

**ESWATINI
HOUSING BOARD**

2021

**ANNUAL
REPORT**

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Our Mandate

BACKGROUND

Formerly known as the Industrial Housing Company, the Eswatini Housing Board was established in 1988 through the National Housing Board Act No. 3 (the Act).

EHB is a Category A Public Enterprise which reports to Government through the Ministry of Housing and Urban Development (MHUD).

As a statutory body, EHB adheres to the dictates of the Public Enterprise (Monitoring & Control) Act that establishes the Public Enterprise Unit which monitors the apt functioning of all parastatals and the organization is run by a board of directors appointed by the Minister for Housing and Urban Development.

MANDATE

The Board's mandate is spelt out in Section 4 of the Act. It is to provide affordable housing generally in Eswatini and this entails property acquisition, construction and development for both rental and disposal purposes as well as the take over of housing schemes at government's instance.

To fulfill this mandate, EHB has, since its inception, constructed rental accommodation for low and middle income earners and further developed townships where Eswatini are afforded the opportunity to purchase plots and houses for ownership.

To date, EHB has provided over a thousand rental units at affordable local rates within the densely populated urban areas and has handed over numerous plots on title deed land for development by Eswatini Citizens.

We have also made available scores of houses for ownership by locals, which has ensured easier access to property ownership through our landmark township developments.

EHB is also mandated by its founding legislation, to provide housing finance to Eswatini wishing to develop properties. To meet this mandate, EHB has commenced investigations into the resources and processes that would enable it to realize its goal of property financing.

As a statutory entity, our staff and management adhere to set standards of moral and ethical conduct ensuring that at each touch-point, members of staff offer high quality service to resident tenants and prospective home owners.

As a collective body, we commit ourselves to adhere to the principles of good corporate governance, constantly referring to and aligning ourselves with our mandate, mission and vision, without abandoning our values which are at the helm of our existence.

Our Values



MISSION

To promote home ownership by providing quality products and services to Emaswati.

VISION

Sustainable home ownership through affordable housing solutions



**MINISTER OF HOUSING AND URBAN DEVELOPMENT,
HONOURABLE PRINCE SIMELANE**



BOARD OF DIRECTORS



Dumsani D. Dlamini
Chairman of the Board



Mduduzi M. D. Dlamini
Chief Executive Officer



Sibongile G. Mdluli
Member



Amb. Clifford S. Mamba
Member



Patrick M. Bhembe
Member



Snethemba E. Khumalo
Member



Mxolisi Fakudze
Member



Khulile G. Dlamini
Secretary to the Board

CHAIRMAN'S REPORT



“In pursuit of its mandate, the EHB continued to make progress in the provision of housing to Emaswati. This is evidenced by the completion of Woodlands II Township in Mbabane and the construction of affordable housing units at Mhobodleni

Dumsani D. Dlamini
Chairman of the Board

1.0 Introduction

It is my pleasure to present to you information on the financial performance of Eswatini Housing Board (EHB) for the year ended 31 March, 2021.

The results presented herein demonstrate the Board's commitment to promote home ownership and develop sustainable human settlements for Emaswati on behalf of the Government of Eswatini.

2.0 The Year in Review

With the board term having ended on 30th November, 2020, this reporting period was the third year of the current five-year strategy that was crafted by the board known as *Strategy 2023*.

The board continued with its oversight function as Management proceeded with the implementation of *Strategy 2023*.

The Balanced Scorecard system is used to manage the implementation of the strategy and during this reporting period Management continued to focus on the Improving Organizational Capacity perspective and a few activities in the Business Processes perspective.

These two bottom perspectives speak to capacitating the organization to enable it to achieve the ultimate goal of product & service delivery for sustainability and customer and stakeholder satisfaction.

In pursuit of its mandate, the EHB continued to make progress in the provision of housing to Emaswati. This is evidenced by the completion of Woodlands II Township in Mbabane and the construction of affordable housing units at Mhobodleni Township in Manzini taking the total of townships available for sale to four, including Mabuya and Nkhanini Townships. The product specifications are modified constantly to match the customer affordability levels.

CHAIRMAN'S REPORT (continued)

With the advent of the Covid 19 pandemic that worsened the organization's already precarious financial position, planned new township development projects could not be undertaken. These projects included infrastructure development in Pigg's Peak, sectional title cluster houses at Woodlands II, amongst others.

3.0 Highlights of Financial Performance

Revenue increased during the year under review by 28% from E65 million in the previous year to E84 million. Revenue from rental income makes up 43% of the total revenue, 38% is from sale of serviced plots and houses and 17.5% is from Institutional Housing Project. Cost of sales increased by approximately 47% from E26 million to E38 million.

Operating losses decreased from E33 million in the previous year to a profit of E20 million in the current year as there was a decrease in finance charges of E10 million due to lower interest rates and also the government subvention of E9 million. Borrowings, excluding IHP loans decreased from E160 million prior year to E140 million in the current year.

In line with IFRIC 12, the EHB recognizes a financial asset representing the Board's unconditional right to receive cash from the Government in the form of user fees for the IHP units. The Board continued to service existing obligations relating to loans held with Eswatini Building Society, First National Bank and Eswatini Bank in respect of other various projects. Trade and other payables increased by 5.5% from E32 million to E34 million during the year because of increase in deferred income from IHP.

4.0 Challenges

EHB continues to struggle to realize meaningful growth due to the high input costs. In the country, property developers bear the full cost of infrastructure development which is subsequently handed over to local authorities and utility service providers to generate revenue and maintain. Also, the lack of adequate land inventory and the

prohibitive costs of credit makes the development of the much-needed human settlements to be ad hoc few and farstretched in between thereby hindering the improvement of the nation's quality of life through the provision of affordable and sustainable housing products.

The task remains for the Board to continually engage Government on the supply of land inventory country wide and a long-term strategy to either subsidize the controlled rentals, or remove the tariff controls to ensure that the EHB continues as a sustainable business.

As mentioned, rental income continues to be constrained by Government control on annual escalations, whereas the costs of maintaining the rental portfolio are all market driven. Consequently, expenditure on critical capital projects and maintenance to the rental units have to be continuously curtailed for the organization to remain afloat.

A conversation with Government on the recapitalization of the business is being pursued considering the seriously threatened financial position of the business due to its strained cash flow position exacerbated by the high rate of long-term debts.

5.0 The Year Ahead

As earlier stated, the Board's term ended four months prior to the end of the fiscal year, however as planned, the key activity is the continues monitoring and implementation of *Strategy 2023*. The periodic reviews of the strategy enable management to align it to the ever-changing trading environment.

Notwithstanding the uncertain future that lies ahead, focus areas for the organization are outlined below;

1. Engaging government as the shareholder on subvention and recapitalization of the business, extension of the Institutional

CHAIRMAN'S REPORT (continued)

- Housing Project and land allocation in strategic areas.
2. Continuing with efforts to reduce the long-term debts to improve cashflow to enable the fulfilment of the Board's mandate.
 3. Enhancing the sustainability of the organization by increasing its product and service offering, such as availing development consultancy services and the activation of the already licensed internal housing finance unit, amongst others.

I am confident that under the capable leadership of the incoming board, further strategies will be crafted to ensure sustainable home ownership by Emaswati through the provision of affordable housing solutions.

6.0 Going concern

Whilst the EHB as a business is able to continue as a going concern, the Board remains aware of the risk posed by the reliance on Government for the Institutional Housing Project loan repayments. This emanates from the fact that EHB has a loan agreement with the project financiers whose repayment is funded by the Government rentals/user fees.

The Board however, successfully negotiated with Government for the reclassification of these user fees in the budget estimates, correctly elevating it to a statutory obligation since it is backed by a guarantee.

Further, discussions have also been held with Government regarding the issuing of a guarantee to enable the Board to raise low-cost finance for development projects and offering of credit terms to the Housing Board property buyers.

7.0 Conclusion

On behalf of the erstwhile board of directors of Eswatini Housing Board, I extend my gratitude to management and staff for their commitment and resilience throughout the year despite the challenging operating environment.

Profound appreciation goes to the Honorable Minister for Housing & Urban Development for having entrusted us with the task of leading the organization, it is our hope that we lived up to his expectations, with the much-needed support and cooperation from officials from the line Ministry and government at large.

To EHB customers and key stakeholders, I also express the Board's gratefulness for the support, contribution and cooperation throughout our term and trust that this spirit will be accorded to the new governing body as they take the baton and run with it, capably leading Luphahla and the people of Eswatini to a brighter and sheltered future!



Dumsani D. Dlamini
Chairman of the Board

EXECUTIVE MANAGEMENT



MR. MDUDUZI M.D. DLAMINI

Chief Executive Officer

- Masters in Urban Planning
- Bachelor of Science
- Property Development and Management
- Certified Balanced Scorecard KPI Professional
- Board Member at SBC Limited, Greystone Partners, Industrial Development Company of Eswatini,
- Member of the South African Institute of Directors

Key Responsibilities

- Strategic Planning & Implementation
- Leadership & organizational development
- Key Stakeholder Relationship Management

EXECUTIVE MANAGEMENT (continued)



MRS. SETSABILE NHLABATSI

Head of Finance

- Masters of Philosophy in Development Finance
- Certified Chartered Accountant— UK
- Bachelor of Commerce - UNESWA
- Fellow Certified Accountant (FCCA)
- Registered Accountant (CA) SD

Key Responsibilities

- Finance
- Information Technology
- Procurement



MRS. KHULILE DLUDLU

Head of Corporate Services

- LLB
- B. A Law
- Certified BSC Practitioner
- Admitted Attorney, High Court of Eswatini
- Member of Eswatini Law Society
- Board member of Eswatini Hospice at Home
- Member of the Chartered Governance Institute of Southern Africa

Key Responsibilities

- Company Secretary
- Legal Advisor
- Marketing and Corporate Communications



MR. SANELE BHEMBE

Head of Property Management

- Advance Project Management
- Bachelor of Science, Civil Engineering
- Bachelor of Science
- Professional Engineer, Engineering Council of South Africa
- Member of the South African Institute of Civil Engineering

Key Responsibilities

- Lifecycle Asset Management
- Facilities Management
- Project Management

EXECUTIVE MANAGEMENT (continued)



MS. SIBONGILE VILAKATI

Head of Property Development

- Bachelor of Science, Civil Engineering
- Data Science and Business Analytics
- Professional Property Development (CPMD, SA)

Key Responsibilities

- Project Delivery
- Project Management
- Property Sales



MR. LINDA MKHWANAZI

Head of Risk and Audit

- Certified Chattered Accountant (ACCA)
- Bachelor of Commerce (Accounting)
- Member of the Association of Certified Chartered Accountants
- Member of the Institute of Internal Auditors (AII)
- Member of Eswatini Institute of Accountants (EIA)

Key Responsibilities

- Internal Audit
- Advisory
- Risk Management



MRS. NOKUTHULA DLAMINI

Head of Human Resources

- Bachelor of Education
- Masters in Business Leadership
- Member of the Institute of People Management (SA)
- Member of the Institute of People Management (Eswatini)
- Certified Strategy & Performance Measurement Practitioner

Key Responsibilities

CEO'S REPORT



“No new projects were initiated during the year, however EHB undertook high level feasibility studies of numerous projects that create the project pipeline of projects that will be executed once the necessary financial and economic requirements have been met.”

MDUDUZI M.D. DLAMINI
Chief Executive Officer

1.0 The Year in Review

The year in review is the third year in the current five-year strategy known as “*Strategy 2023*”. Although the year was, in all respects, an extremely difficult year, the Board maintained its commitment to improve home ownership by Eswatini citizens and to develop sustainable human settlements on behalf of the government. This is evident from the completion and commencement of selling of Woodlands II Township in Mbabane and the construction of affordable housing at Mhobodleni Township in Manzini which was sold out, indicating a high demand for housing by the low to middle income earners.

No new projects were initiated during the year, however EHB undertook high level feasibility studies of numerous projects that create the project pipeline of projects that will be executed once the necessary financial and economic requirements have been met.

2.0 Strategy and Governance

2.1 Management earnestly continued with the implementation of *Strategy 2023* and due to the advent of the disruptive Covid-19 pandemic, the organization was compelled to accelerate the implementation of its Digital Transformation Strategy. Microsoft 365 was deployed to the management team as a pilot phase with the intention of rolling it out to the rest of the staff in the coming financial year. To enable remote working, VPN access was configured for the security of EHB’s systems considering the increased exposure to cyber risks.

2.2 The term of the board of directors came to an end on 30th November 2020 hence in the last quarter of the year operations continued without a board of directors in place. However, management continued with operations and relied on the Principal Secretary in the line Ministry for oversight as he is an ex officio member of the board. The appointment of a new board is eagerly awaited as it will lead the

CEO's Report (continued)

crafting of a new strategy for the period from the year 2023.

3.0 Highlights from operations

3.1 Following the complete national lockdown, COVID-19 Protocols were developed and implemented, and a Return-to-Work Procedure in line with OHS Act, 2001 and the COVID-19 Regulations. The Return-to-Work Procedure set out minimum requirements to be applied by EHB for safe resumption of operations in a manner that minimised the risk of COVID-19 transmission in the workplace. The Company further introduced a fortnightly shift system to enable social distancing in the workplace and further provided sanitizers, alcohol wipes and masks for staff.

3.2 The EHB Performance Management System continued to be implemented in a phased approach with the Executive, Management and Supervisory levels successfully participating in a full performance management cycle. Performance contracts were signed, mid-year reviews and year-end reviews were successfully conducted for these levels.

3.3 Eswatini Housing Board participated in Eswatini Enviro-Tourism Symposium and Temvelo Awards 2020, wherein the EHB CEO was a panelist of the climate change and settlements session. Eswatini Housing Board won the Green Parastatal Award 2020 and was second runner up for the Energy Efficiency Award 2020.

3.4 The organization successfully conducted her first ever internal commemoration of the Earth Hour 2021. The Earth Hour launch was conducted on 22 March 2021 and followed by distribution of the "Phatsa Sakho" reusable shopping bags to staff and customers on 24 and 25 March 2021. On the 27th March 2021 a virtual switch off event was held successfully and staff was also encouraged to participate in the event at their respective homes.

3.5 Also undertaken were initiatives specifically targeted at improving the customer experience in EHB rental housing estates, these include the

installation of an electronic access control system at Enhlanhleri estate, installation of kitchen and bedroom cupboards at Matsapha estate and fencing at Kuyehlela. A Tenant Reward & Recognition Programme was implemented for the benefit of those customers who pay their rental on time, they are automatically entered into a lucky draw conducted quarterly where they stand a chance to win cash vouchers.

3.6 In response to the effects of Covid-19, tenants were given two months rental payment leeway. This however led to a high default rate as tenants failed to honor the payment arrangements made. Debtors as at 31 March 2021 stood at over E2.7 million.

All these operational activities progressed under the guidance of the much-needed risk management strategies, policies, processes and plans provided by the Internal Audit and Risk department that plays an overall oversight role to ensure appropriate corporate governance and a strong internal control environment.

4.0 Challenges

4.1 The business continues to operate despite the challenges of a struggling economy, political unrest, and rising input costs including fuel, building supplies and utilities, amongst others. We were able to sell 43 properties at Woodlands 2 Township, realising income of almost E 19 million. Although this is more than 50% below budget, it represents a great effort in a difficult trading environment for our property development team. We applaud them!

4.2 Notwithstanding the conditions of our rental units due to the passage of time, our estates continue to house many EmaSwati who work in the Mbabane-Manzini corridor. We saw an increase in the vacancy rate during the year due to the adverse effects of the pandemic. We hope to be able to attract more customers in the coming year with our recently fitted and refurbished units in Matsapha and Mbangweni in Mbabane. The refurbishment project is ongoing as determined by the availability of funds.

CEO's Report (continued)

4.3 The two core business units, the rental and property development, continue to operate under great strain and without growth. This is largely attributable to a number of factors that include the unfunded mandate, controlled tariffs, high costs of credit and an overly regulated operating environment with an added layer of costs. This significantly limits the rate at which housing units are delivered and impacts the ability of the ordinary Liswati to access the housing products on offer.

The task remains for the Board to continually engage Government on the provision of land for inventory, re-capitalization of the business and a long-term strategy to either subsidize the controlled rentals or remove the tariff controls to assist the EHB towards operating as a self-sufficient business.

5.0 The Year Ahead

The key activity is the continued monitoring and implementation of Strategy 2023 which will be in its penultimate year of implementation. A new strategy will be crafted under the leadership of a new board of directors.

The Board's focus for the year ahead will, amongst other things, be on the migration of the core business system, MS Dynamics, onto the cloud-based equivalent so that staff can connect to EHB systems and work virtually from any location. The EHB will also migrate to an electronic records Management system also to enable remote access to all our information, and workflows on a digital platform.

Also, to be continued are the already underway efforts to reduce the long-term debt to improve cash flow to enable the fulfilment of the Board's mandate.

Enhancing the sustainability of the organization through increasing the product range it has on offer such as offering development consultancy services to third parties and establishing an internal housing finance unit, amongst others.

The review of key business processes to adapt to the 'new normal' way of doing business remains an ongoing activity.

6.0 Conclusion

On behalf of management and staff of Eswatini Housing Board, I extend my heartfelt gratitude to the outgoing board of directors for their invaluable leadership and guidance throughout the year despite the challenging operating environment. Special and warm appreciation goes to our principal, The Ministry of Housing & Urban Development, for believing in us and the continued unwavering support as we endeavor to fulfill the mandate. To EHB customers and other key stakeholders, thank for your patronage, contribution and cooperation with the EHB family. We pledge our commitment to serve you even better as we look forward to a better future with renewed hope.



MDUDUZI M.D. DLAMINI
Chief Executive Officer

MANAGEMENT



Buyile Dlamini-Nojekwa
Business Development Manager

- BAdmin, Public Management
- BAdmin Public Management Honours



Mzwandile Shongwe
Finance Manager

- BCom Accounting



Wandile Simelane
Project Manager

- M.Eng.(Civil Engineering)
- B. Eng. (Civil Engineering)
- Registered Candidate Construction Project Manager (SACPCMP)



Lungile Sibandze
Information Technology Manager

- BSc Mathematics and Computer Science
- Management Development Programme
- Digital Transformation



Malungisa Khumalo
GIS Manager

- B Soc Sc (Geography and Environment Management)



Nozipho Dlamini
SHEQ Manager

- BSc Environmental Health Science (Occupational Health)
- Member of the International Association of Impact Assessors

MANAGEMENT (continued)



Milton Dlamini
Internal Audit Manager

- BCom Accounting
- Member of Institute of Internal Auditors
- Certified Strategy & Performance Measurement Practitioner



Thobile Dlamini
Property Services Manager (Leasing)

- BCom Management
- Property Management Programme



Nonkululeko Msibi
Centre Manager

- BA Humanities
- Shopping Centre Management
- Member of the South African Council of Shopping centres



Phumzile Madonsela
Sales Manager

- BA Social Science
- Management Development Programme
- National Diploma Real Estate



Philile Lukhele
Administration Manager

- BA Information Science
- Fundamental Management Programme
- PGD Business Administration



Phumlani Kunene
Property Services Manager (Maintenance)

- BSc Quantity Surveying
- BSc Electronics Engineering

MANAGEMENT (continued)



Bonsile Thwala

Human Resources Manager

- BCom (Honours) - Human Resources Management
- Post Graduate Diploma Organisational Development
- Certified Strategy & Performance Measurement Practitioner
- Member of the Institute of People Management









Zamekile Mtsetfwa

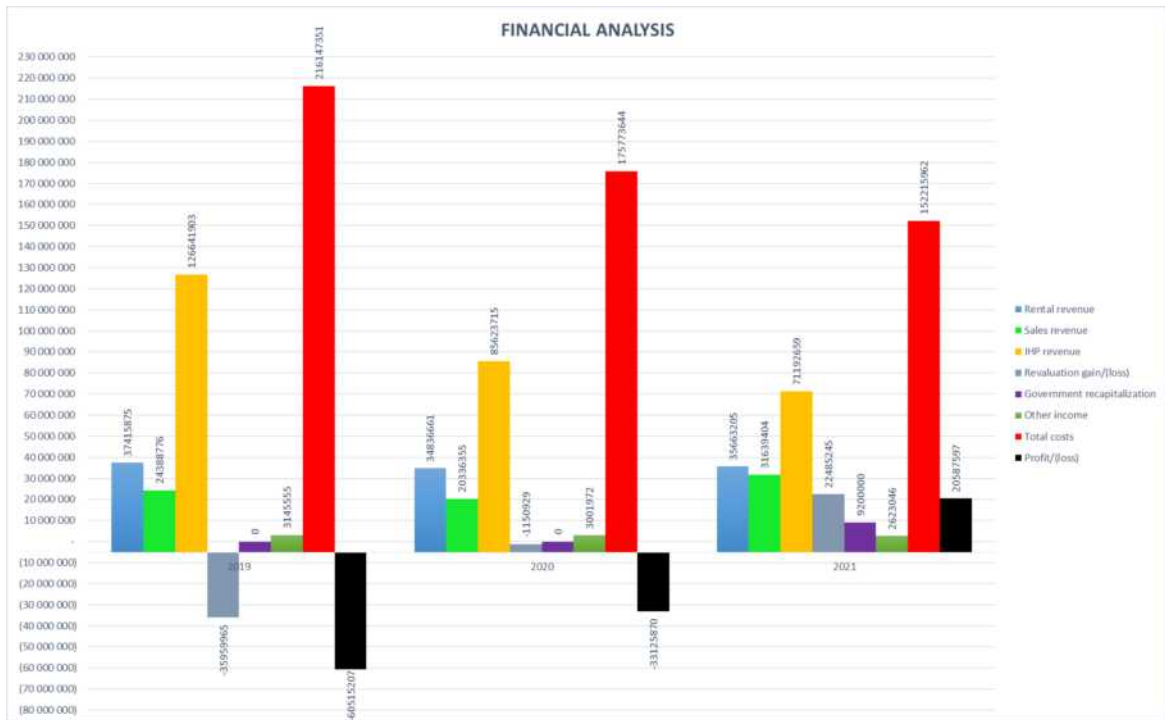
Property Services Manager (Maintenance)

- BSc (Honours) Quantity Surveying

FINANCIAL HIGHLIGHTS

		% Change	2021 E'000	2020 E'000
1. Profit Before Tax				
Profit before tax improved by 162% from a loss of E33.125 million in the previous year to a profit of E20.5 million. This is due to the E22m fair value gain on investment properties, a decrease in borrowing costs and the E9.2m grant received from government.		162,1%	20 587,00	(33 125,00)
2. Net income before fair value adjustments				
Net income before fair value adjustments improved from a loss of E31.9m prior year to a net loss of E1.89 million current year. This reflects a 94% improvement due to a decrease in borrowing costs and the E9.2m recapitalization grant received from government.		94,1%	(1898,00)	(31,975,00)
3. Total Assets				
The Board's financial position decreased by 6% from E1.218 billion to E1.144 billion. This reduction is attributable to a decrease in land inventory values as sales progress and a decrease in IHP receivables as payments are received from government.		-6,1%	1 144 108,00	1 218 734,00
4. Company Borrowings				
Borrowings decreased by 10.6% from E899.2 million to E804 million. This is due to consistent repayments and the settlement of the Nedbank loan facility during the year.		-10.6%	804 056,00	899 271,00
5. Debt Ratio				
The debt ratio has decreased from 78% to 75% due to accelerated repayments made to financiers during the year and the fact that there were no new loan facilities taken during the year.		-4,2%	75%	78%
6. Current Ratio				
The current ratio has deteriorated from 2.71 to 2.55 in the year under review. This is due to a decrease in land inventory as township sales progress and the increased value of amounts payable in the next 12 months to suppliers and financiers as loan facilities now all fully drawn down.		-5.9%	2,55	2,71

FINANCIAL HIGHLIGHTS



Revenue

Total revenue increased during the year due to an upward revision of rental rates, an increase in property sales and IHP revenue. During the year, the company ran a sales campaign of paying the transfer costs in order to attract more buyers as most customers usually struggle to raise this statutory levy. Also, for the first time this year, Government paid E9.2 million to the Housing Board as a recapitalization grant.



Total costs

There was a decrease in total costs due to a significant decrease in borrowing costs as overall loan balances reduced plus the downward revision of interest rates during the year. Also, some planned activities were suspended during the Covid-19 lockdown and only priority activities were undertaken in consideration of available cash resources. Liquidity challenges also resulted in the curtailment of other critical projects including rental units refurbishment and technological infrastructure and systems updates.



Financial position

The Board's asset base comprises mainly of the investment properties which are revalued annually using the income valuation method. There was an increase in the value of the investment properties of E22m in the current year due to the increase in rentals. The IHP receivable and land inventory also make up a significant portion of the asset base. The IHP receivable represents monies (user fees) payable by Government to the Housing Board for the IHP units in line with signed agreements. The reduction in the receivable balance compared to prior year is due to the payments made by Government during the year. Land inventory balances also reduced because there were no new township developments this year as the Board was focusing on selling the existing developed properties. In line with the increase in sales, the land inventory values also reduced as properties were transferred to proud owners.



A black and white photograph of two chess pieces. On the left, a black king piece stands upright, its crown-like top clearly visible. On the right, a white king piece lies on its side, its base resting on the surface. The background is a plain, light-colored surface.

OPERATIONS REVEIW

EHB's OPERATING MODEL

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
<ol style="list-style-type: none"> 1. Financiers 2. Utility providers 3. Union 4. Customers 5. Regulators 6. Ministry of Housing & Urban Development 7. Service providers Strategic Planning 	<ol style="list-style-type: none"> 1. Strategic Planning 2. Research 3. Resource Mobilization 4. Product design 5. Procurement 6. Property Development 7. Project Management 8. Property Management 9. Marketing & Sales 10. After Sales Service 11. Reporting 	<ol style="list-style-type: none"> 1. Sustainable housing solutions 2. Experienced & reliable property development partner 3. Home solutions with access to amenities 4. Family friendly communities 	<ol style="list-style-type: none"> 1. Walk In's 2. Telephonically 3. Social Media 4. Emails 	<ol style="list-style-type: none"> 1. Tenants 2. Property buyers
	<p>Key Resources</p> <ol style="list-style-type: none"> 1. Employees 2. Land 3. Finance 4. Safe & Secure rental units 5. Stakeholder support 6. IT systems 7. Construction consultants 8. Contractors 9. Office space 10. Furniture and vehicles 11. Marketing platforms 		<p>Channels</p> <ol style="list-style-type: none"> 1. Social Media 2. Print Media 3. Emails 4. Website 5. Face to Face 	
<p>Cost Structure</p> <ol style="list-style-type: none"> 1. Land purchase, interest on loans, rates, insurance, salaries, maintenance costs, licence fees, internet connectivity 2. Development costs 			<p>Revenue Streams</p> <ol style="list-style-type: none"> 1. Rent 2. Sales 3. Project Management fees 	

During a strategic planning session which was held in 2018, a new mandate was given to the Eswatini Housing Board which was: "Promote Home Ownership among Swazi Citizens and Develop Human Settlements".

EHB uses the Balanced Scorecard method as a strategy implementation tool. Our strategy for promoting home ownership and developing human settlements is underpinned by three strategic themes which are:

1

- **Growing the business:** EHB aims to increase the range of products and services so as to improve our value offering to our customers thereby ensuring the sustainability of EHB. The objective is to increase revenue by 7% and reduce costs by 5%.

2

- **Building Strategic Partnerships:** EHB considers the relationship it has with its customers' partners as fundamental in executing its mandate. EHB strategy therefore highlights that importance of building and maintaining strategic relationships to support the development of sustainable solutions for home ownership. The target is to increase stakeholder satisfaction by $\leq 95\%$ and increase first time buyers by $\leq 15\%$.

3

- **Achieving Operational Excellence:** This means improving efficiency and productivity through efficient business processes, effective communication and a skilled and motivated workforce. It is our aim that we service our customers in an efficient, effective and knowledgeable manner that will meet and exceed our customers' expectations. EHB undertook to integrate internal systems, processes, enhance risk management and adopt new technologies.

At the end of the 5 year strategic period, EHB aims to:

IMPROVED THE ORGANISATIONAL CAPACITY

Through the implementation of a performance management system, all employees will have performance contracts and work towards achieving 100% adherence to the set standards. In the year under review, the performance management system was implemented for Executive Management and Middle Management.

IMPROVED PRODUCTS & SERVICE

EHB worked towards improving internal business processes and business systems by implementing a Quality Management System.

Documentation of the EHB customer service charter was finalised during the year under review.

INCREASED HOME OWNERSHIP

By improving her relationship with customers and stakeholders, EHB aims to increase customer service rating to 95%. EHB also aims to increase sales to 1st time home owners by 15%. Following undertaking a customer & stakeholder perception survey, initiatives were identified to improve the customer experience.

IMPROVED SUSTAINABILITY

By the end of the strategic period, EHB intends to achieve an increase of 7% in total revenue. Strategic objective team aimed specifically at reducing operational costs was formed and key costs identified for reduction.

RISK AND AUDIT

The Risk and Audit department aims to ensure the delivery of housing solutions to the Swati Nation through comprehensive business risk management. This is achieved by providing risk management, objective assurance, advice and insight to protect and enhance EHB's value.

The department's responsibilities within EHB are:

1. The development and overseeing the implementation of risk management strategies, policies, processes and plans.
2. The provision of advisory and assurance services to ensure appropriate corporate governance and internal control improvements through the implementation of internal audit engagements.

Strategic objectives and initiatives for the financial year.

The department's strategic objectives and initiative were as follows:

a. Increasing awareness of EHB risks and internal controls. This was done by conducting roadshows on risk management and importance of internal controls and contributing risk and audit-related information to EHB's resource center.

b. Improving communication with risk and audit stakeholders. The departmental communication plan was implemented throughout the year.

c. Improving organizational culture. In all internal audit engagements, a deliberate effort was made to ensure EHB's performance culture was demonstrated through continuous improvement.

d. Improve efficiency, effectiveness and economy of business processes. All internal audit engagements as per the approved internal audit plan were done to ensure efficiency and effectiveness of EHB business processes and economic use of resources.

Key performance highlights for the year.

The department has two functions being risk management and internal auditing.

Internal Audit

EHB's internal audit function is responsible for implementing the approved annual audit plan and any other internal audit engagements requested by management or the Finance and Audit committee of the Board.

Annual Audit Plan implementation

Figure 1 summarizes the implementation of the approved 2020/2021 annual internal audit plan.

Figure 1



The initial 2020/2021 annual internal audit plan had 14 audits engaged which were planned to be undertaken during the 2020/2021 financial year. However, due to the challenges posed by the COVID 19 pandemic the 2020/2021 annual internal audit plan was revised, resulting in 9 instead of 14 audit engagements to be undertaken in the 2020/2021 financial year. All 9 planned internal audit engagements were completed during the year.

It is a view of the Risk and Audit department that available time was utilized in the most efficient manner to undertake all internal audit engagements and ensure improvements of EHB's internal control framework.

Figure 2



All internal audit recommendations are either completed or in the process of being implemented (In progress status).

It is the view of the Risk and Audit Department that EHB's internal control framework does provide reasonable assurance of the integrity and reliability of financial transactions; the safeguarding and accountability over assets and the detection of fraud, potential liability and compliance with laws and regulations. There were no instances of fraud noted through internal audit work during the 2020/2021 financial year.

ENTERPRISE RISK MANAGEMENT

EHB's risk management function is responsible for ensuring business risks are identified, assessed and controlled. The Finance and Audit Committee approves risk management strategies and tolerance for which the function ensures compliance to.

EHB's Risk Profile—31 March 2021

Strategic Risk – Impact on EHB's sustainability and growth targets.



High

Government's delayed payment of EHB's user fee continues to strain EHB's cash situation as the company has obligations to honour. This is a result of unavailability of funds to repay loans by Government as they continue experiencing a cash-flow crisis. EHB's management engaged both Government on paying outstanding amounts and financiers to assure them that amounts owed will be paid when government pays. EHB's arrears to financiers (PSPF and ENPF) continued increasing by the agreed interest on outstanding balances and penalties for late repayments. These were added to balances due to EHB from Government. EHB continues to manage risks related to the implementation of her 5-year strategy ending 31 March 2023. Strategic risks remain high with EHB continuing to implement mitigations for minimizing the likelihood of risk events occurring and their impact if they do.

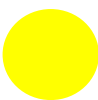
Financial Risk – Exposure to economic changes and inability to meet financial obligations.



High

The mismatch between property sales and cash requirements continued to pose a liquidity challenge to EHB even in the current financial year. The rate of expansion is also further straining the cash resources as we had a lot of projects in progress that increased monthly repayments on EHB's credit facilities. On other financial risk exposures, interest rate were relatively the same during the financial year as such risks related to changes in interest rates were limited on EHB's borrowing which have rates based on the prime lending rate. EHB continues managing cash-flows so as to avert any further risks around cash-flows and the liquidity position. EHB's credit risks increased as a result of balances owed by the Government of Eswatini. The risks posed by Government balances have been classified as strategic and have been discussed as such. Credit risks will further increase once the housing finance unit becomes operational. Other than government owed balances, EHB does recover other receivable balance with a recovery rate averaging around 59%.

Operational Risk – Exposure due to weak processes and controls, technology failure, misaligned competencies and staff disengagement.



Medium

EHB continued the implementation of the quality management system (QMS) through ISO 9001:2015 with establishment of quality standard taking center stage. This exercise has been finalized by departments. An internal audit into the QMS will further highlight areas of improvement and assist in minimizing operational risks. Operational risks, therefore, are being identified, reviewed and managed in line with business objectives, projects and process activities and steps. No operational risks were deemed high after the identification and implementation of mitigations. EHB's operations slowed down as a result of the impact of COVID 19, Corona virus. Operations were stopped in the initial phases of the lockdown, then opened with limited services to customers when Government relaxed the lockdown. EHB has provided protective clothing, followed WHO recommended protocols, adopted a shift system and enabled a working from home arrangement as preventative measures to limit employee exposure to the virus. Some employees tested positive for COVID 19 during the year.

Information and Communication Risk – Exposure to inappropriate information and communication management and the related impact on public trust and confidence (reputation).



Low

Information management risks have been adequately managed as EHB has been quick to implement mitigations for minimizing identified information risks.

Compliance – Exposure to breach of regulations, laws and legal agreements.



Low

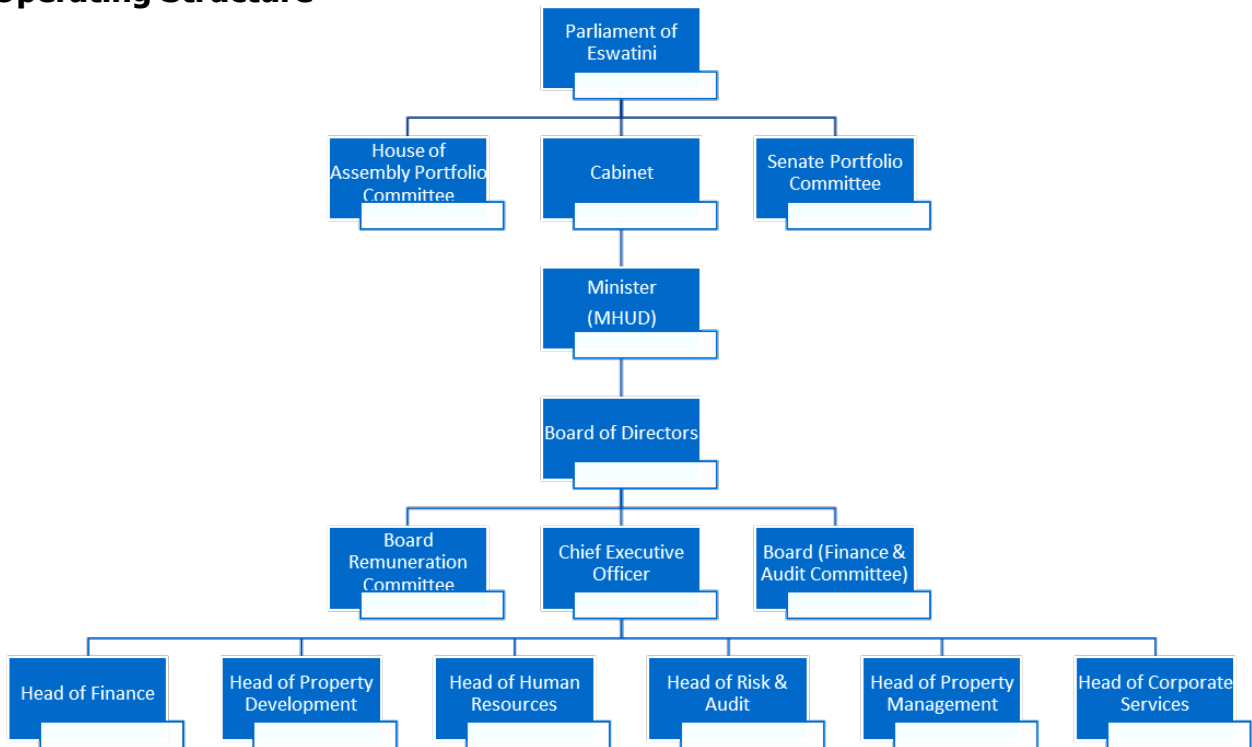
EHB complies with legislation but there is still need for improvement to comply with EHB own policies and procedures which has been identified through internal audits. Such non-compliances were not deemed to be of a magnitude to require increasing the risk category from low to medium or high.



CORPORATE SERVICES

The department exists to enable an efficient operating environment free from governance, legal & reputational risks through the provision of office administration support services, legal service, marketing and corporate communication.

EHB's Operating Structure



1. Highlights of Department's Operations

The National Housing Board Act No. 3 of 1988 prescribes that the board should meet at least once every three months for the dispatch of the business of the Board. Similarly, the Board Committees tend to meet at the same frequency to discharge any relevant duties assigned and prepare a report for the full board for review and approval at its quarterly meetings. Apart from

these prescribed meetings the board convenes special meetings as necessitated by the operating environment. The term of office for the board ended on 30th November 2020. Board meeting attendance during the year in review is shown in the table below.

BOARD MEETING ATTENDANCE

Board member	Number of meetings	Meetings Attended
D. Dlamini (chair person, non-executive)	3	2
C. Mamba (non-executive)	3	2
S. Mdluli (non-executive)	3	3
S. Khumalo (non-executive)	3	3
M. Fakudze (non-executive)	3	3
P. Bhembe (non-executive)	3	2
M. M. D. Dlamini (executive)	3	3

1.2 Board Committees

In line with good corporate governance principles, to effectively and efficiently carry out its oversight function, the board is empowered to delegate its responsibilities. Accordingly, the board has two committees reporting to it, these being the Finance & Audit Committee and the Human Resources (HR) Committee. All standing committees are chaired by

independent non-executive directors. Each committee's role and responsibilities are in accordance with its terms of reference as approved by the board.

Meeting attendance was as follows during the period under review:

1.2.1 FINANCE AND AUDIT COMMITTEE

Member	Number of meetings	Meetings Attended
S. Mdluli	2	2
M. Fakudze	2	2
C. Mamba	2	1
M. Dlamini (executive)	2	2

1.2.2 HR COMMITTEE

Member	Number of meetings	Meetings Attended
P. Bhembe	2	2
S. Khumalo	2	2
C. Mamba	2	0
M. Dlamini (executive)	2	2

2. Legal, regulatory and public policy compliance

The nature of the EHB's business requires integration of legal, regulatory and public policy requirements into the strategy and operational processes of the organization to meet its contractual, moral and corporate citizenship obligations. As a public entity, the compliance with laws that govern the Board and its activities forms the foundation for good corporate governance and demonstrates stewardship and responsibility to the shareholder, the environment, customers and other key stakeholders.

The effectiveness of the EHB's system of internal, financial, operational and other regulatory control is continuously monitored and reported to the board as it discharges its oversight responsibilities.

2.1 Litigation

There was no significant litigation that the Board was involved in during the period in review.

In response to the negative impact of the national lockdown effected due to the pandemic, EHB tenants were given a two months moratorium on their rental subject to the condition that all rentals due for the period were to be paid in full by the end of the financial year.

2.2 Corporate Social Investment (CSI) Activities

During the year under review the Board did not take part in any corporate social investment activities this is largely attributable to the advent of the Covid 19 pandemic.

Review of the National Housing Board Act 3/1988

As part of the process of creating a conducive operating environment, management identified the need for the review of the National Housing Board Act No. 3 of 1988, which is the founding legislation of the entity. During the period under review, the draft Bill was reviewed and finalized by the line Ministry and then transmitted to the Attorney General’s chambers where it was further reviewed and approved. The draft Bill could however not be progressed further due to a directive issued by SCOPE suspending all ongoing and contemplated review of legislation by Category ‘A’ public enterprises due to an exercise to review the operations of the public enterprises that was commenced in December 2020.

3. MARKETING AND CORPORATE COMMUNICATIONS

The organization took a conscious decision to be customer centric therefore communication is regarded as a key component in realizing this objective. In the year under review, marketing and communication efforts were done to continuously engage customers and stakeholders in the comfort of their homes

Due to the COVID– 19 pandemic all face to face activities were suspended and EHB prioritized digital marketing and communication.

The following initiatives were implemented:

3.1 Website Redesign: In line with the theme achieving operational excellence, the EHB website was redesigned to be more interactive, user friendly and informative. This contributed greatly in ensuring that customers and stakeholders remained informed about affordable housing solutions at all times.

3.2 Social media continued to be the leading form of engagement in the financial year. EHB platforms were able to reach high of 600 thousand users, increasing brand awareness and engagement.

3.3 The usage of instant messaging also contributed to communicating effectively with our customers on various updates, ensuring that the promise of quality customer service was kept.

4. OFFICE ADMINISTRATION

4.1 Additional Property Management Site Offices

Due to the EHB’s obligation to maintain the Government institutional housing stock that is located countrywide, site offices were established in Nhlanguano and Siteki to enable the efficient delivery of the maintenance service in all the country’s four regions.

4.2 Registry

As part of the Improve Business Processes strategic objective the department initiated the EDRMS project to improve EHB’s records management environment. During the period in review the following activities were undertaken:

4.2.1 A project team was constituted and a consultant appointed to implement the project.

4.2.2 An as-is analysis of EHB’s records management environment was undertaken.

4.2.3 A Records Management Policy was drafted, reviewed and approved.

4.2.4 A functional classification system was developed, reviewed and approved and implementation is in progress.



PROPERTY DEVELOPMENT



Customer signing House Handover forms at Mhobodleni Township

The Property Development department is one of EHB's core business functions, with the primary objective of creating property ownership opportunities to eMaSwati. The department seeks to continuously meet the needs of customers and stakeholders through the delivery of all EHB products and projects to acceptable standards and quality.

CAPITAL PROJECTS

During the year under review, EHB undertook feasibility studies of numerous projects that create the project pipeline of future projects that will be executed once the necessary financial and economic requirements have been met.

PROPERTY SALES

Nhlangano Township Extension 9 (Nkhanini)

A total of six (6) plots amounting to E478 000.00 were sold by the end of the reporting period.

Mabuya Township

A total of nine (9) plots worth E 2,46 million were sold

this year. As a result, 95.9% (i.e. 94 out of 98 plots) of the total plots at Mabuya Township were sold by the end of the reporting period.

Two houses worth E 1,1 Million also sold during the period.

Woodlands Township Extension 2

A total of 43 plots amounting to E 20,6 Million were sold at Woodlands by the end of the reporting period. One house was under construction by the end of this reporting period,

Mhobodleni Township

Nine (9) houses on offer were registered and sublet to Sub-Lessees during the last quarter. This follows the registration of the Special Power of Attorney at the Deeds Office authorizing EHB to sublet 18 residential properties within the township. The registered sub-leases are valued at E460 000.00 (plot price) and house construction progress claims at the end of the reporting period.

Housing The Nation



Two bedroom House sold at Mhobodleni Township in Manzini during the year 2020/2021



**Zero
transfer
costs!**

**BUY A PLOT
@Woodlands Ext. 2**

**EHB will pay for your
transfer costs**

Available plots range from 896 sqm to 3777 sqm



**Eswatini
Housing Board**

Property Management



New electronic access control system installed at Ehlanhleni Estate

The Property Management Department's primary objective for this year was to maximize revenue and improve service delivery.

Improve Service delivery

• Enhancing Security

EHB has been looking into ways of improving security in their Estates. A pilot project at one of the Estates was implemented, whereby surveillance cameras and electronic access system were implemented. This project will be rolled out to other Estates once its effectiveness has been established.

• Refurbishing Rental Units

Following feedback to modify the rental units from customers. EHB implemented a phased refurbishment project where units were fitted with kitchen and bedroom cupboards at the Matsapha Estate. This has assisted in improving the quality of life for our tenants.

LEASING

During the year under review, occupancy rate attained was 95% against a target of at least 97%. Rental Income lost due to vacancies & pending refurbishment was E478, 072.00

RENTAL COLLECTIONS

The department was able to collect 52% against a target of at least 90% of rental billed. Debtors as at 31

March 2021 amounted to E1, 76 million.

This was comprised of over 60 days government arrears amounting to E682 000.00 and the rest being tenants given rental payment leeway in response to COVID-19 effects who failed to honor repayment arrangements agreed upon.

REPAIRS & MAINTENANCE

- Re-routing of drainage pipe and installation of backup tanks for Woodlands Shopping Center (WSC)
- Waterproofing of Woodlands Shopping Center (WSC) passage.
- Removal and fitting of Woodlands Shopping Center (WSC) ground floor tiles.
- Stormwater drainage at Mbabane South, Kuyehlela and Old Mobenj.
- Fence installation at Kuyehlela estate.
- Internal treatment of mold at EHB estates

TENANCY MOVEMENT

There was an 8% increase in tenants that vacated units due to un-affordability. This was mostly because of the COVID-19 pandemic which resulted in a lot of tenants losing their jobs. The extended closure of schools also resulted in tenants vacating as there was no reason to live close to the city.

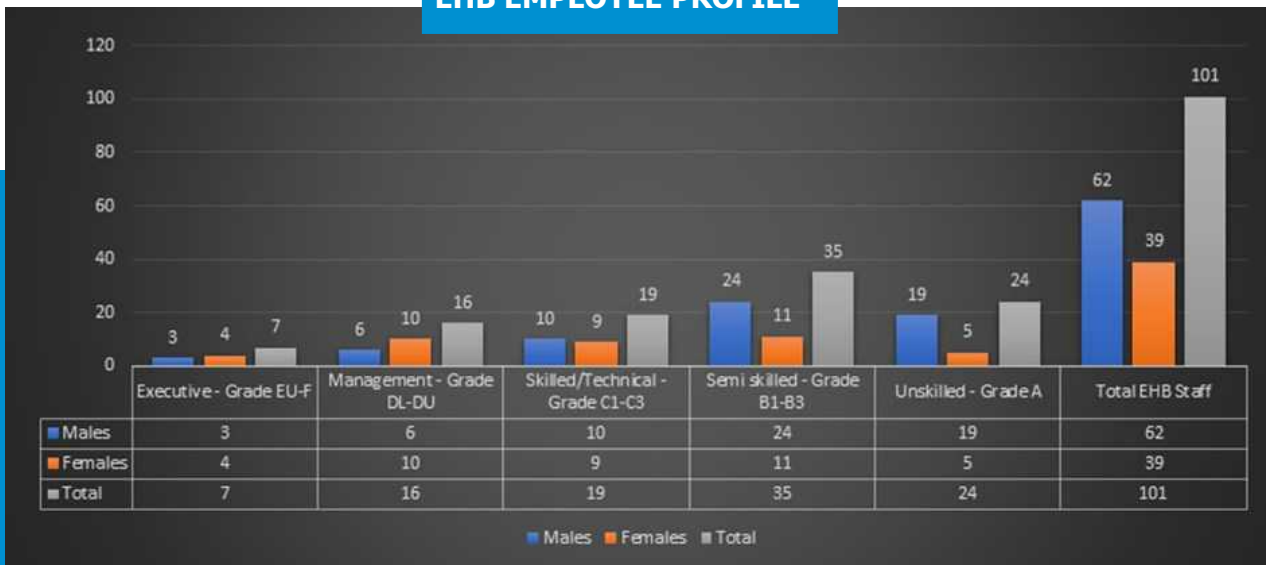
SHOPRITE



EHB Chief Executive Officer giving reusable shopping bags to a customer at the Woodlands Shopping centre as part of the Earth Hour commemoration

Human Capital

EHB EMPLOYEE PROFILE



1.1 Employee Profile

The Eswatini Housing Board (EHB) headcount was 101 at the end of March 2021 compared to 103 employees in March 2020. There was one resignation in October 2020 and one retirement in December 2020. Of the 101 employees 62 were male and 39 were female.

The COVID 19 pandemic presented many challenges and had an impact on work practices and employee wellbeing. People management was also greatly

affected by the pandemic. With people being at the centre of our Human Resources strategy this meant that these challenges had to be effectively mitigated and closely monitored to minimise major disruption to operations.

In response to the challenges brought about by COVID 19 and to minimise the impact on our staff and on productivity the organization used several strategies. These were the EHB Remote Working Guidelines, MS Teams a new system to support remote working and

1.2 Learning and Development

To capacitate employees for the new normal, the department considered virtual learning interventions to address identified performance gaps. These virtual interventions replaced the mainstream learning approach. The following virtual trainings were undertaken :

Course	Target Audience	Learning/Development gap addressed by intervention
Digital transformation: A practical strategy	IT Manager	Development and implementation of technology solutions to improve and solve business challenges
Performance contracting	Head of Human Resources Human Resources Manager Human Resources Officer	Provision of expert advise to staff in the development of performance contracts
Public Private Partnerships	Executive Team Business Development Manager Finance Manager Internal Audit Manager	Understanding the PPP regulatory framework including the development of PPP contracts and dispute resolution

1.3 Performance Management

The implementation of the Performance Management System continued in the phased approach with the Executive, Management and Supervisory levels successfully participating in a full performance management cycle. Performance contracts, mid-year reviews and year-end reviews for these levels were successfully conducted. The focus for performance management in the 2021/22 fiscal year is that all employees will have signed performance contracts and participate in the performance management system.

1.4 Employee Relations

The effects of the pandemic disrupted operations such

that consultative meetings and negotiations could not be held as stipulated in the EHB/SPADAWU Recognition Agreement. This had a negative impact on the employer/employee relationship because issues which could have been resolved in consultations were left to fester for extended periods. The COLA negotiations suffered a similar fate such that by the end of the financial year the negotiations had been abandoned without the parties reaching an agreement on the COLA. SPADAWU's demand was a 3% adjustment while EHB offered 0% due to a weak financial position.

1.5 Recruitment

The Board implemented a recruitment moratorium; therefore, no recruitment was carried out during the 2020/21 fiscal year.

2. SAFETY, HEALTH, ENVIRONMENT AND QUALITY

2.1 Environmental Management Activities

2.1.1 Environmental Assessments

Environmental management remains EHB's key focus area through compliance to environmental legislation and the mitigation of impacts associated with the organization's projects. As per requirement of the Environmental Audit, Assessment and Review Regulations (EAARR) 2000, environmental assessments were carried out prior to construction activities to identify potential impacts. To reduce waste that ends up in the landfill, EHB recycled scrap metal and paper produced from our facilities.

Below is a table showing the summary of projects and environmental categorizations for the 2020/21 financial year in comparison 2018/19 and 2019/20.

All the categorized projects were assessed and approved by the Eswatini Environmental Authority prior to implementation.

Project Categorization	Number of Sites 2018/19	Number of Sites 2019/20	Number of Sites 2020/21
Category 1	6	18	0
Category 2	1	0	0
Category 3	1	1	0
EMP	1	0	1

Eswatini Enviro-Tourism Symposium and Temvelo Awards 2020

Eswatini Housing Board participated in the Eswatini Enviro-Tourism Symposium and Temvelo Awards 2020 wherein the EHB CEO was a panelist on the climate change and settlements session.

Eswatini Housing Board won the Green Parastatal Award 2020 and was second runner up for the Energy Efficiency Award 2020.

Earth Hour Commemoration

Eswatini Housing Board successfully conducted her first ever internal commemoration of the Earth Hour 2021. The Earth Hour launch was conducted on the 22nd March 2021 and followed by distribution of the "Phatsa Sakho" reusable shopping bags to staff and customers on the 24th and 25th March 2021. The main day was on the 27th March 2021 where a virtual switch off event was held successfully and staff was also encouraged to participate in the switch off event at their respective homes.

The event was done in partnership and collaboration with EHB development partners such as Eswatini Electricity Company, Eswatini Environment Authority, Matsapha Municipality, various Eswatini government ministries and the media.

The event was done in partnership and collaboration with EHB development partners such as Eswatini Electricity Company, Eswatini Environment Authority, Matsapha Municipality, various Eswatini government ministries and the media.

3.0 HEALTH AND SAFETY

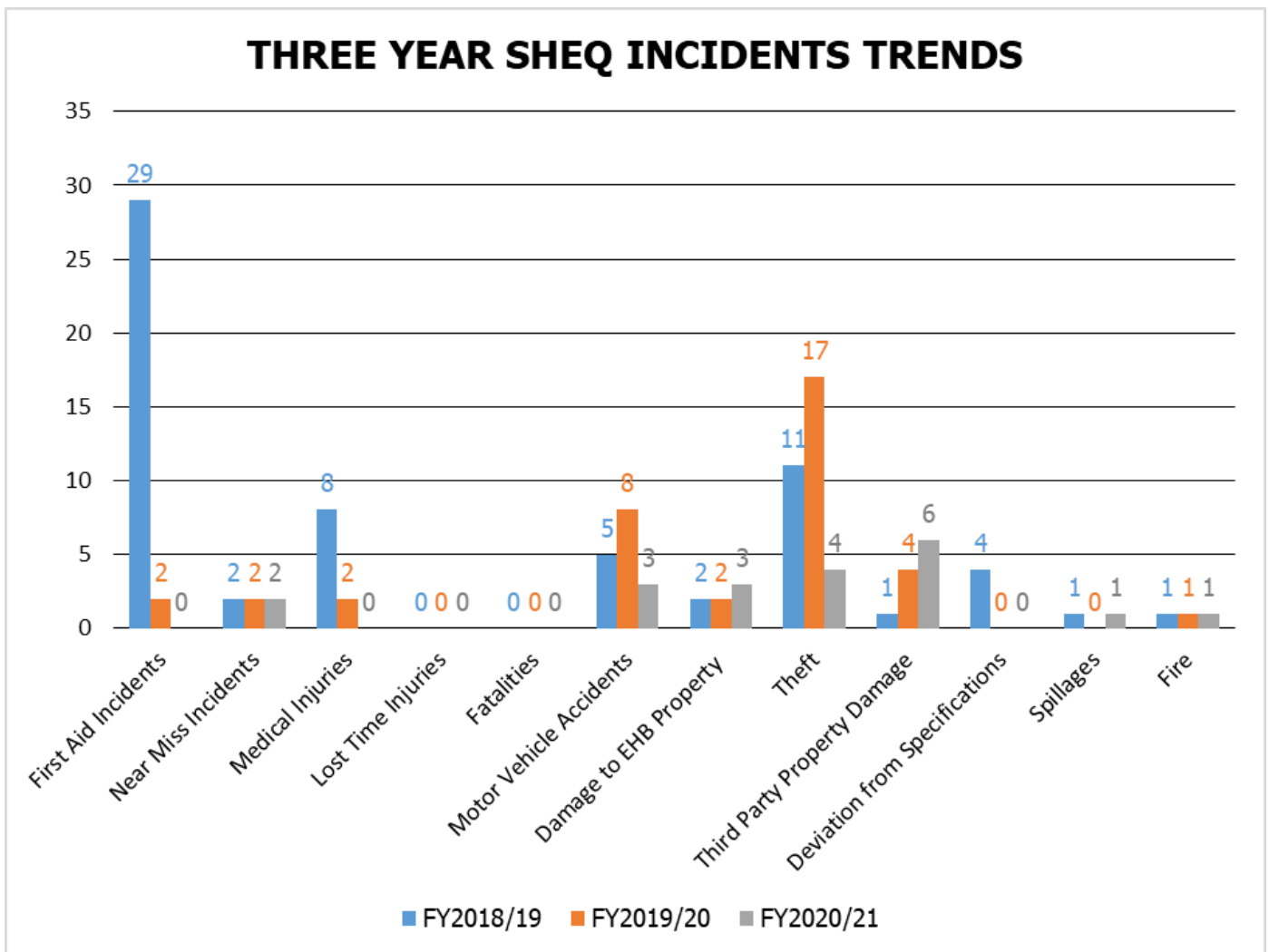
The EHB’s commitment to operating without causing harm or ill health to the organization’s employees, stakeholders, visitors, and members of the public continued.

Our health and safety objectives are to:

- Have zero disabling injuries and fatalities
- Investigate all reported incidents and
- Implement corrective actions to prevent recurrence.

3.1 SHEQ Incidents Statistics

The graph below shows a comparison of SHEQ incidents for the FY2018/19, FY2019/20 and FY2020/21 periods.



In comparison of the incident statistics between 2018/19, 2019/20 and 2020/21 financial years, there has been a decline on the incidents recorded in the FY2020/21. The decline in SHEQ incidents may be due to a variety of factors inter alia scaling down of operations due to COVID-19 pandemic and the decline in construction projects implemented in the FY2020/21.

3.2 Occupational Health Medicals

In terms of the Occupational Safety and Health Act, No. 9 of 2001, it is the employers' obligation to provide a safe work environment. In compliance with the Act, EHB conducts periodic occupational medical

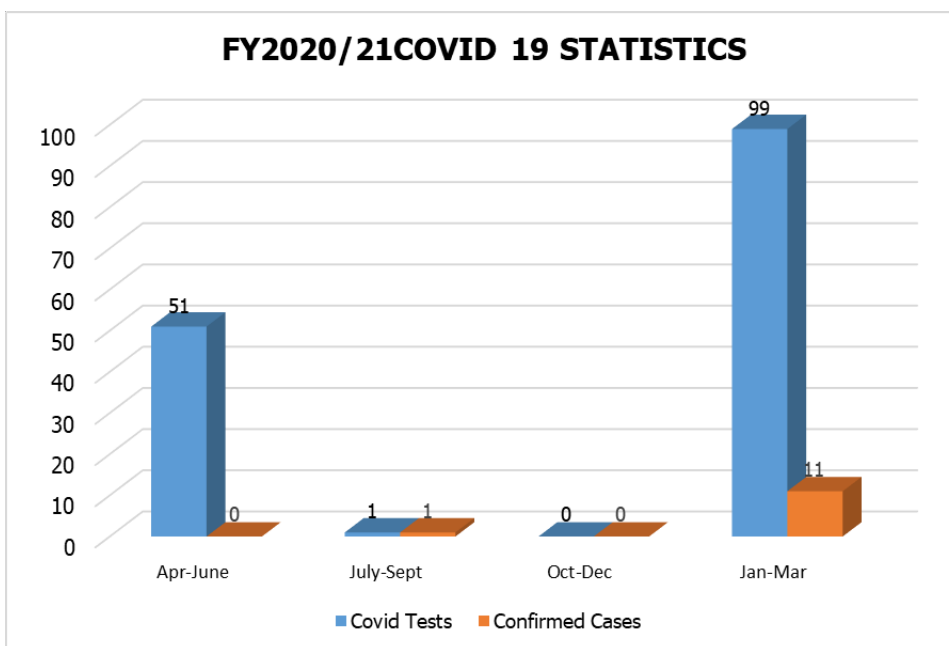
assessments to determine the employees' health status and make adjustments that will promote a safe/healthy working environment for employees.

Type of Medical	No. of employees
Pre-employment medical	0
Periodic medical	51
Issue-bases medical	0
Exit medical	1

4.0 EMPLOYEE WELLNESS

The EHB believes that investing in employee wellness boosts productivity and improves staff morale. Wellness activities conducted in the year 2020/21 were largely in response to the COVID-19 pandemic.

4.1 EHB COVID-19 STATISTICS



4.2.2 COVID-19 Transmission Control

EHB implemented a fortnightly shift system and provided employees with remote working resources to enable physical distance in the EHB workstations. Sanitisers and alcohol wipes were placed at strategic places such as entrances and common use areas for use by employees and visitors. Employees were issued with masks and sanitisers for use to prevent transmission and contracting COVID-19 infection.

4.2 COVID-19 RESPONSE

4.2.1 EHB COVID-19 Protocols

EHB developed and implemented COVID-19 Protocols and a Return-to-Work Procedure in line with OHS Act, 2001 and the COVID-19 Regulations, 2020. The Return-to-Work Procedure set out minimum requirements to be applied by Eswatini Housing Board for safe resumption of operations in a manner that minimised the risk of COVID-19 transmission to EHB employees, customers, and contractors.

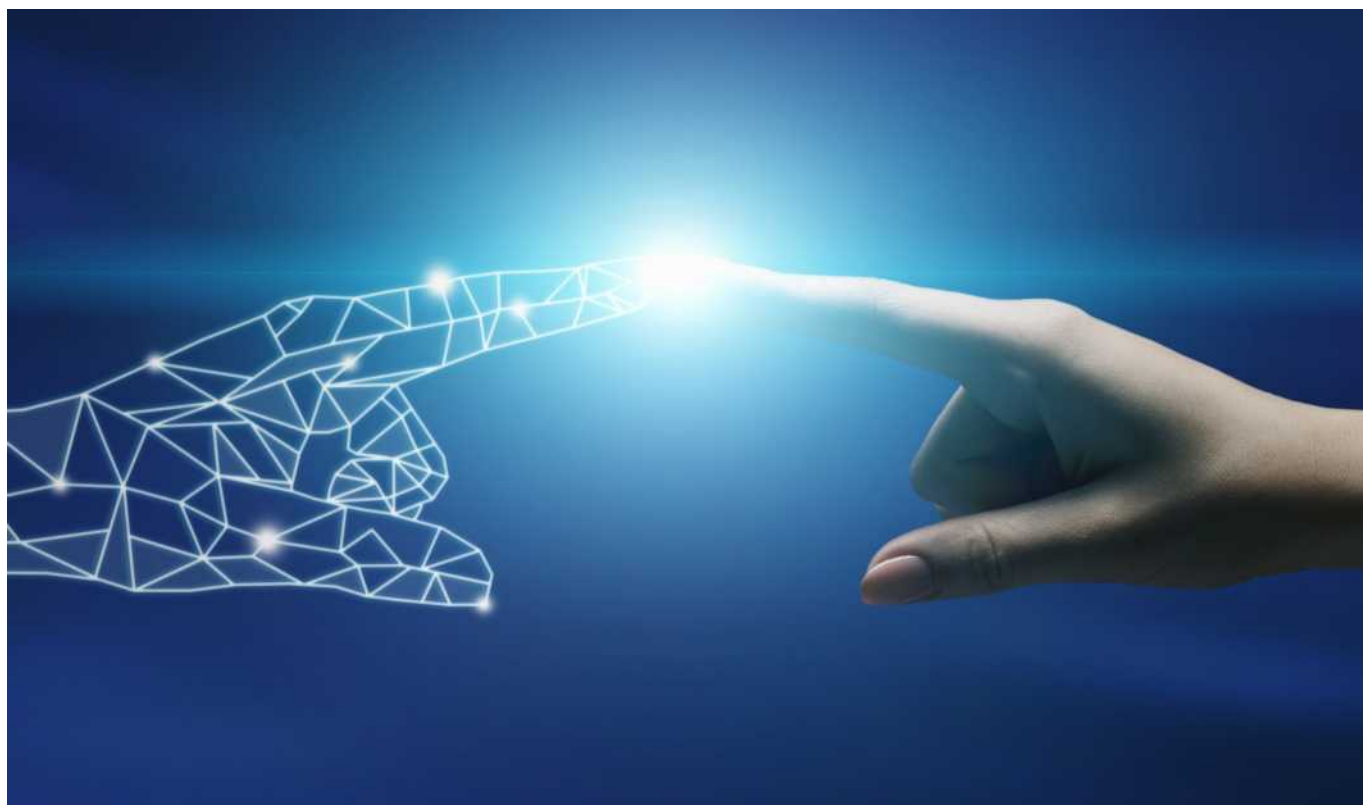
4.2.3 Employee And Visitor Screening

As a precautionary measure, employees reporting to work and all visitors were screened for COVID-19 infection symptoms and fever.

4.3 BEREAVEMENT SUPPORT

Six (6) members of staff lost their loved ones in FY2020/21. EHB contributed a cash token for each employee to assist with burial preparations.

INFORMATION TECHNOLOGY



Strategic initiative: Improve Business Processes & Systems

The IT unit is in the process of finalizing the Board's Digital Transformation strategy. During the year under review, Microsoft 365 was rolled out to the management team on a pilot basis. The rest of the organization will be migrated to this platform in the ensuing year.

2. Cyber Security

The coronavirus pandemic has created new challenges as the organization had to quickly adapt to remote working arrangements. This called for a greater focus on cybersecurity, because of the greater exposure to cyber risk. To enable secure access to EHB systems over the internet, the IT function configured VPN access. Cyber

security awareness emails were also circulated periodically to strengthen the 'human firewall'.

3. Business Continuity

To ensure operational resilience and continuity of operations during and after a disruption, an offline location for the storage of rotational backup media was established over and above the replication servers.

4. User support

User requests continued to be managed through the Help Desk portal. During the year under review, the highest number of help desk tickets received related to business systems and hardware issues.



Financial Statements

For the year ended 31st March 2021

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DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 31 March 2021

Directors' responsibility statement

The Eswatini Housing Board's directors are responsible for the preparation and fair presentation of the financial statements of the Eswatini Housing Board comprising the statement of financial position at 31 March 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the chairman's report, in accordance with International Financial Reporting Standards, and in the manner required by the National Housing Board Act and the Public Enterprises (Control and Monitoring) Act.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors' have made an assessment of the ability of the Eswatini Housing Board to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of financial statements

The financial statements of the Eswatini Housing Board as set out above, were approved by the Board of Directors on 05 August 2021 and are signed on its behalf by:



.....
Director



.....
Director

INDEPENDENT AUDITORS' REPORT

To the members of Eswatini Housing Board

Opinion

We have audited the financial statements of Eswatini Housing Board which comprise the statement of financial position as at 31 March 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the chairman's report, as set out on pages 50 to 103.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Eswatini Housing Board as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the National Housing Board Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the Eswatini Institute of Accountants *Code of Professional Conduct* (ESIA Code) together with the ethical requirements that are relevant to our audit of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code. The ESIA code is consistent with the International Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises of the directors responsibility statement and the annexure set out on pages 42 to 45 attached to the financial statements, which are obtained prior to the date of this report. Other information does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the National Housing Board Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (continued)

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

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



Auditors

MEMBERS OF THE BOARD, ADVISORS AND OTHER INFORMATION

for the year ended 31 March 2021

Directors and secretary

The Directors are appointed by the Minister responsible for Housing and Urban Development. The directors at 31 March 2021 were as follows:

Directors until 30 November 2021 were as follows:

Non-executive directors

Chairperson

D M A Dlamini

Directors

Amb. C S Mamba (representing the Ministry of Housing and Urban Development)

M Fakudze (representing the Ministry of Finance)

S E Khumalo

P M Bhembe

S G Mdluli

Executive Director

M D Dlamini Chief Executive Officer

Secretary

K G Dlamini

Directors from 1 April 2021 were as follows:

Non-executive directors

Chairperson

D M A Dlamini

Directors

Amb. C S Mamba (representing the Ministry of Housing and Urban Development)

N N Motsa (representing the Ministry of Finance)

S Zondi-Hlatshwayo

K Dlamini

T Motsa

S Dlamini

W S Matsebula

Executive Director

M D Dlamini Chief Executive Officer

Secretary

K G Dlamini

MEMBERS OF THE BOARD, ADVISORS AND OTHER INFORMATION (continued)

for the year ended 31 March 2021

Bankers

The following financial institutions provided services to the Board during the year:

Stanlib	Nedbank Swaziland Limited
PSPF Building	Nedbank Centre
P O Box 667	P O Box 70
Mbabane	Mbabane
Swaziland Building Society	Eswatini Bank
Mdada Street	Gwamile Street
P O Box 300	P O Box 336
Mbabane	Mbabane
African Alliance	First National Bank of Swaziland Limited
2 nd Floor, Nedbank Centre	Betfusile Street
P O Box 5727	P O Box 261
Mbabane	Eveni
	H103
Old Mutual	
P.O. Box 95	
Mbabane	

Business and postal address of the Board

Business address

Sibekelo 2
Mbabane Office Park
Mhlambanyatsi Road

Postal address

P O Box 798
Mbabane
Eswatini
H100

Auditors

The auditors of the Board are: SNG Grant Thornton Chartered Accountants (Eswatini)

Business address

SNG Grant Thornton
Umkhiwa House
Lot 195 Kal Grant Street
Mbabane

Postal address

P O Box 331
Mbabane
H100

MEMBERS OF THE BOARD, ADVISORS AND OTHER INFORMATION

(continued)

for the year ended 31 March 2021

Legal Advisors

Cloete - Henwood Associated
1st Floor Ellerines Building
P O Box A972
Swazi Plaza
Mbabane

S.V. Mdladla and Associates
Lot 306 Lomadvokolo Chambers
Cnr Lomadvokolo and Nukwase Street
P O Box 3798
Mbabane

Waring Attorneys
Cooper Centre, Suite No. 25
P.O. Box 2373
Mbabane

Currie & Sibandze
1st Floor Development House
Swazi Plaza, Mbabane
P O Box A20
Swazi Plaza
Mbabane

Property Valuers and Assessors

Swaziland Realty Consultants
Suite 205 Dlanubeka Building Mbabane
P O Box 712
Mbabane

Coronavirus Pandemic effect

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID 19 outbreak to be a pandemic in recognition of its rapid spread around the globe, with more than 200 countries affected. On 17 March 2020, His Excellency the Right Honorable Prime Minister of Eswatini informed the nation that he had been commanded by His Majesty King Mswati III to invoke Section 29 of the Disaster Management Act of 2006 to declare a national emergency commissioning a partial lockdown for the country. This was necessitated due to the rapid spread of the Corona Virus (COVID-19) across the globe. Government has taken steps to contain the virus and the economic impacts of these events include disruption to an organisation operation and significant increase in economic uncertainty.

The total impact on the entity's operations at the date of approval of the financial statements cannot be determined with reliability however management has assessed that the following impact:

- Building and maintenance materials was in short supply resulting in project delays but as soon as things normalized the project teams were able to proceed and deliver the required service.
- Customer service turnaround times were affected as we adopted the shift system in scaled down operations.
- A high number of tenants vacated the rentals units due to the loss of employment and difficult financial standing. This resulted in a loss of revenue for the Board.
- There was a decrease in prospective property buyers owing to the strict credit assessment by financial institutions which is why the Board is aggressively pursuing the roll-out of the housing finance.
- There were delays in servicing borrowings but the Board was also able to catch -up during the year as funds became available.

MEMBERS OF THE BOARD, ADVISORS AND OTHER INFORMATION (continued)

for the year ended 31 March 2021

Coronavirus Pandemic effect (continued)

- Tenants were given a leeway to be two months behind their rentals which significantly impacted the cashflow of the entity as some people ended up in arrears of more than two months. Legal action has commenced for those tenants who were not co-operating in terms of entering into payment arrangements.

The Directors are of the view that the strong financial position and cash on hand together with access to facilities from various financial institutions will result in the entity being able to continue as a going concern for the next 12 months from the date of issue of these financial statements.

Events subsequent to the reporting date

As a result of civil unrest in the country, which intensified on the 28 June 2021, there were damages in some of the investment properties and the assessment has not been made as to the costs to be incurred to repair the damage. Management is yet to assess the impact on rental income, however management does not anticipate significant non-payment of rental amounts as no tenant's have reported job losses.

Other than the matter disclosed above, the directors are not aware of any other matters or circumstances arising since the end of the financial year to the date of this report, not otherwise dealt with in the report, which would affect the operations of the Board or the results of the operations significantly.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Note	2021 E	2020 E
Revenue	1	92 350 484	65 648 326
Cost of sales	2	(38 459 021)	(26 113 218)
Gross profit		53 891 463	39 535 108
Other income	3	369 659	419 213
Grant amortisation	12	315 455	1 023 326
Fair value gain/(losses) on investment properties	8.2	22 485 245	(1 150 929)
Administrative expenses		(48 426 931)	(54 834 620)
Operating profit/(loss)	4	28 634 891	(15 007 902)
Finance income	6	57 282 715	76 707 838
Finance costs	6	(64 528 970)	(93 931 459)
Lease interest		(801 040)	(894 347)
Profit/(loss) before income tax	7	20 587 596	(33 125 870)
Income tax expense		-	-
Profit/(loss) for the year		20 587 596	(33 125 870)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		20 587 596	(33 125 870)

STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

	Note	2021	2020
		E	E
Assets			
Non-current assets			
Investment property	8.2	351 659 000	329 173 755
Plant and equipment	8.1	1 865 785	2 731 895
Right of use asset	24.1	6 105 695	7 569 617
Trade and other receivables	10	509 7224 089	600 387 276
Amounts due from related party	25	24 367 490	24 367 490
		893 222 059	964 230 033
Current assets			
Inventories	9	101 060 723	123 723 237
Amount due from related party	25	4 176 180	2 125 525
Trade and other receivables	10	140 309 519	121 418 167
Cash and cash equivalents	11	5 339 832	7 237 330
		250 886 254	254 504 259
Total assets		1 144 108 313	1 218 734 292
Equity			
Capital and reserves			
Government of Eswatini capital		10 800 000	10 800 000
Capital reserves	12	16 719 605	16 728 817
Revaluation reserves	13.2	339 860 927	317 375 682
Accumulated retained losses		(77 970 307)	(76 072 658)
		289 410 225	268 831 841
Liabilities			
Non-current liabilities			
Borrowings	14	122 645 720	140 359 265
IHP loans	14	623 049 162	703 544 183
Provisions for employee benefits	16	4 667 897	5 011 785
Leases	24.2	5 936 660	7 239 120
		756 299 439	856 154 353
Current liabilities			
Borrowings	14	17 993 514	20 352 286
IHP loan	14	40 367 670	35 016 152
Trade and other payables	15	34 430 204	32 632 343
Bank overdraft	11	4 304 801	4 710 380
Leases	24.2	1 302 460	1 036 937
		98 398 649	93 748 098
Total liabilities		854 698 088	949 902 451
Total equity and liabilities		1 144 108 313	1 218 734 292

5 STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

	Note	Government of Eswatini capital		Capital reserves	Revaluation reserves	Retained losses	Total
		E	E	E	E	E	E
Balance at 1 April 2019		10 800 000	17 548 850	318 526 611	(44 097 717)	302 777 744	
Total comprehensive loss for the year		-	-	-	(33 125 870)	(33 125 870)	
Contributions for the year	12	-	215 633	-	-	215 633	
Transfer to profit or loss	12	-	(1 035 666)	-	-	(1 035 666)	
Transfer to revaluation reserves	13.2	-	-	(1 150 929)	1 150 929	-	
Balance at 31 March 2020		10 800 000	16 728 817	317 375 682	(76 072 658)	268 831 841	
Balance 1 April 2020		10 800 000	16 728 817	317 375 682	(76 072 658)	268 831 841	
Total comprehensive income for the year		-	-	-	20 587 596	20 587 596	
Contributions for the year	12	-	306 244	-	-	306 244	
Transfer to profit or loss	12	-	(315 456)	-	-	(315 456)	
Transfer to revaluation reserves	13.2	-	-	22 485 245	(22 485 245)	-	
Balance at 31 March 2021		10 800 000	16 719 606	339 860 927	(77 970 307)	289 410 225	

STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Note	2021 E	2020 E
Cash flows from operating activities			
Cash generated by operations	18.1	105 434 393	19 807 535
Interest income	6	57 282 715	76 707 838
Interest expense	6	(64 528 970)	(93 931 459)
<i>Net cash flows from operating activities</i>		98 188 138	2 583 914
Cash flows from investing activities			
Additions to plant and equipment	8.1	(575 605)	(417 701)
Proceeds from disposal of investment property	8.2	-	81 224 967
<i>Net cash flows from investing activities</i>		(575 605)	80 807 266
Cash flows from financing activities			
IHP Loans paid		(75 143 503)	(5 729 482)
Lease payments	24.2	(1 837 977)	(1 701 830)
Loans paid		(20 072 317)	(54 904 786)
Loans issued	25	(2 050 655)	(26 493 015)
<i>Net cash flows from financing activities</i>		(99 104 452)	(88 829 114)
Net decrease in cash and cash equivalents		(1 491 919)	(5 437 933)
Cash and cash equivalents at beginning of the year		2 526 950	7 964 883
Cash and cash equivalents at end of the year	11	1 035 031	2 526 950

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

1. General information

The Eswatini Housing Board was established as a parastatal organisation by an Act of Parliament in 1988. Its defined functions were to develop affordable housing schemes required by Government and to implement, as directed, shelter-related policies of Government. The assets and liabilities of the Industrial Housing Board, a public corporation which had previously produced a relatively low volume of rental housing for middle income households, were transferred to the Eswatini Housing Board. In 1989 the Eswatini Housing Board also assumed responsibility from the Housing Branch and now falls under the Ministry of Housing and Urban Development.

Current plans call for the Eswatini Housing Board to be the implementing agency for new housing developments.

The Board was engaged by the Government of Eswatini to construct and manage housing for institutional government employees (Institutional Housing Project). The Board sourced financing for the project in the form of a loan from 3rd party funders and procured the necessary services from firms and contractors.

The government provided guarantees for the external funding received.

After construction, the Board will receive payments for constructed houses' maintenance as well as repayment of the external funding.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held-for-trading at fair value through profit or loss and the revaluation of investment property.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Board's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in these accounting policies and in the relevant notes.

The financial statements are presented in Emalangenzi, the functional currency of the Board, rounded to the nearest one Lilangeni.

These financial statements were approved by the Board on 05 August 2021.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.2 New Standards and interpretations

At the date of approval of the financial statements of Eswatini Housing Board the period ended 31 March 2021, the following Standards and Interpretations were in issue but not yet effective:

- Effective for the financial year commencing 1 April 2021
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Effective for the financial year commencing 1 April 2022

- References to Conceptual Framework (Amendments to IFRS 3)
- Annual Improvement to IFRS Standards 2018-2020 cycle
- Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)

Effective for the financial year commencing 1 April 2023

- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non-current (Amendments to IAS 1)-proposed delay to 1 April 2023

The directors are of the opinion that the impact of the application of the Standards and Interpretations will be not material to the Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.2 Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within other income.

2.3 Plant and equipment

Plant and equipment is stated at cost less depreciation and impairment losses. If significant parts of plant and equipment have different useful lives, then they are accounted for as separate items (major components) of plant and equipment. Depreciation is calculated to write off the cost of plant and equipment, on a straight line basis over its expected useful lives.

Items of plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from disposal of an item of plant and equipment is included in profit or loss.

Depreciation methods, residual values and useful lives are reviewed and adjusted as appropriate at each reporting date.

Expenditure on repairs or maintenance of plant and equipment incurred to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred.

The depreciation rates applicable to each category of plant and equipment are as follows

Motor vehicles	25%
Computer equipment	33.33%
Office equipment	10%
Other equipment	10%
Management Information Systems	20%
Work in progress	0%

Subsequent expenditure on capitalised plant and equipment is capitalised only when it increases future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.3 Plant and equipment (continued)

Management information system costs

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. However, costs that are clearly associated with an identifiable system, which will be controlled by the Board and has a probable benefit exceeding the cost beyond one year, are recognised as an asset. These costs comprise all directly attributable costs necessary to create, produce and prepare the asset for its intended use, such as costs of material and employee services used or consumed in generating the asset. These assets are subsequently depreciated at rates appropriate to the expected useful life of the asset.

2.4 Investment properties

Investment property is defined as property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for: (a) use in the production and supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Investment property, principally comprising freehold rental buildings, is held for long-term rental yields and is not occupied by the Board. Investment property is initially measured at cost and subsequently at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Board may use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Changes in fair values are recorded in profit or loss as fair value gains or losses on investment properties.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life that are not subject to amortisation are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.6 Capitalisation of borrowing costs

Borrowing costs attributed to the construction of qualifying assets less all investment income on the borrowings are capitalized as part of the cost of those assets over the period of construction to the extent that the assets are financed by financial instruments. The capitalization rate applied is the weighted average of the net borrowing cost applicable to the net borrowings of the Board. Where active development is interrupted for extended periods, capitalization is suspended. All other borrowing costs are charged to profit or loss in the period in which they are incurred.

2.7 Financial instruments-IFRS 9

Initial recognition and measurement-financial instruments

All financial instruments are measured initially at fair value plus directly attributed transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognized in profit or loss. Financial instruments are recognized (derecognized) on the date the Board commits to purchase (sell) the instrument (trade date accounting).

Financial assets

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
FVTPL	The asset is measured at fair value. Changes in fair value are recognised in profit and loss as they arise.
FVTOCI	The asset is measured at fair value. Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognised in profit and loss on the same basis as for Amortized Cost assets. Changes in fair value are recognized initially in Other Comprehensive Income (OCI). When the asset is derecognized or reclassified, changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at FVOCI having the same effect on profit and loss as if it were measured at Amortized Cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.7 Financial instruments-IFRS 9 (continued)

Impairment

The Board recognises loss allowances for ECLs on financial assets measured at amortised cost. The and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured at 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Board considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Board's historical experience and informed credit assessment.

The Board assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12 month ECLs are the portion of the ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life time of the asset is less than 12 months).

Derecognition

The Board derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Board neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Board enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

Financial liabilities—IFRS 9 (continued)

Financial liabilities-Classification, subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measurement at amortised cost using the effective interest method.

Derecognition

The Board derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Board also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets or liabilities assumed) is recognised in profit or loss.

Offsetting

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

2.8 Revenue recognition

Revenue comprises gross property sales, service fees and rental income accounted for in the statement of comprehensive income when it has satisfied a performance obligation by transferring the good or service to a customer, being when the customer has control of that good or service.

The Board recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Board's activities as described below. The Board bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Rental income

Rental income is recognised in the statement of comprehensive income when the Board satisfies the performance obligation of providing the rental houses to the tenants.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

Revenue recognition (continued)

Sale of property

The sale of vacant plots is only recognised once a guarantee of sale and a power of attorney have been issued. The sale of houses is recognised on completion of construction. Sales deposits are recognised as a payable until the property has been transferred to the buyer.

Services

Revenue from rendering of services is recognised by reference to the completion of the specific transaction assessed as the basis of the actual service provided as a proportion of the total services provided.

2.9 Finance income

Finance income comprises interest receivable on loans, advances, trade receivables and income from financial investments. Interest is only recognised where it is probable that the economic benefits associated with the transaction will flow to the Board. Finance income is recognised on a time-proportionate basis that takes into account the effective yield on assets.

2.10 Finance costs

Finance cost comprises interest payable on borrowings calculated using the effective interest rate method.

2.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position.

2.12 Financial risk management (continued)

Financial risk factors (continued)

The Board's activities expose it to a variety of financial risks including currency risk, fair value, interest risk, price risk and operational risk. The Board's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Board.

Risk management is carried out by management under policies approved by the Directors. Management identifies and evaluates financial risks in close co-operation with the Eswatini Housing Board's operating units.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.12 Financial risk management (continued)

Financial risk factors

Market risk

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Board's functional currency.

The Board does not transact internationally and is therefore not exposed to foreign exchange risk.

Price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Board is currently not exposed to equity price risk because at the reporting date there were no qualifying investments held by the Board.

Cash flow and fair value interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

The Board has interest-bearing assets and liabilities at variable interest rates linked to the prime overdraft rate. The Board's income and operating cash flows are substantially independent of changes in the market interest rates. The Board has no formal policies in place to hedge against fluctuating interest rates but Directors and Management monitor these in the context of the business.

Cash flow and fair value interest rate risk

The Board's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Board to cash flow interest rate risk. Borrowings at fixed rates expose the Board to fair value interest rate risk. Currently there are no loans issued at fixed interest rates.

During the year, the Board's borrowings at variable rates were denominated in the Eswatini Lilangeni.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the Board to incur a financial loss.

The Board has exposure to credit risk, which is the risk that a counterpart will be unable to pay amounts owing in full when due. Key areas where the Board is exposed to credit risk are:

- Trade and other receivables;
- Cash and cash equivalents; and
- Deposits with banks and other financial institutions.

The Board structures the levels of credit risk it accepts by placing limits on its exposure to a single counterpart, or group of counterparties. Such risks are subject to an annual or more frequent review.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.12 Financial risk management (continued)

Financial risk factors (continued)

Credit risk (continued)

Mechanisms are in place to monitor the risk of default by individual customers. Exposures to customers are controlled within the on-going monitoring of the controls associated with the review of the age analysis.

The internal audit department undertakes regular reviews to assess the degree of compliance with the Board procedures on credit and the overall control environment.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management maintains a degree of flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Board's liquidity reserve (comprises undrawn borrowing facilities) and cash and cash equivalents (note 11) on the basis of expected cash flows. This is generally carried out in accordance with limits set by the Board.

Note 22.3 analyses the Board's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Board's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Board's operations.

The Board's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Board's reputation with overall cost effectiveness and to manage control procedures that restrict initiative and creativity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.12 Financial risk management (continued)

Financial risk factors (continued)

Operational risk

The primary responsibility for the control environment lies with the Directors who delegate such responsibility to sub-committees and operational management.

Capital management

The Board's objectives when managing capital are to safeguard the Board's ability to continue as a going concern in order to provide returns and to maintain an optimal capital structure to reduce the cost of capital.

The Board monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

Fair value estimation

The carrying value of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables.

For financial assets and liabilities with maturity of less than one year, the face value less any estimated credit adjustments are assumed to approximate their fair values.

2.13 Income tax

The income tax expense comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised in other comprehensive income or directly in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.13 Income tax (continued)

Deferred income tax is recognised, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Board measures deferred tax liabilities for investment properties measured at fair value by applying the consequences of recovering the economic benefits of the investment property entirely through sale. The Board has reviewed its portfolio of investment properties and has not rebutted the presumption as none of the investment properties are held in a business model with the objective to consume substantially all the economic benefits through use.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on the weighted average basis and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

2.15 Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Board expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Board recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise employee termination payments, and are recognised in the period in which the Board becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Board are not provided for in advance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.16 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the Board becomes party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

2.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related services is provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pension obligations

The Board operates a defined contribution plan. The Board pays contributions to a privately administered pension plan on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Board has no further payment obligations. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Board recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

Performance bonus and end of contract gratuity

A liability for employee benefits in the form of a performance bonus and an end of contract gratuity is recognised in provisions when there is a constructive obligation to settle the liability, and at least one of the following conditions are met;

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus and the amount can be reliably estimated before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.17 Employee benefits (continued)

Statutory obligations

Provision has been made for statutory termination obligations in terms of the Employment Act, 1980.

2.18 Critical accounting estimates and judgements

The Board makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. 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. The major area where management has used its judgment and accounting estimates are with regards to the following:

Estimated impairment of trade and other receivables

The Board regularly tests whether trade and other receivables have suffered any impairment in accordance with the accounting policy stated in 2.8. Due to the nature of trade and other receivables the recoverable amounts have not been determined based on discounted cash flows as the period to recovery is generally less than one year. These calculations require the use of estimates (Note 10).

Depreciation

The Board charges depreciation as an expense on items of plant and equipment (Note 8.1) based on the useful lives and residual values of the different items of plant and equipment. The useful lives and residual values are based on management's best estimates which are reviewed on an annual basis.

Utilisation of tax losses

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Board has not recognised tax losses (Note 7) based on management's assessment that future taxable profits will not be available to utilise such tax losses.

Valuation of investment properties

The Board uses external valuers to annually determine the fair value of investment properties (Note 8.2). In determining fair value a number of assumptions are used and Management reviews the valuation to ensure that the overall valuation reflects Management's understanding of fair value.

Contingent liabilities and provisions

Management makes assumptions and estimates relating to the raising of provisions and where provisions are not raised on the disclosure of contingent liabilities (Note 19).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.18 Critical accounting estimates and judgements (continued)

Valuation of properties held for sale (Inventories)

The Board measures properties held for sale at cost of acquiring the property plus the cost of any improvements made on the properties. Cost includes all expenditure related directly to the specific properties. The Board estimates future selling prices for properties held for sale at cost and should selling prices be lower than cost the inventory is written down. A number of assumptions are necessary to estimate future selling prices.

In determining cost for properties donated by the Government of Eswatini, the Board uses external valuers to determine fair value and such value is assumed to be the cost of the property. In determining fair value a number of assumptions are used and management reviews the valuation to ensure that the overall valuation reflects management's understanding of fair value.

Expected credit loss for financial assets

The Board measures the expected credit loss on financial loss assets based on the estimated probability of default of the centre party of financial asset over the lifetime of the financial asset. (Refer to note 2.8).

2.19 Leases

Definition of a lease

On transition to IFRS 16 the board elected to apply the practical expedient not to grandfather the assessment of which transactions are leases. The board applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contract entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the entity lease premises. The entity previously classified leases as operating or finance leases based on its measurement of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the entity. Under IFRS 16, the board recognises right-of-use assets and lease liabilities for most of these leases on the Statement of Financial Position.

At commencement or on modification of a contract that contains a lease component, the entity allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2021

2.20 As a lessee (continued)

Leases classified as operating leases under IAS 17

Previously, the board classified leases under IAS 17. On transition for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate which is the prime rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The entity applied this approach to all its leases.

The entity has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The entity has not elected exemption of low value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

1. Revenue

The analysis of revenue is as follows:

	2021	2020
	E	E
Rental income	35 663 205	34 836 166
Management fee income	16 163 330	11 499 131
Subvention income	9 200 000	-
Project sales income	31 323 949	19 313 029
Sale of properties	31 025 551	19 063 641
Managed projects income	259 741	249 388
Design fees	38 657	-
	92 350 484	65 648 326

2. Cost of sales

Cost of sales consist of direct costs relating to the rental and project sales divisions

Rental	10 509 816	10 155 124
Project sales	27 949 205	15 958 094
Institutional Housing Project – Construction costs	-	-
	38 459 021	26 113 218

3. Other income

Administration fee	315 809	143 904
Dustbins, Lockouts, Trespass levy, Stamps	53 850	275 309
	369 659	419 213

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

4. Operating profit/(loss)

Operating profit/(loss) before income tax is arrived at after taking into account the following items:

	2021	2020
	E	E
Auditors remuneration	200 863	194 580
Current year audit fees	-	-
Prior year audit fees	200 863	194 580
Directors fees	140 154	268 734
Depreciation of plant and equipment	1 441 716	1 791 988
Depreciation of right of use asset	1 463 922	1 513 923
Legal fees	31 382	255 871
Insurance expense	2 486 676	2 080 957
Professional fees and consultancy	34 700	151 021
Repairs and maintenance	2 000 353	3 168 625
Entertainment expenses	3 098	21 400
Motor vehicle expenses	561 011	739 616
5. Employee benefit expense		
Salaries and wages	27 561 184	27 022 165
Pension costs – defined contribution plan	2 338 892	2 299 868
Gratuity costs	2 213 302	2 181 802
Other employment benefits	1 427 534	1 824 900
	33 540 912	33 328 735

The average number of persons employed by the Board during the year was 101 (2020: 108).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	E	E
6. Finance income – net		
Interest income	56 359 610	76 707 838
Interest paid	(64 528 970)	(93 931 459)
Lease interest	(801 040)	(894 347)
	(8 970 400)	(18 117 968)
7. Taxation		
7.1 Tax charge		
Eswatini normal taxation		
Current taxation	-	-
Deferred taxation current year	-	-
Deferred taxation prior year adjustment	-	-
	-	-
7.2 Rate of taxation reconciliation		
Standard rate of taxation	27.50	27.50
Tax exempt revenues	(39.7.15)	(136.32)
Non-deductible expenses	1.18	0.36
Deferred tax asset not recognised	368.47	109.18
Taxation charge for the year as a percentage of profit before income tax	-	-

7.3 Tax losses

No provision has been made for normal taxation since the Board has an estimated tax loss available for set off against future taxable income amounting to E71 295 202 (2020: E66 400 261).

74 NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

8.1 Plant and equipment

	Office furniture and equipment	Other equipment	Computer equipment	Management information systems	Motor vehicles	Total
	E	E	E	E	E	E
Year ended 31 March 2021						
Opening net book value	740 133	546 667	152 519	611 938	680 638	2 731 895
Additions	94 325	109 993	163 780	207 507	-	575 605
Disposals	-	-	-	-	-	-
Depreciation on disposals	-	-	-	-	-	-
Depreciation charge	(92 396)	(97 146)	(95 359)	(554 605)	(602 209)	(1 441 715)
Closing net book value	742 062	559 514	220 940	264 840	78 429	1 865 785
Cost	956 163	1 226 318	1 527 538	6 672 146	6 436 913	16 819 078
Accumulated Depreciation	(214 101)	(666 804)	(1 306 598)	(6 407 306)	(6 358 485)	(14 953 294)
Net book value	742 062	559 514	220 940	264 840	78 428	1 865 784

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

8.1 Plant and equipment (continued)

	Management					Total
	Office furniture and equipment	Other equipment	Computer equipment	Management information systems	Motor vehicles	
Year Ended 31 March 2020						
Opening net book value	780 391	433 114	216 947	1 233 117	1 442 614	4 106 183
Additions	43 506	202 358	78 895	92 942	-	417 701
Disposals	-	-	(14 067)	-	-	(14 067)
Depreciation on disposals	-	-	14 066	-	-	14 066
Depreciation charge	(83 764)	(88 805)	(143 322)	(714 121)	(761 976)	(1 791 988)
Closing net book value	740 133	546 667	152 519	611 938	680 638	2 731 895
Cost	861 838	1 116 326	1 363 758	6 464 639	6 436 913	16 243 474
Accumulated Depreciation	(121 705)	(569 659)	(1 211 239)	(5 852 701)	(5 756 275)	(13 511 579)
Net book value	740 133	546 667	152 519	611 938	680 638	2 731 895

76 NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

8.2 Investment property

	Opening valuation E	Disposals E	Revaluation gain/(loss) E	Closing valuation E
Matsapha Properties				
Lot 440 and 849	166 709 404	-	14 405 596	181 115 000
Lot 43 – Matsapha Warehouse	1 516 840	-	594 160	2 111 000
Mbabane Properties				
Portion 484 of Farm 2 – Mbabane South	5 810 664	-	237 336	6 048 000
Portion 486 of Farm 2 – Mbabane South	28 545 236	-	385 764	28 931 000
Lot 2172 – Golf course	3 759 975	-	(190 975)	3 569 000
Remainder Lot 2300 – Mbangweni	2 984 016	-	199 984	3 184 000
Lot 2416 and Remainder Lot 2417 – Mbangweni	41 925 613	-	2 960 387	44 886 000
Portion 659 of Farm 2 – Enhlahlhleni	9 553 632	-	644 368	10 198 000
Portion 12/3/Farm 859 – Old Mobeni	15 247 889	-	1 941 111	17 189 000
Portion 12 of Farm 1194 – Hostel	7 436 534	-	(5 569 534)	1 867 000
Portion 13 of Farm 1194 – Kuyehlela	36 057 192	-	2 432 808	38 490 000
Lot 126 and 127 – Johnson street	2 475 000	-	297 000	2 772 000
Lot 124 and 125 – Johnson Street	2 475 000	-	297 000	2 772 000
Portion 346 of Farm 2 – Checkers	4 179 000	-	497 000	4 676 000
Portion 17 of Farm 1194 – Low Cost	497 760	-	3 353 240	3 851 000
Total	329 173 755	-	22 485 245	351 659 000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

8.2 Investment property (continued)

The Board's properties consist of freehold land with residential and commercial buildings erected thereon which are leased to third parties in fulfilment of the Boards' mandate. Each of the leases is valid for 12 months with an automatic renewal. No contingent rents are charged. Full details of the properties owned are maintained at the Board's office.

The carrying amount of investment property is the fair value of property as determined by a valuer's valuation having due regard to value in use. At 31 March 2021 investment property was valued at E351.6 million (2020: E329.1 million).

The fair value measurement for investment property has all been categorised as a level 3 fair value based on the inputs to the valuation technique used.

	2021 E	2020 E
Opening balance	329 173 755	411 549 651
Disposals	-	(81 224 967)
Gains/(losses) included in profit and loss	22 485 245	(1 150 929)
	<u>351 659 000</u>	<u>329 173 755</u>

Portion 486 of Farm 2 has been encumbered by a first mortgage bond for E12.3 million in favour of Nedbank (Swaziland) Limited, as security for a medium term loan facility. (Refer note 14.1.3).

Remainder Lot 2417 and Lot 2300 has been encumbered by a first mortgage bond for E20.3 million in favour of Swaziland Building Society, as security for a fifteen year loan facility for the construction of Embangweni Town Houses. (Refer note 14.1.4).

Portion 3 of farm 188 situated in Hhohho has been encumbered by a first mortgage bond for E47 million in favour of Eswatini Development and Savings Bank, as security for a business loan for the development of the Woodlands township. (Refer note 14.1.5).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

8.2 Investment property (continued)

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

<i>Valuation technique</i>	<i>Significant unobservable inputs</i>	<i>Inter-relationship between key unobservable inputs and fair value measurement</i>
Discounted cash flows: The valuation mode considers the present value of net cash flows to be generated from the property taking into account expected rental growth rate, void periods occupancy rate, lease incentive costs such as rent-free periods, and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of building and its location (prime vs secondary), tenant credit quality and lease terms.	<ul style="list-style-type: none"> • Expected market rental growth (15%). • Void periods (Nil). • Occupancy rate (100%). • Rent-free periods (Nil) • Risk-adjusted discount rates (10-12%) 	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> • expected market rental growth were higher (lower); • void periods were shorter (longer) or • the risk-adjusted discount rate were lower (higher)

9. Inventory

Property for resale

	2021 E	2020 E
	101 060 723	123 723 237

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	E	E
10. Trade and other receivables		
Current		
Trade receivables – due from tenants	1 763 337	1 359 694
Trade receivables – due from projects	921 790	657 138
Less provision for impairment of receivables	(7 398)	(55 388)
Net receivables	2 677 729	1 961 444
Other receivables	1 109 242	325 374
Trade receivables – Government Institutional Housing Project	136 522 548	119 131 349
Trade and other receivables – net	140 309 579	121 418 167
Non-current		
Trade receivables – Government Institutional Housing Project	509 224 089	600 387 276
Trade and other receivables – net	649 533 608	721 805 443
The fair values of trade and other receivables are as follows		
Net rental and project receivables	2 677 729	1 961 444
Net IHP receivables	645 746 637	719 518 625
Other receivables	1 109 242	325 374
	649 533 608	721 805 443

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021 E	2020 E
10. Trade and other receivables (continued)		
The ageing analysis of these current trade receivables is as follows:		
Up to 3 months	2 341 883	1 301 648
Over 3 months	343 244	715 184
Provision for impairment of trade and other debtors	(7 398)	(55 388)
	2 677 729	1 961 444
As at 31 March 2021, trade receivables amounting to E7 398 (2020: E55 388) were impaired and provided for.		
The carrying amounts of the Board's trade and other receivables are denominated in the following currencies		
Emalangeneni	649 533 608	721 805 443
Movements in the provision for impairment of trade and other receivables are as follows:		
Opening balance	55 388	157 840
Current year impairment reversed	(47 990)	(102 452)
Closing balance	7 398	55 388

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

10. Trade and other receivables (continued)

	2021 E	2020 E
IHP financial asset	645 746 637	719 518 625
Provision for impairment	-	-
	645 746 637	719 518 625

The board has assessed the expected credit loss of the IHP financial asset in accordance with IFRS 9 Financial Instruments requirements. The financial asset is considered to be held within a held-to-collect business model, as they are holding the asset to collect contractual cash flows to be paid to the finance providers to settle the related IHP financial liabilities.

The credit risk associated with this financial asset is considered to be at 0% because the Board does not face any risks in events of default or non-payment of the receivable as the associated financial liabilities have a E1 billion guarantee. In the event of delayed receipts, the Board will be compensated for the effects of the time value of money through additional interest that will be charged. In the event of non-payment, the finance providers will re-call the loans, which will be settled by the guarantor and the associated financial asset will be settled.

11. Cash and cash equivalents

Cash at bank	763 520	2 741 171
Short term bank deposits	4 521 220	4 318 489
Mobile money	-	175 478
Cash on hand	55 092	2 192
	5 339 832	7 237 330
Bank overdrafts	(4 304 801)	(4 710 380)
Cash and cash equivalents	1 035 031	2 526 950

The Board has an overdraft facility of E5 million with FNB Swaziland.
The Board has an overdraft facility of E10 million with Eswatini Bank.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	Ptn 17 of farm 1194	Ngwenya donation	Msunduza compen- sation	Nkhanini Donation	IHP reserve	Total
	E	E	E	E		E
12. Capital reserves						
Balance at 1 April 2019	1 694 000	2 451 930	2 167 770	7 073 271	4 161 879	17 548 850
IHP insurance reserve	-	-	-	-	215 633	215 633
Transfer to profit or loss	-	-	(12 340)	-	-	(12 340)
Grant amortisation	-	(454 673)	-	(568 653)	-	(1 023 326)
Balance at 31 March 2020	1 694 000	1 997 257	2 155 430	6 504 618	4 377 512	16 728 817
IHP insurance reserve	-	-	-	-	306 244	306 244
Transfer to profit or loss	-	-	-	-	-	-
Grant amortisation	-	(112 315)	-	(203 141)	-	(315 456)
Balance at 31 March 2021	1 694 000	1 884 942	2 155 430	6 301 477	4 683 756	16 719 605

Portion 17 of Farm 1194 represents a grant received from the Government of Eswatini being property (refer note 17).

The Ngwenya Donation represents a grant received from the Government of Eswatini being property (refer note 17). This amount is to be released to profit or loss as and when properties are sold.

Msunduza Compensation represents unclaimed money received to compensate resettled Msunduza residents.

The Nkhanini Donation represents a grant received from the Government of Eswatini being property and improvements (refer note 17). This amount is to be released to profit or loss as and when properties are sold.

The IHP reserve represents funds put aside as insurance for the IHP Units. These amounts are 0.22% of monthly repayments from the Government of Eswatini.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	E	E
13. Revaluation reserve		
13.1 Revaluation surplus on acquisition	11 550 595	11 550 595
The surplus arose on the Board's takeover of the Industrial Housing Board's assets.		
13.2 Property revaluation reserve		
Arising on the revaluation of investment properties (Note 8.2).		
Opening balance	305 825 087	306 976 016
Current year revaluation loss	22 485 245	(1 150 929)
	328 310 332	305 825 087
	339 860 927	317 375 682
14. Borrowings		
<i>Current</i>		
Current portion of IHP loans	40 367 670	35 016 152
Short term borrowings (excluding IHP)	17 993 514	20 352 286
	58 361 184	55 368 438
<i>Non-current</i>		
IHP loans	623 049 162	703 544 183
Non-current borrowings (excluding IHP)	122 645 720	140 359 265
	745 694 882	843 903 448
Total borrowings	804 056 066	899 271 886

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021 E	2020 E
14.1 Long term loans		
The analysis of long term loans is as follows:		
Government of Eswatini – Msunduzi Township (Note 14.1.1)	5 118 315	5 118 315
Old Mutual (Note 14.1.2)	18 013 667	18 840 490
Nedbank (Swaziland) Limited (Note 14.1.3)	-	3 397 073
Building Society Loan – Embangweni Town Houses (Note 14.1.4)	8 792 753	10 705 746
FNB Swaziland (14.1.9)	6 887 872	7 825 144
Eswatini Bank Loan – Woodlands Loan (Note 14.1.5)	77 239 889	90 238 075
Government of Eswatini – Nkhanini Township (Note 14.1.6)	24 586 738	24 586 738
IHP PSPF Loan (Note 14.1.7)	568 069 722	627 641 188
IHP ENPF Loan (Note 14.1.8)	95 347 110	110 919 147
Total long term loans	804 056 066	899 271 886
Current portion	(58 361 184)	(55 368 438)
Non-current portion	745 694 882	843 903 448

14.1.1 Msunduzi Township

This represents a loan from the Government of Eswatini in order for the Board to fulfil its obligations with regard to the implementation of the Urban Development Project being the development of infrastructure at Msunduzi Township in Mbabane. The loan is in terms of a subsidiary agreement between the Government and the Board, the main agreement being between the International Bank for Reconstruction and Development and the Government in respect of the Urban Development Project.

The principal amount of the loan is disbursed in local currency and, on each drawdown, is translated to US Dollars using the rate of exchange ruling at the date the loan is disbursed. The loan principal is repayable over six years, including a grace period of three years, in semi-annual instalments. In terms of the subsidiary loan agreement with the Government loan repayments were to have commenced in the 1999 financial year. Pending the re-negotiations of the loan, the Board has offered to pay quarterly amounts of E92 872 effective from June 2007. In the current year, the Board has not made any repayments on this loan. The loan is repayable in local currency using the exchange rate ruling at the time the loan agreement was signed on 13 December 1995 (US\$1=E3.6690) with the Government of Swaziland bearing the risk from fluctuations in the Emalangeni/US Dollar exchange rate.

The loan is unsecured and bears interest at a rate of 2% above the rate of inflation as determined by the Government.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

14. Borrowings (continued)

14.1 Long term loans (continued)

14.1.2 Old Mutual

The loan was obtained to part finance the Woodlands Shopping Centre project. The loan is repayable in quarterly instalments over 15 years commencing December 2019 and bears interest at the prime interest rate. This loan is secured by a first mortgage bond over Portion 13 of Farm No. 1194.

14.1.3 Nedbank (Eswatini) Limited

The loan is repayable in monthly instalments over five years commencing in October 2015, bear interest at the Eswatini prime interest rate less 1% and are secured by a first to third mortgage bond for E12.3 million over Portion 486 of Farm 2 Mbabane. The loan was settled during the year.

14.1.4 Swaziland Building Society

This loan was obtained to finance the construction of Embangweni town houses. The Loan is repayable in monthly instalments over 15 years commencing in January 2011 and bears interest at the prime interest rate less 1%. This loan is secured by a first mortgage bond for E20.3 million over remainder of Lot 2417 and Lot 2300.

14.1.5 Eswatini Development and Savings Bank (Eswatini Bank)

This loan was obtained to finance the infrastructure development of the Woodlands Township. The loan is repayable over 10 years commencing on completion of construction and bears interest at prime less 1%. This loan is secured by a first mortgage bond for E47 million over portion 3 of farm 188.

14.1.6 Eswatini Government – Nkhanini Township

This represents the value of infrastructure costs incurred by Government on development of the Nkhanini Township prior to government donating this to the Board. The amount is repayable over 10 years with the first instalment due by 31 March 2014 at the discretion of the Board. The amount is interest free and unsecured. The Board is currently negotiating with Government to waive repayments of the loan and no instalments have been made as at 31 March 2020 pending the outcome of such negotiations.

14.1.7 Public Service Pension Fund

This loan was obtained to finance the development of the Institutional Housing Project. The loan is repayable over 15 years commencing after a 12 months drawdown moratorium and bears interest at the prevailing prime rate. This loan is secured by a government guarantee.

14.1.8 Eswatini National Provident Fund

This loan was obtained to finance the development of the Institutional Housing Project. The loan is repayable over 15 years commencing after a 12 months drawdown moratorium and bears interest at the prevailing prime rate. This loan is secured by a government guarantee.

14.1.9 FNB Eswatini

This loan was obtained to finance the purchase of Remainder of portion 99, Farm 50 at Ezulwini. The Loan is repayable in monthly instalments over 7 years commencing in November 2019 and bears interest at the prime interest rate less 0.25%. This loan is secured by a first mortgage bond for E20.3 million over remainder of Lot 440, 441 and Lot 849.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

14. Borrowings (continued)

14.2 The maturity of loans is as follows:

	2021 E	2020 E
Within 1 year	58 361 184	55 368 438
Between 1 and 2 years	65 699 936	65 480 082
Between 2 and 3 years	70 837 618	70 226 165
Between 3 and 4 years	76 287 050	76 320 915
Between 4 and 5 years	81 450 936	27 559 634
After 5 years	451 419 343	604 316 652
	804 056 066	899 271 886

Minimum future payments of loans are as follows:

Within 1 year	124 321 715	140 722 384
Between 2 and 5 years	486 856 259	506 773 662
After 5 years	571 124 051	738 431 305
	1 182 302 025	1 358 927 351

Finance charges	(378 245 959)	(459 655 465)
	804 056 066	899 271 886

15. Trade and other payables

Trade creditors	2 364 917	1 665 530
Contractor payables	-	233 347
Commitment fees	77 631	77 631
Project sales deposits	6 025 145	7 091 716
Retention	325 043	3 616 152
Rent deposits	2 378 890	2 377 229
Deferred income - IHP	13 540 298	9 946 846
Other accrued payables	9 718 280	7 623 892
	34 430 204	32 632 343

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	At beginning of year	Paid	Charged to profit or loss	At end of year
	E	E	E	E
16. Provisions for other liabilities and charges				
2021				
Leave pay	414 635	-	(414 635)	-
Gratuity	3 588 442	(2 076 729)	2 147 476	3 659 189
Severance pay	1 008 708	-	-	1 008 708
	5 011 785	(2 076 729)	1 732 841	4 667 897
2020				
Leave pay	192 484	-	222 151	414 635
Gratuity	3 960 680	(2 881 852)	2 509 614	3 588 442
Severance pay	1 008 708	-	-	1 008 708
	5 161 872	(2 881 852)	2 731 765	5 011 785

Leave pay provision

The leave pay provision relates to the vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is utilised when employees, who are entitled to leave pay, leave the employment of the Board or when accrued entitlement is utilised by taking days off. As at the end of 31 March 2021, all employees forfeited their leave days.

Gratuity provision

Provision is made in accordance with employment contracts for those employees engaged on fixed term contracts for the year ending 31 March 2020. The gratuity provision consists of 25% of annual earnings. The cash flow is expected to occur at the end of the three year employment contracts.

Severance pay provision

The severance pay provision relates to amounts payable to employees on retirement in terms of the Employment Act. After the Magdeline vs Dunns case, the Board stopped providing for severance pay and set it at the level that was existing at 31 March 2013.

17. Deferred grant

Opening balance	
Transfer to profit or loss (note 12)	
Closing balance	

	2021	2020
	E	E
Opening balance	10 195 874	11 219 200
Transfer to profit or loss (note 12)	(315 455)	(1 023 326)
Closing balance	9 880 419	10 195 874

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

Deferred grant (continued)

17.1 Nkhanini Farm No. 1324 situated in the Shiselweni District, Eswatini, measuring 64,8799 hectares was donated by the Government of Eswatini to Eswatini Housing Board.

The value of the donation has been accounted for as the difference between the valuation performed by Consortium Projects (Proprietary) Limited amounting to E42 170 000 and the liability to the Eswatini Government for the infrastructure costs amounting to E24 800 000 (Note 14.1.6).

17.2 Ngwenya Portion 142 and 143 of Farm No. 1209 situated in the Hhohho District, Eswatini, measuring 5,9565 and 7,5097 hectares respectively was donated by the Government of Eswatini to Eswatini Housing Board.

The value of the donation has been accounted for as the valuation performed by the Ministry of Natural Resources and Energy.

17.3 Msunduzi Portion 17 of Farm No. 1194 situated in the Hhohho District, Eswatini, measuring 1, 5401 hectares was donated by the Government of Eswatini to Eswatini Housing Board.

The value of the donation has been accounted for as the valuation performed by Eswatini Realty Consultants (Proprietary) Limited.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

	2021	2020
	E	E
18. Notes to the statement of cash flows		
18.1 Reconciliation of cash generated by operations to profit before income tax		
Profit/(loss) before income tax	20 587 596	(33 125 870)
Adjustment for non-cash items:		
Depreciation of plant and equipment (note 8.1)	1 441 715	1 791 988
Depreciation ROU (note 24.1)	1 463 922	1 513 923
Interest received	(57 282 715)	(76 707 838)
Interest paid	64 528 970	93 931 459
Lease interest	801 040	894 347
Revaluation loss on investment property (note 8.2)	(22 485 245)	1 150 929
Transfer from reserves (note 12)	(315 455)	(1 035 666)
Reserve insurance (note 12)	306 244	215 633
	<u>9 046 071</u>	<u>(11 371 095)</u>
Changes in working capital		
Decrease in inventories	22 662 514	2 686 278
Decrease in trade and other receivables	72 271 835	25 283 998
Increase in trade and other payables	1 797 861	3 358 441
Decrease in provisions employee benefits	(343 888)	(150 087)
	<u>105 434 393</u>	<u>19 807 535</u>
Cash utilised by operations		

19. Guarantees and contingencies

19.1 Pending claims and litigation

The Board is presently involved in several legal cases in which it is the defendant and plaintiff. The Board's legal advisors have estimated that the maximum exposure to claims and legal costs will be of the order of E177 000. The directors are further of the opinion that all expenses relating to the defence of the majority of claims will be recorded in the period in which the expense is incurred.

19.2 Guarantees

As at 31 March 2021 the Board had contingent liabilities in respect of guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

19. Guarantees and contingencies (continued)

19.2 Guarantees (continued)

Employee housing loans
Employee car scheme
Employee educational loans

	2021 E	2020 E
	12 944 185	11 657 630
	663 267	1 043 984
	77 118	13 917
	13 684 570	12 715 331
	7 483 976	3 409 000

The guarantees have been issued in favour of Nedbank (Swaziland) Limited who has advanced amounts directly to the Board's employees. The guarantees expire annually when bank facilities are renegotiated

20. Commitments

20.1 Capital and housing inventory expenditure commitments

Authorised but not contracted for

Capital commitments will be funded from own resources, government grants and borrowings.

Expenditure on capital commitments is expected to be incurred during the next financial year.

The Board leases its office buildings under an operating lease agreement.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

21. Related parties

21.1 Identification of related parties

The Board is controlled by the Government of Eswatini and transacts with other Government controlled entities in the normal course of business.

The Board has loan facilities (note 14.1.5) with Eswatini Bank an entity owned by the Government of Eswatini.

The Board has loan facilities (note 14.1.7-8) with ENPF and PSPF (entities owned by the Government of Eswatini), backed by Government guarantees.

The Board has an agreement with the Government of Eswatini to receive payments towards repayment of the ENPF and PSPF loans.

21.2 Directors and key management

Details of remuneration paid to the Board's directors are set out in note 4.

Short term employment costs paid to key management during the year amounted to E7 706 831 (2020: E8 210 319). Key management comprise the Chief Executive Officer and six executive managers (department heads). Post-employment benefits amounting to E3 659 189 (2020: E3 588 442) were provided for key management during the year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

22. Financial instruments

22.1 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial assets and liabilities by category as defined in IFRS 9.

	Financial assets and liabilities FVTPL E	Financial assets and liabilities at amortised cost E	Financial assets and liabilities FVTOCI E	Total E
As at 31 March 2021				
Financial assets				
Cash and cash equivalents	-	5 339 832	-	5 339 832
Amounts due from related party	-	28 543 670	-	28 543 670
Trade and other receivables	-	649 533 608	-	649 533 608
	-	683 417 110	-	683 417 110
Financial liabilities				
Borrowings	-	804 056 066	-	804 056 066
Trade and other payables	-	34 430 204	-	34 430 204
Bank overdrafts	-	4 304 801	-	4 304 801
	-	842 791 071	-	842 791 071

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

22. Financial instruments (continued)

22.1 Analysis of financial assets and liabilities by measurement basis (continued)

	Financial assets and liabilities at FVTPL	Financial assets and liabilities at amortised cost	Financial assets and liabilities at FVTOCI	Total
	E	E	E	E
As at 31 March 2020				
Financial assets				
Cash and cash equivalents	-	7 237 330	-	7 237 330
Amounts due from related party	-	26 493 015	-	26 493 015
Trade and other receivables	-	721 805 443	-	721 805 443
	-	755 535 788	-	755 535 788
Financial liabilities				
Borrowings	-	899 271 886	-	899 271 886
Trade and other payables	-	32 632 343	-	32 632 343
Bank overdrafts	-	4 710 380	-	4 710 380
	-	936 614 609	-	936 614 609

Borrowings are classified as Level 2. The valuation technique used is the discounted cash flows approach and there were no transfers between Level 1 and Level 2.

22.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to internal credit risk ratings. The entity's financial assets, grouped according to internal credit risk ratings, are as follows:

	Financial Assets	Cash and cash equivalents	Investments held to maturity	Total
	E	E	E	E
As at 31 March 2021				
Counterparties without external credit ratings:-				
- Low risk	678 077 278	5 339 832	-	683 417 110
- Medium risk	-	-	-	-
- High risk	-	-	-	-
	678 077 278	5 339 832	-	683 417 110

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

22. Financial instruments (continued)

22.2 Credit quality of financial assets (continued)

	Financial assets E	Cash and cash equivalents E	Investments held to maturity E	Total E
As at 31 March 2020				
Counterparties without external credit ratings:-				
- Low risk	748 298 458	7 237 330	-	755 535 788
- Medium risk	-	-	-	-
- High risk	-	-	-	-
	748 298 458	7 237 330	-	755 535 788

The credit risk rating of financial assets is based on the following:

Low risk	This category is utilised for fully performing accounts that are classified as current and for amounts invested with reputable financial institutions and low risk entities.
Medium risk	This category is for all customer accounts that are 60-90 days outstanding, with a moderate risk.
High risk	This category is for all high risk customers and comprises all customers that are over 91 days due.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

22. Financial instruments (continued)

22.3 Maturity analysis

The Board's financial instruments are made up of the following financial assets and liabilities classified by maturity dates:

	Less than 1 year E	Between 2 and 5 years E	Between 5 and 15 years E	Total E
31 March 2021				
<i>Financial assets:</i>				
Trade and other receivables	136 522 548	236 336 056	282 888 033	645 746 637
Cash and bank	5 339 832	-	-	5 339 832
	141 862 380	236 336 056	282 888 033	651 086 469
<i>Financial liabilities:</i>				
Trade and other payables	34 430 204	-	-	34 340 204
Borrowings	58 361 184	294 275 539	451 419 343	804 056 066
Bank overdrafts	4 304 801	-	-	4 304 801
	97 096 189	294 275 539	451 419 343	842 791 071
31 March 2020				
<i>Financial assets:</i>				
Trade and other receivables	119 131 349	170 061 387	430 325 889	719 518 625
Cash and bank	7 237 330	-	-	7 237 330
	126 368 679	170 061 387	430 325 889	726 755 955
<i>Financial liabilities:</i>				
Trade and other payables	32 632 343	-	-	32 273 902
Borrowings	55 368 438	239 586 796	604 316 652	899 271 886
Bank overdrafts	4 710 380	-	-	4 710 380
	92 711 161	254 878 957	651 678 894	936 614 609

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

22. Financial instruments (continued)

22.4 Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	31 March 2021		31 March 2020	
	Carrying amount E	Fair value E	Carrying amount E	Fair value E
Cash and cash equivalents	5 339 832	5 339 832	7 237 330	7 237 330
Trade and other receivables	678 077 278	678 077 278	748 298 458	748 298 458
Trade and other payables	(34 430 204)	(34 430 204)	(32 632 343)	(32 632 343)
Bank overdrafts	(4 304 801)	(4 304 801)	(4 701 380)	(4 701 380)
Borrowings	(804 056 066)	(804 056 066)	(899 271 886)	(899 271 886)

23. Service Concession arrangement

On 14 August 2013, the Eswatini Housing Board was appointed as the Government of Eswatini's agent in respect of the implementation of the Institutional Housing Project. In terms of this mandate the Eswatini Housing Board shall conduct baseline housing needs analysis for all Institutional Agencies, carry out surveys and design and manage the implementation of the institutional housing project nationally.

In terms of IFRIC 12 Service Concession Arrangements, the Board does not recognise any infrastructure as its property, plant and equipment. The Eswatini Housing Board should recognise a financial asset as compensation for any construction services that it provides. The Board should recognise and measure revenue for providing construction services in accordance with IFRS 15. The Board should recognise a financial asset to the extent that it has an unconditional right to receive cash and an intangible asset to the extent that it has a right to charge for the usage of the asset.

The Board's financial asset consist of the right to receive cash from the Government for the construction services. The Government guaranteed to pay the Board amount utilised for the construction services over a period of 15 years. Full details of the agreement with the Government are maintained at the Board's office.

The carrying amount of the financial asset is the amount receivable as determined by the Board having due regard to future cash flows to flow at the direction of the Board. At 31 March 2021 the financial asset was valued at E646 million (2020: E719 million). The asset is measured at amortised cost.

The following table shows a reconciliation from the opening balance to the closing balances:

	2021 E	2020 E
Opening balance	719 518 625	744 289 818
Repayments	(73 771 988)	(24 771 193)
	645 746 637	719 518 625

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

		2021	2020
		E	E
24	Leases		
24.1	Right-of-use assets (ROU)		
		<i>Premises</i>	<i>Total</i>
	Present value of ROU		
	Balance at the beginning of the year (on adoption of IFRS 16)	9 083 540	9 083 540
	Balance at the end of the year	9 083 540	9 083 540
	Accumulated depreciation		
	Balance at beginning of the year	1 513 923	-
	Current year depreciation	1 463 922	1 513 923
		2 977 845	1 513 923
	Carrying value at the beginning of the year	7 569 617	-
	Carrying value at 31 March	6 105 695	7 569 617

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

24. Leases (continued)

	2021 E	2020 E
24.2 Lease liabilities		
Maturity analysis-contractual undiscounted cash flows		
Total undiscounted lease liabilities at 31 March	7 239 120	8 276 057
Less than one year	1 302 460	1 036 937
One to five years	5 936 660	7 239 120
Lease liabilities included in the statement of financial position at 31 March	7 239 120	8 276 057
Current	1 302 460	1 036 937
Non-current	5 936 660	7 239 120
Amounts recognised in profit or loss		
	801 040	894 347
Interest expense	801 040	894 347
Amounts recognised in statement of cash flows		
Total cash flow for leases	(1 837 977)	(1 701 830)

25. Amounts due from related party

Woodlands Shopping Centre (Pty) Ltd	28 543 670	26 493 015
Reconciliation of amounts due:		
Loan issued on disposal of investment property	81 224 967	81 224 967
Less proceeds received from disposal of 70% shareholding	(56 857 477)	(56 857 477)
Accumulated interest charged (short term portion)	4 176 180	2 125 525
	28 543 670	26 493 015

The loan issued is unsecured and bears interest at the prime Lending rate. Interest is payable quarterly, commencing in June 2020. The capital portion repayment will commence March 2025, payable on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

26. Investment in Associate

No share of profit has been accounted for the 30% investment at Woodlands Shopping Centre (Pty) Ltd as the entity has made losses and is in a net liability position, hence no share of profits have been recognised and the investment is held at a value of ENil.

DETAILED INCOME STATEMENT – PROPERTY ACCOUNT

for the year ended 31 March 2021

	2021	2020
	E	E
Property revenue		
Income from the sale of properties	31 025 551	19 063 641
Managed projects income	259 741	249 388
Design fees	38 657	-
Property revenue	31 323 949	19 313 029
Cost of sales	(27 949 205)	(15 958 094)
Gross income for the year on property development	3 374 744	3 354 935
Grant received	315 455	1 023 326
Surplus for the year on property development	3 690 199	4 378 261
Indirect operating expenses	(13 244 143)	(21 135 314)
Bad debts	960	(65 579)
Conveyancing	21 842	52 179
Construction costs	171 971	287 746
Entertainment	1 484	1 535
Interest	6 763 256	18 738 815
Professional fees	5 750	23 828
Marketing and Publicity	1 584 329	638 211
Protective clothing	90 118	28 885
Rates	4 419 903	1 242 089
Site clearing	184 530	187 605
Net deficit for the year on property development	(9 553 944)	(16 757 053)

This statement does not form part of the financial statements and is unaudited

DETAILED INCOME STATEMENT – RENTALS

for the year ended 31 March 2021

	2021	2020
	E	E
Rentals		
Income		
Rentals received	35 663 205	34 836 166
Direct operating expenditure	(13 415 454)	(13 461 034)
Advertising	33 221	48 579
Bad debts	(47 990)	(36 873)
Depreciation of plant and equipment and ROU	2 905 638	3 305 910
Entertainment	-	2 864
Grass cutting expense	162 851	152 644
Insurance	-	1 259 224
Interest	2 803 813	1 068 022
Professional fees	5 750	18 860
Protective clothing	-	195 659
Rates	2 583 455	1 977 694
Repairs and maintenance	1 802 408	2 383 226
Security	2 664 367	2 454 816
Tenants screening fees	11 413	45 455
Travelling expenses	-	3 658
Water and electricity	490 528	581 296
Trading surplus for the year on letting of investment property	22 247 751	21 375 132

This statement does not form part of the financial statements and is unaudited

DETAILED INCOME STATEMENT – INSTITUTIONAL HOUSING PROJECT

for the year ended 31 March 2021

	2021 E	2020 E
<i>Institutional Housing Project</i>		
Income	71 192 659	85 623 715
Property management fees	17 086 435	11 499 131
Interest receivable	54 106 224	74 124 584
Direct operating expenditure		
Construction costs	624 087	(3 299 195)
Cost of sales	624 087	(3 299 195)
Gross income for the year on IHP	71 816 746	82 324 520
Indirect operating expenses	(54 827 905)	(75 089 376)
Conferences and seminars	-	-
Interest on loans	54 689 431	74 124 622
Repairs and maintenance	138 474	964 754
Stakeholder briefings	-	-
Trading surplus for the year on Institutional Housing Project	16 988 841	7 235 144

This statement does not form part of the financial statements and is unaudited.

DETAILED INCOME STATEMENT - COMBINED

for the year ended 31 March 2021

	2021	2020
	E	E
Income	63 990 939	13 704 761
Loss on property development	(9 553 944)	(16 757 053)
Net surplus on Institutional Housing Project	16 988 841	7 235 144
Net surplus on letting of investment property	22 247 751	21 375 132
Revaluation gain/(loss)	22 485 246	(1 150 929)
Subvention	9 200 000	-
Interest income	2 253 386	2 583 254
Sundry income	369 659	419 213
Administrative expenditure	(43 403 342)	(46 830 631)
Advertising	56 712	123 038
Auditors remuneration	200 863	194 580
Bank charges	454 407	545 822
BOLESWANA activities	-	544 837
Cleaning and tea expenses	14 392	47 765
Conferences and seminars	-	1 541 770
Corporate wear	-	196 206
Corporate social responsibility	92 447	97 341
Data processing	56 545	62 085
Directors' fees	140 154	268 734
Entertainment	1 641	18 536
Finance charges	1 073 510	894 347
Head office move	-	369 918
Insurance	2 486 676	821 733
Internet access	517 586	431 736
Legal fees	31 382	255 871
Lighting	296 308	281 621
Medical expenses	1 842 169	1 602 749
Motor vehicle expenses	561 011	739 616
Occupation health and safety	117 888	115 860
Office decorations	30 781	900
Pension	4 552 194	4 481 670
PEU management fees	488 958	345 863
Printing and stationery	249 737	319 092
Professional fees	28 950	108 333
Protective clothing	2 212	9 908
Recruitment costs	5 911	7 436
Rent payable	418 678	408 346
Repairs and maintenance	59 471	130 474
Relationship building	81 600	73 628
Research and surveys	-	840
Salaries and wages	27 561 184	27 022 165
Security	55 293	78 451
Leave and Gratuity pay	(414 635)	222 151
Software licences	525 077	587 501
Staff finance charges	518 675	514 353
Staff welfare	152 178	101 062
Stakeholder briefing	6 313	121 808
Strategy and performance management	665	21 400
Strategic initiatives	16 485	1 476 484
Subscriptions	115 453	319 066
Telephone and postage	986 473	902 089
Training	17 999	423 446
Net profit/(loss) for the year	20 587 597	(33 125 870)

This statement does not form part of the financial statements and is unaudited



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