11,974,781	12,642,841
Additions	127,043	-
Impairment loss (a)	-	(668,060)
Disposals	(238,727)	-
At 31 July	<u>11,863,097</u>	<u>11,974,781</u>

Depreciation and impairment:

At 1 August	1,897,804	1,760,406
Depreciation charge for the year	184,748	196,829
Disposals	(238,727)	-
Depreciation charge on impairment	-	(59,431)
At 31 July	<u>1,843,825</u>	<u>1,897,804</u>

Net written down value - properties

<u>10,019,272</u>	<u>10,076,977</u>
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(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 \$608,628 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 2025 remain similar to prior years, based on their assessment carried out for the year ended 31 July 2025.

Furniture and fittings

Cost:

At 1 August	2,220,397	1,966,024
Additions	6,216	254,373
Disposals	(14,579)	-
At 31 July	<u>2,212,034</u>	<u>2,220,397</u>

Depreciation and impairment:

At 1 August	1,750,477	1,673,626
Depreciation charge for the year	96,115	76,851
Disposals	(14,579)	-
At 31 July	<u>1,832,013</u>	<u>1,750,477</u>

Net written down value - furniture and fittings

<u>380,021</u>	<u>469,920</u>
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HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

	2025 \$	2024 \$
13 PROPERTY, PLANT AND EQUIPMENT <i>continued</i>		
<u>Staff houses</u>		
Valuation:		
At 1 August	20,823	20,823
At 31 July	20,823	20,823
Depreciation and impairment:		
At 1 August	20,823	20,823
At 31 July	20,823	20,823
Net written down value - staff houses	-	-
<u>Motor vehicles</u>		
Cost:		
At 1 August	741,268	775,393
Additions	542,000	74,714
Disposals	(598,654)	(108,839)
At 31 July	684,614	741,268
Depreciation and impairment:		
At 1 August	664,540	749,059
Depreciation charge for the year	97,712	24,320
Disposals	(598,654)	(108,839)
At 31 July	163,598	664,540
Net written down value - motor vehicles	521,016	76,728
<u>Computer equipment</u>		
Cost:		
At 1 August	1,861,171	1,842,267
Additions	93,041	18,904
Disposals	(2,066)	-
At 31 July	1,952,146	1,861,171
Depreciation and impairment:		
At 1 August	1,415,463	1,242,376
Depreciation charge for the year	178,118	173,087
Disposals	(2,066)	-
At 31 July	1,591,515	1,415,463
Net written down value - computer equipment	360,631	445,708
<u>Others</u>		
Cost:		
At 1 August	379,670	379,670
At 31 July	379,670	379,670
Depreciation and impairment:		
At 1 August	379,670	353,664
Depreciation charge for the year	-	26,006
At 31 July	379,670	379,670
Net written down value - others	-	-

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

	2025	2024
	\$	\$
13 PROPERTY, PLANT AND EQUIPMENT <i>continued</i>		
<u>Work in progress</u>		
Cost:		
At 1 August	586,248	49,883
Additions	857,822	889,899
Transfers	(929,872)	(353,534)
Net written down value - work in progress	514,198	586,248
<u>Total</u>		
Cost / valuation:		
At 1 August	17,784,358	17,676,901
Additions	1,626,122	1,237,890
Disposals/adjustments	(854,026)	(1,130,433)
Transfers	(929,872)	-
At 31 July	17,626,582	17,784,358
Depreciation and impairment:		
At 1 August	6,128,778	5,799,955
Depreciation charge for the year	556,693	497,093
Disposals and impairment losses	(854,026)	(168,270)
At 31 July	5,831,445	6,128,778
Net written down value - total	11,795,137	11,655,580
14 INTANGIBLE ASSETS		
Cost:		
At 1 August	3,384,023	3,378,480
Additions	112,430	5,543
At 31 July	3,496,453	3,384,023
Depreciation and impairment:		
At 1 August	3,229,708	3,164,895
Amortisation charge for the year	68,348	64,813
At 31 July	3,298,056	3,229,708
Net written down value - intangible assets	198,397	154,315
15 OTHER ASSETS		
Advance - FNPF settlement	4,539	220,871
Sundry debtors and prepayments	2,143,571	2,364,252
Stationery stock	17,098	13,504
Interest receivable	25,780	22,458
Value Added Tax receivable	1,632,048	1,132,773
	3,823,036	3,753,858
16 DEBT ISSUED AND BORROWED FUNDS		
	Effective interest rate %	
(a) <u>Current</u>		
Bonds	3.36%	5,000,000
Loans	3.25%	1,538,648
		6,538,648
(b) <u>Non current</u>		
Bonds	0.25%	90,689,890
Loans	3.25%	16,344,931
		107,034,821
Total debt issued and borrowed funds		113,573,469
		115,406,523

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

16 DEBT ISSUED AND BORROWED FUNDS *continued*

(b) Non current *continued*

	<u>Maturity</u>
Bonds	2025 to 2030
Loans	2025 to 2035

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

The loan was subsequently localised in July 2025 through HFC Bank at a value of FJD 17,883,579, with a fixed interest rate of 3.25% over a 10-year term.

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

	<u>Loans</u> <u>(\$)</u>	<u>Bonds</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
Balance at 1 August 2024	21,550,707	93,855,816	115,406,523
Other changes - liability related			
Interest expense	220,646	470,971	691,617
Interest paid	(220,646)	(470,971)	(691,617)
Total liability related other charges	-	-	-
Changes from financing cash flows			
Proceeds from loans and bonds issued	17,883,579	29,161,825	47,045,404
Settlements made during the year	(21,550,707)	(27,327,751)	(48,878,458)
Total changes from financing cash flows	(3,667,128)	1,834,074	(1,833,054)
Balance at 31 July 2025	<u>17,883,579</u>	<u>95,689,890</u>	<u>113,573,469</u>
	2025	2024	
	\$	\$	

17 TRADE AND OTHER PAYABLES

Interest payable	52,857	231,470
Insurance payable	86,501	161,644
Government grant received in advance	10,818,131	10,898,749
Customer accounts with credit balance	1,246,839	1,672,850
Trade payables and accruals (a)	6,262,102	7,925,873
	<u>18,466,430</u>	<u>20,890,586</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.

- (a) The accrual balance includes a bonus provision of \$1,096,456 (2024: \$912,000), which has been accumulated since the 2019 financial year for management and staff. The provision is calculated based on KPI achievements of management and staff during the year. The entitlement to bonus payments is stipulated in the employment contracts of management and in the collective agreement entered into in 1999 for staff. The provision also includes amounts payable to employees who have already left the Authority. The bonus is accrued at the time of finalising the financial statements and is paid once the annual report is submitted to the Ministry of Housing and Public Enterprise for endorsement. The payment remains outstanding as the annual reports have not yet been submitted for endorsement.

18 PROVISIONS

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

At 1 August	50,000	50,000
At 31 July	50,000	50,000
Represented by:		
Current	50,000	50,000

19 EMPLOYEE BENEFIT LIABILITY

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

At 1 August	222,869	242,354
Arising during the year	167,235	147,639
Utilised	(169,081)	(167,124)
At 31 July	<u>221,023</u>	<u>222,869</u>
Represented by:		
Current	<u>221,023</u>	<u>222,869</u>

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

	2025	2024
	\$	\$
20 CAPITAL AND RESERVES		
Capital	41,772,420	41,772,420
<u>Asset Revaluation Reserve</u>		
At 1 August	7,951,817	8,053,797
Revaluation reversal Note 13 (a)	-	(101,980)
At 31 July	7,951,817	7,951,817

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	337,842	356,381
Additions	-	69,852
Depreciation expense	(95,097)	(88,391)
As at 31 July	242,745	337,842

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

As at 1 August	343,926	359,993
Additions	-	69,852
Accretion of interest	9,913	13,029
Payments	(102,933)	(98,948)
As at 31 July	250,906	343,926

Current	95,922	93,020
Non-current	154,984	250,906
	250,906	343,926

The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	95,097	88,391
Interest expense on lease liabilities	9,913	13,029
Total amount recognised in profit or loss	105,010	101,420

The Authority had total cash outflows for leases of \$102,933 during the year ended 31 July 2025 (2024: \$98,948).

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:

Contingent liabilities		
Energy Fiji Limited	5,024	5,024
Department of Environment	94,650	94,650
	99,674	99,674
Commitments		
Operating lease commitments	385,195	117,488
Capital commitments	115,020,861	42,163,299
	115,406,056	42,280,787
Total	115,505,730	42,380,461

Capital commitment of \$115 million comprises \$100 million for capital projects, \$5 million for furniture, fittings, server upgrades, vehicles, and hardware, and \$10 million for mortgage financing.

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:

<u>Guarantee</u>		
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:

	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-25
Ms. Florence Takinana	26-Oct-21	25-Oct-24
Mr. Ravikant Ritesh Singh	24-Oct-24	23-Oct-27 (Resig)

(b) Transactions with related parties

Transactions with related parties during the year ended 31 July 2025 with approximate transaction value are summarised as

	2025	2024
	\$	\$
Board expenses and allowances	81,020	55,553

(c) Compensation of key management personnel

Short term employee benefits	680,196	768,064
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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

		Appointed	Serve Until
Ritesh Singh	Chief Executive Officer	07-Mar-22	06-Mar-25
Poasa Verevakabau	General Manager Finance, Administration & Business Transformation	01-Jun-24	30-May-27
Raveena Kumar	General Manager Lending	04-May-20	31-Jul-25
Renee Duguivalu	General Manager Land & Housing Development	26-Sept-22	09-May-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. 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. 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. 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. 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. 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 cash flows 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	Net Maximum Exposure
	2025	2024
	\$	\$
Loans and advances (Note 10)	67,139,121	70,429,390
Total credit exposure	67,139,121	70,429,390

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

25. Interest rate risk

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

	2025	2024
	\$	\$
Financial assets	87,396,449	81,526,935
Financial liabilities	113,573,469	115,406,523

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
2025	+10 bp	114
	- 10 bp	(114)
2024	+10 bp	125
	- 10 bp	(125)

25. 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.

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

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 2025

	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	3,357,040	-	-	-	-	-	3,357,040
Investments	-	8,340,501	8,000,000	-	-	-	14,340,501
Loans and advances	7,056,344	1,727,123	4,618,484	18,915,370	40,738,627	(5,916,827)	67,139,121
Other assets	-	3,883,329	-	-	-	(60,293)	3,823,036
Total	10,413,384	13,950,953	10,618,484	18,915,370	40,738,627	(5,977,120)	88,659,698

Financial liabilities							
Borrowings	-	379,993	6,158,655	97,369,081	9,665,740	-	113,573,469
Accrued interest	-	52,857	-	-	-	-	52,857
Accounts payable and accrued liabilities	-	18,413,573	-	-	-	-	18,413,573
Lease Liability	-	23,704	72,218	154,984	-	-	250,906
Total		18,870,127	6,230,873	97,524,065	9,665,740	-	132,290,805

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)	89,987,962

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 Lease Liability	-	20,659,116	-	-	-	-	20,659,116
	-	25,733	67,287	250,906	-	-	343,926
Total		40,199,926	11,981,589	79,483,938	4,631,656	-	136,297,109

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.

	2025 \$	2024 \$
Interest bearing loans and borrowings	113,573,469	115,406,523
Less: Cash	(11,697,541)	(15,865,257)
Net debt	101,875,928	99,541,266
Equity	64,014,140	63,502,953
Total capital	64,014,140	63,502,953
Capital and net debt	165,890,068	163,044,219
Gearing ratio	61%	61%

HOUSING AUTHORITY OF FIJI
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2025

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:

	2025	2024
Management	8	17
Staff	81	72
Project/Unestablished staff/Trainees	14	15
	103	104