



THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE



NATIONAL HOUSING CORPORATION (NHC)

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2024

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March 2025

AR/PA/NHC/2023/24

About the National Audit Office

Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418.



Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

Teamwork Spirit

We value and work together with internal and external stakeholders.

Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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ABBREVIATION	MEANING
ICT	Information and Communication Technology
IFRSs	International Financial Reporting Standards
ISSAI	International Standards of Supreme Audit Institutions
NAO	National Audit Office
NHC	National Housing Corporation
NHIF	National Health Insurance Fund
No.	Number
PhD	Doctor of Philosophy
TAMICO	Tanzania Mines, Energy, Construction and Allied workers Union
TZS	Tanzania Shillings
UDSM	University of Dar es Salaam
URT	United Republic of Tanzania
SOCE	Statement of Change in Equity
SEA	Strategic Environmental Assessment
ESIA	Environmental and Social Impact Assessment
ECL	Expected Credit Losses
LFEC	Land and Finance as Equity Contribution
LEC	Land as Equity Contribution
DFIs	Direct Foreign Investment
RSM	Revenue Sharing Model
TMRC	Tanzania Mortgage Refinance Company Limited

CORPORATE INFORMATION

<p>REGISTERED OFFICE Medeli Magharibi, P.O. Box 2422, Dodoma.</p>		
<p>BANKERS</p>		
<p>CRDB Bank Plc Ali Hassan Mwinyi Road P.O. Box 268 Dar es Salaam</p> <p>National Bank of Commerce Limited Sokoine Drive, P.O. Box 1863, Dar es Salaam.</p> <p>NMB Bank Plc Ohio Street P.O. Box 9213 Dar es Salaam.</p>	<p>KCB Bank Tanzania Limited Kaunda Drive P.O. Box 16666, Dar es Salaam.</p> <p>Citibank House Plot 1962, Toure Drive, Oyster Bay, P.O. Box 71625, Dar es Salaam.</p> <p>Tanzania Commercial Bank PSSSF Millennium Towers II, Bagamoyo Road, P.O BOX 9300, Dar es Salaam.</p>	<p>NCBA Bank Nyerere Road, P.O. Box 9640, Dar es Salaam.</p> <p>Azania Bank Limited Masdo House, P.O. Box 9271, Dar es Salaam.</p> <p>ABSA Bank Tanzania ABSA House, Ohio Street, P.O. Box 5137, Dar es Salaam.</p>
<p>COMPANY SECRETARY Sarah Massamu, Kambarage House, P.O. Box 2977, Dar es Salaam.</p>		
<p>PRINCIPAL AUDITORS The Controller and Auditor General, National Audit Office, Mahakama Road, P.O. Box 950, 41104 Tambukareli, Dodoma.</p>		

1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Board Chairperson,
National Housing Corporation,
P.O. Box 2422,
Dodoma, Tanzania

1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Unqualified Opinion

I have audited the financial statements of National Housing Corporation which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement, and notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of National Housing Corporation as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below titled, "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of National Housing Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

Other Information

Management is responsible for the other information. The other information comprises the Report by Those Charged with Governance, the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines 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, management is 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 management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

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

Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 based on these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is

- higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap. 418 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap. 410 requires me to state in my annual audit report whether the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS

1.2.1 Compliance with the Public Procurement laws

Subject matter: Compliance audit on procurement of works, goods and services

I performed a compliance audit on procurement of works, goods and services in the National Housing Corporation for the financial year ended 30 June 2024 as per the Public Procurement laws.

Conclusion

Based on the audit work performed, I state that procurement of works, goods and services of the National Housing Corporation is generally in compliance with the requirements of the Public Procurement Public Procurement laws.

1.2.2 Compliance with the Budget Act and other Budget Guidelines

Subject matter: Budget formulation and execution

I performed a compliance audit on budget formulation and execution in the National Housing Corporation for the financial year ended 30 June 2024 as per the Budget Act and other Budget Guidelines.

Conclusion

Based on the audit work performed, I state that Budget formulation and execution of National Housing Corporation is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere
Controller and Auditor General,
Dodoma, United Republic of Tanzania.
March 2025



2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2024

The Directors submit their report together with the audited financial statements for the year ended 30 June 2024, which disclose the state of affairs of National Housing Corporation (the Corporation or NHC) in accordance with Section 29 of the National Housing Corporation Act, 1990.

2.1 ESTABLISHMENT

The National Housing Corporation was incorporated under the Act of Parliament No. 2 of 1990 as a Public Corporation.

2.2 CORPORATION'S VISION

To be a leading real estate development and management firm in Africa.

2.3 CORPORATION'S MISSION

To provide and facilitate the provision of quality housing and other buildings for use by the general public.

2.4 CORE VALUE

Professionalism, Efficiency, Transparency, Integrity, Team Work and Innovativeness (PETITI).

2.5 PRINCIPAL ACTIVITIES

The principal activities of the Corporation are to provide and facilitate the provision of houses and other buildings in Tanzania mainland for use by members of the public for residential, commercial, industrial or other purposes. The Corporation's principal activities are mandated by an Act of Parliament No. 2 of 1990 and fall under the following main categories:

- (i) Construction of houses and other buildings for sale and letting;
- (ii) Construction of buildings as a part of approved schemes;
- (iii) The business of building contractors, planners and consultants; and
- (iv) The business of real estate management in respect of properties owned by the Corporation and any other properties on approved terms.

2.6 RESULTS

The net profit for the period ended 30 June 2024 is TZS 242,896 million (2023: Net profit of TZS 58,674 million) has been transferred to retained earnings. The Corporation had paid dividend/contribution to its shareholders (The Government) through Treasury Registrar Office amount of TZS 1.2 billion (2023: TZS 1.0 billion) for the year ended 30 June 2024 as per the Treasury Registrar directives.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.7 ADMINISTRATIVE MATTERS

The day-to-day activities of the Corporation are overseen by the Director General who is assisted by ten (10) Directors and two (2) Heads of Unit (Managers).

The Corporation Directorates comprises the following: -

- Property Management
- Construction
- Human Resource and Administration
- Business Development and Marketing
- Finance
- Innovation and Consultancy Services
- Planning, Risk, Research and Development
- Procurement

The 4 Units are:

- Internal Audit;
- ICT & Statistics;
- Legal Services;
- Public Affairs and Information.

2.8 SOLVENCY

The Board of Directors confirms that International Financial Reporting Standards have been followed in the preparation of financial statements and that the financial statements have been prepared on a going concern basis. The Board of Directors has reasonable expectation that the Corporation has adequate resources to continue operation for the foreseeable future.

2.9 OPERATING AND FINANCIAL REVIEW

a) The Corporation's net worth

During the year, the total value of the Corporation's net worth increased to TZS 3,702 billion from TZS 3,454 billion recorded in the prior year. The increase is attributable to net profit generated during the year, which is significantly contributed by increase in fair value of investment properties, by TZS 308 billion.

b) Profitability

During the year ended 30 June 2024, the Corporation made a profit before tax of TZS 345, billion (2023: profit of TZS 84 billion). The profit generated includes the increase in fair value of investment properties by TZS 308 billion (2023: TZS 44, billion). The actual profit before tax excluding investment property fair value is TZS 37 billion (2023: TZS 40 billion).

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.9. OPERATING AND FINANCIAL REVIEW

c) Cash flows

The Corporation's cash flows as per the cash flows statement are under three categories which are cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. Therefore, the Corporation's cash flows analysis is summarized below:

(i) Cash Flows from Operating Activities

The net cash flows from operating activities of TZS 54.86 billion (30 June 2023: TZS 24.39 billion), This is a result of general operations which included cash receipts from customers, cash paid to suppliers, interest received, interest paid, cash paid in respect of staff costs as well as taxes paid to the government.

(ii) Cash Flows from Investing Activities

The net cash flows from investing activities of TZS (17.73) billion (30 June 2023: TZS (6.52) billion). This resulted from capital expenditures including acquisition of property and equipment, intangible assets, Investment property, investment in joint venture and other entities, Investment in fixed deposits, and cash received from dividend received from joint ventures.

(iii) Cash Flows from Financing Activities

The net cash flows from financing activities of TZS (10.67 billion (30 June 2023: TZS (21.78) billion), was derived from proceeds from borrowing, repayment of borrowings and dividend paid to shareholders.

2.10 PERFORMANCE INDICATORS

Key Performance Indicator	Formula	Ratios	
		2023/2024	2022/2023
Current Ratio	Current assets	1.68	2.50
	Current liabilities		
Quick Ratio	Current assets-inventories	0.63	0.43
	Current liabilities		
Return on Assets	Profit before tax	0.67%	0.79%
	Total assets		
Debt to Equity Ratio	Total debt	5.83%	6.41%
	Equity		
Profit before tax margin	Profit before tax	19.73%	23.60%
	Revenue		

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.10. PERFORMANCE INDICATORS (CONTINUED)

*Total debt includes total principal of borrowings and accrued interests outstanding as at end of reporting period.

**For the purpose of determination of these ratios, profit before tax excludes the gains from fair value movements of investment properties.

2.11 BUSINESS PROFILE

(a) Investment Policy

The purpose of the investment policy is to guide the management of NHC in effectively identifying, implementing, supervising, monitoring and evaluating investments of NHC assets. The policy helps to guide management concerning day-to-day investment activities of the Corporation.

NHC investment policy outlines different sources of funds for investments. These are;

- Internal generated funds from day-to-day activities e.g. rental collections from existing properties and interest earned from NHC deposits;
- Money earned by selling new housing units and or existing units;
- Money earned from construction and consultancy services;

Funds sourced from external sources either on shore or offshore from the financial markets, DFIs, Government or any other source as approved by the NHC Act. NHC partnership model in the joint venture policy directs the Corporation to work with strategic Partners in any of the following models

- Land as Equity Contribution (LEC);
- Land and Finance as Equity Contribution (LFEC);
- Revenue Sharing Model (RSM) under this model NHC invites the strategic investors to invest in the Corporation's land and in return, the Corporation receives the share of revenue as percentage of the total revenues from sales of properties developed.

(a) Construction Activities

(i) Houses for Sale

During the year ended 30 June 2024, the following projects were in progress:

2.11. BUSINESS PROFILE (CONTINUED)

(b) Construction Activities (Continued)

- **Kawe-Plot no 711/1 - Dar es salaam**

This project involves construction of 8 apartment blocks of B + G + 17 floors each making a total of 422 residential units. The project also includes retail space, gym, swimming pool, kids' playing grounds and other facilities. The project was in progress as at 30 June 2024.

- **Golden premier Residential (Plot 711/2 Kawe) - Dar es Salaam**

This project is of 16 floors (G + M +15 floors). It comprises of 184 residential units as follows: two bed room-8 units, three bed rooms (normal)-144 units, four bedrooms (normal) - 8 units, four bedroom (duplex) - 16 units, pent house duplex-8 units, shops, gym, swimming pool, kids playing ground and other facilities to support the residences. The project was in suspension as at 30 June 2024.

- **Morocco mixed use - Dar es Salaam**

This project comprises of 4 towers; Two office towers; office tower 1 with 20 floors (G + 19 floors), office tower 2 with 17 floors (G + 16 floors). It also consists of one apartment.

tower with 22 floors (G + 21 floors) which comprise of 100 residential units (64 units of three bedrooms normal, 32 units of three bedrooms' duplex and 4 units of 4 bedrooms) and 1 hotel tower with 13 floors (G + 12 floors). The project also includes commercial space retail shops, food courts, restaurants, conference facilities, pubs, coffee lounges and supermarket. The residential and hotel section of the project has been completed. Some residential apartments have been handed over to clients and the hotel is operational. The Retail malls are partially completed and have been handed over to clients for fit-out works before commencement of business. The Office Towers were still at the practical completion stage as at 30 June 2024.

- **Iyumbu Affordable Housing Project - Dodoma**

The project comprises of 300 affordable housing units of 79, 85 and 115 square meters of three bedrooms each. This project has been constructed in three phases of 151, 81 and 68 units each. Phase one was completed during the year ended June 2018, phase two completed 2020 whereas phase three was still in progress as at 30 June 2024.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.11. BUSINESS PROFILE (CONTINUED)

(b) Construction Activities (Continued)

- **Muheza Affordable Housing Project - Tanga**

The project comprises of 20 houses/units stand-alone for residential purposes. The project was partially completed (10 houses were completed during the year ended 30 June 2019). Construction of the remaining 10 houses has also been completed as at 30 June 2024 except for electricity and water supply infrastructure.

- **Iyumbu (1,000 houses) - Dodoma**

The project comprises of 300 units of three bedrooms (100 & 120 sqm) and two bedrooms (75 sqm) as well as two shops. The project was completed as at 30 June year 2024.

- **Kawe (Samia Housing Scheme - Phase One)**

The project comprises construction of 10 blocks of flats with 560 apartments of three bedrooms, two bedrooms, studios and associated facilities like external works, landscaping and access roads. The project is under the Samia Housing Scheme (SHS), which aims to construct 5,000 affordable houses across the country. The project was in progress as at 30 June 2024.

- **Chamwino (1,000 Houses) - Dodoma**

The project comprises of 100 units of three bedrooms, two bedrooms and two shops. The project was completed and all units were handed over to their respective clients as at 30 June 2024.

(ii) Investment projects

These projects are constructed for generation of revenue through renting or capital appreciation. During the period under review, there were four projects in progress;

- **Bukondamoyo Shops - Kahama, Shinyanga**

The project comprises of 3,115 square meters of gross floor area in Kahama Municipality, Shinyanga. The project was in progress at 30 June 2024.

- **Masasi Commercial Complex - Masasi, Mtwara**

The project comprises of construction of 2,026 square meters of gross floor area in Masasi Town. The project was in progress at 30 June 2024.

2.11. BUSINESS PROFILE (CONTINUED)

(b) Construction Activities (Continued)

- **Mtanda Commercial - Lindi**

The project comprises of construction of 2,949 square meters of gross floor area in Lindi Municipality. The project was in progress at 30 June 2024.

- **2H Commercial Plaza - Morogoro**

The project comprises of construction of 828 square meters of gross floor area for renting in Morogoro Municipality. The project was in progress at 30 June 2024.

(iii) Construction contracts projects

The Corporation has undertaken these projects as a contractor during the year.

- **Vingunguti Abattoir**

This project involves construction of Vingunguti Abattoir which includes basement and ground floor with approximately total area of 4,575 m² to be built on Plot No.3003 & 3004 Block B at Vingunguti Industrial area, Ilala Municipal council. The project was sectionally completed as at 30 June 2024.

- **Musoma Referral Hospital**

This project involves construction of Health facilities of Mara Referral Hospital at Kwangwa Area in Mara Region. The project was at practical completion stage as at 30 June 2024.

- **Mtwara Referral Hospital**

This project involves construction of Health facilities of Mtwara Zonal Referral Hospital at Mikindani Area. The project was at practical completion stage as at 30 June 2024.

- **Mbuye Special School**

The project involves construction of Mbuye Special School Infrastructure at Chato District Council. The project was in suspension stage as at 30 June 2024.

- **School of Economics - UDSM**

The project involves proposed design and construction of University of Dar es salaam School of economics (UDSoE) Building. The project was in progress as at 30 June 2024.

2.11 BUSINESS PROFILE (CONTINUED)

(iii) Construction contracts projects (Continued)

- **Ministry of Minerals**

The project involves the construction of office building second phase for the Ministry of Minerals at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Ministry of Home Affairs**

The project involves the construction of office building second phase for the Ministry of Home Affairs at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Ministry of Culture, Arts and Sports**

The project involves the construction of office building second phase for the Ministry of Culture, Arts and sports at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Ministry of Livestock and Fisheries**

The project involves the construction of office building second phase for the Ministry of Livestock and Fisheries at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Ministry of Industry and Trade**

The project involves the construction of office building second phase for the Ministry of Industry and Trade at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Ministry of Communication and Information Technology**

The project involves the construction of office building second phase for the Ministry of Communication and Information Technology at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Ministry of Energy**

The project involves the construction of office building second phase for the Ministry of Energy at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

2.11 BUSINESS PROFILE (CONTINUED)

(iii) Construction contracts projects (Continued)

- **Ministry of Lands, Housing and Human Settlements Development**

The project involves the construction of office building second phase for the Ministry of Lands, Housing and Human Settlements Development at Mtumba, Dodoma. The project was in progress as at 30 June 2024.

- **Jakaya Kikwete Cardiac Institute**

The project involves the construction of an extension block for administration and diagnostic unit for Jakaya Cardiac Institute in Dar es Salaam. The project was in progress as at 30 June 2024.

- **Partition of NHIF Mara Office**

The project involves the procurement of materials for the Partitioning of NHIF Mara Office together with fitting. The project was in progress as at 30 June 2024.

- **Vingunguti Executive Ward**

The project involves the construction of an executive ward office at Vingunguti. The project was in progress as at 30 June 2024.

- **Government Procurement Services Agency**

The project involves the design and construction of GPSA offices in Songwe, Dodoma, Simiyu and Kibaha in Coastal region. The projects were in progress as at 30 June 2024.

- **Masasi Warehouse**

The project involves the design and building of Masasi Warehouse at Masasi District Council. The project was in progress as at 30 June 2024.

- **2 Storey OPD Building - Ligula RRH**

The project involves the construction of a two storey OPD Building at Ligula RRH procurement under Tanzania Covid 19 Social Economic Recovery Plan (TCRP). The project was in progress as at 30 June 2024.

- **Tanzanite Trading Centre**

The project involves the design and building of Tanzanite Trading Centre at Mirerani Township Authority. The project was in progress as at 30th June 2024.

2.11 BUSINESS PROFILE (CONTINUED)

(iv) Joint Venture Projects

During the year ended 30 June 2024, the Corporation had 108 projects under Joint Venture arrangements. Out of these, 84 were completed, 4 projects taken over by NHC and 20 are still under construction. Most of these projects are located in Dar es Salaam, Mwanza and Arusha. Moreover, there are 20 new Joint Venture projects, out of these 9 are at various stages of construction, 7 projects are under demolition and mobilization and 4 projects (Partners) are in the process of permit applications.

(b) Rental Buildings Activities

Rental revenue

During the year ended 30 June 2024, rental revenue increased to TZS 95,035 million from TZS 90,205 recorded during 12 months' period ended 30 June 2023. This translates into an average monthly rental of TZS 7,920 million from TZS 7,517 million in the previous year. The increase resulted rental reviews to all expired leases and application of new rates to new tenants from 2023, increase of new commercial units through extensions of shops such as Iringa, Upanga and Kinondoni regions, takeover of Properties of the former Urafiki textiles limited during the year and decrease in vacancy rate of commercial spaces.

(c) Property maintenance

During the year the Corporation's expenditure on property maintenance has increased to TZS 6,599 million as compared to TZS 4,768 million reported in the 12 months' period ended 30 June 2023 the increase was due to Management initiation of rental house rehabilitation program.

2.12 EMPLOYEES WELFARE

Employees play an important role in contributing to the long-term success and performance of the Corporation. The Corporation believes that its employees are the most valuable assets, and it always makes an effort to improve their abilities and productivity. It encourages a productive work culture, builds a good relationship with staff at every level, and encourages staff to express their views and share their ideas of improvement towards achieving the corporate vision.

This is based on the conviction that a pleasant and safe working environment, which has trained, active and motivated workforce, is a critical success factor for the business. The Corporation strives to create an environment responsive to different cultures and fosters productive relations with employees, customers, visitors, suppliers, contractors, government and investors in the communities it operates. The following are parameters to enhance employee's welfare;

2.12. EMPLOYEES WELFARE (CONTINUED)

(a) Staff disposition

The total number of staff as at 30 June 2024 was 448 (2023: 470).

(b) Affirmative action

National Housing Corporation is an equal opportunity employer, which strives to build a broad-based organization with a balance in gender to reflect the composition of the Tanzanian population.

During the year under review, the Corporation’s workforce comprised of 272 male and 176 female employees (2023: 288 male and 182 female employees). The reduction of staff mostly resulted from retirement and resignations of staff looking for greener pastures. On the other hand, the Corporation continued to promote female employees to senior level positions. As at 30 June 2024, the composition of female employees in various senior and middle level officers’ positions was as follows:

	30 June 2024	%	30-Jun-2023	%
Directors/Heads of Unit	3 out of 13	23	4 out of 13	31
Line Managers	5 out of 17	29	5 out of 18	28
Regional Managers	6 out of 23	26	6 out of 23	26
Senior Officers	63 out of 127	49	25 out of 63	40
Middle level Officers	57 out of 138	41	94 out of 216	44

(c) Persons with disabilities

The Corporation gives equal opportunities to disabled persons for vacancies they are able to fill. It also provides medical facilities to staff who become disabled while on duty. As at 30 June 2024, the Corporation had one employee with physical disabilities (2023: 1 employee).

(d) Management - employee’s relations

During the year under review management continued to maintain cordial relations with employees. Employees were represented at various levels of decision making through regular meetings organized by TAMICO; Trade Union and Union Leaders participating in the Master Workers’ Council to discuss the annual budget and employees’ welfare.

(e) Retirement benefits

The Corporation pays contributions to a publicly administered pension plan on mandatory basis, which qualifies to be a defined contribution plan.

2.12. EMPLOYEES WELFARE (CONTINUED)

(f) Training

During the year under review a total of TZS 825.million was spent on staff training (2023: TZS 1,009 million). Training activities are guided by the training policy and the annual training plan. Trainings held during the year were focused on short-term and long-term professional competence as well as improving professional skills.

(g) Staff health

The Corporation provides medical services to its employees and their family members through medical insurance scheme from NHIF Supplementary package. It also has various health initiatives such as gym facilities, health education and check-up.

(h) Staff loans

The Corporation provides various loans to staff to enable them to meet their financial needs. Some of the incentives are car loans, education loans, house loans, car insurance and normal cash advance loans.

(i) Long Term Staff benefit scheme

NHC has a Long Term Staff benefit scheme, which award employees for working with the Corporation for a long time to enable staff retention. According to the Collective Bargaining Agreement between Tanzania Union of mines, energy, construction, and allied Workers (TAMICO) and the management of National Housing Corporation, an employee shall be given an award upon attainment of a specified number of years of service (Long Service Award) and on retirement (Gratuity benefit).

In addition, the worker is entitled to a severance pay if he/she has completed at least a year of a service with the employer, as per the employment and Labor Relations Act 2004 of the United Republic of Tanzania. The Benefits of this scheme are subjected to actuarial valuation each year in accordance to the requirements of the IFRSs.

(j) Other staff incentives

Various staff retention measures have also been initiated to improve staff welfare. Currently we are reviewing the incentive scheme, once finalized it will be presented to the board for approval. Other initiatives aimed at improving staff welfare include provision of transport to staff and subsidized lunch.

2.13 CORPORATE GOVERNANCE

The Corporation is founded on strong principles of good corporate governance, which we conceive as integral to our prosperity. We understand the depth of the responsibility placed upon us by our shareholders to safeguard their investments. Therefore, the Corporation confirms its commitment to the principles of good governance, openness, integrity and accountability. We have a diverse board of directors that has the right balance of skills and experience to steer our corporation into prosperity. The Corporation has Risk Management Framework which forms an integral part of its corporate governance. It defines the corporation high-level governance structure; it documents the key responsibilities and accountabilities that are in place to manage risks inherent in the Corporation business and operations.

Board of Directors

The Board comprises of seven (7) Directors including the Chairperson and all are non-executive (normally board of Directors are supposed to be eight (8) but one Director has been appointed as a Permanent Secretary). All the directors are required to be independent of management and free from any business and other relationship, which could materially interfere with the exercise of their independent judgment.

The Board is required to meet regularly, at least quarterly, and retain full control over the Corporation's activities. The Board monitors the Corporation's management, ensuring that material matters are subject to Board approval. Senior management attends Board meetings by invitation.

The Chairperson provides leadership and guidance to the Board and encourages proper deliberation on all matters requiring the Board's attention.

The Board has ultimate responsibility for management and strategic direction of the Corporation as well as attending to legislative, regulatory and best practice requirements. Accountability to the shareholder (Government) remains paramount in Board decisions and this is balanced against the demands of the regulatory environment in which the Corporation operates, and the concern of its other stakeholders.

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.13 CORPORATE GOVERNANCE (CONTINUED)

THE COMPOSITION OF THOSE CHARGED WITH GOVERNANCE

As of 30 June 2024, those charged with governance “the board” comprised seven members. The Board Chairperson held office from October 2018.

Name	Position	Nationality	Age (Years)	Qualification	Remarks
Dr. Sophia Kongela	Chairperson	Tanzanian	49	- PhD (Real Estate Development), International Real Estate Business School (IREBS), Regensburg University, Germany, 2009-2013; - MBA (Finance), University of Dar Es Salaam, 2003-2005; and - B.Sc. (Land Management and Valuation), University of Dar Es Salaam, (1999-2003).	Appointed on 30 October 2018 (renewed term in 2021)
Mr. Charles Gambageu Singili	Board Member	Tanzanian	67	- Bachelor of Commerce (Accounting) from University of Dar es Salaam, Tanzania, (1988); - Diploma in Business Administration from College of Business Education, Tanzania, (1983); and - CPA (T) - (Certified Public Accountant) from National Board of Accountants and Auditors (NBAA), (1991).	Appointed on 20 May 2019 (expired in May 2022), Reappointed in November 2022
Eng. Johnny Kalupale	Board Member	Tanzanian	67	- Master of Science in Highway; Engineering from University of Strathclyde University, United Kingdom, (1992); and Advance Diploma in Civil Engineering from Dar es Salaam Tech. College, (1986).	Appointed on 20 October 2021
Dr. Frank George Haule Hawassi	Board Member	Tanzanian	57	- PHD in Production and marketing from Sokoine University of Agriculture (2006) - Master of Science in Agricultural Economy from Sokoine University of Agriculture (1997) - Bachelor of Science in Agriculture from Sokoine University of Agriculture (1993)	Appointed in October 2021

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.13 CORPORATE GOVERNANCE (CONTINUED)

THE COMPOSITION OF THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Name	Position	Nationality	Age (Years)	Qualification	Remarks
Mr. Eliud Betri Sanga	Board Member	Tanzanian	63	<ul style="list-style-type: none"> - Master's degree in development Administration from the Australian National University, Canberra, in Australia. - Bachelor of Arts in Economics from the University of Dar es Salaam, Tanzania 	Appointed in November 2022
Ms. Dorothy Stanley Mwanyika	Board Member	Tanzanian	64	<ul style="list-style-type: none"> - Bachelor's degree Holder in Economics from the University of Dar es salaam. - Master of Science in Agricultural Economics from Sokoine University of Agriculture 	Appointed in November 2022
Prof. Wilbard Jackson Kombe	Board Member	Tanzanian	70	<ul style="list-style-type: none"> - Emeritus Professor - Ardhi University - PhD Urban Land Management from Technical University of Dortmund, Germany - Masters of Art in Urban Design from Royal Danish Academy school of architecture Copenhagen, Denmark 	Appointed in November 2022
Mr. Hamad Abdallah	Board Secretary	Tanzanian	52	<ul style="list-style-type: none"> - B.Sc. (Hons) Land Management & Valuation from University of Dares Salaam, University College of Lands and Architectural, Studies): Training on Real Estate Marketing and Management, UK, - Training on Property and facilities Management, Property Development and Urban Renewal - Housing Development Administration of Turkey (TOKI) 	Appointed on 24 February, 2023.

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.13 CORPORATE GOVERNANCE (CONTINUED)

Board Meetings

The board has in place an annual work plan that sets out the board activities in a year. The board ordinary meetings are conducted at least four times a year, and, when necessary extraordinary meetings are conducted. The Board Chairperson together with the Company Secretary and Director General prepare the annual work plan and agenda for each meeting. The notice, agenda and detailed board papers are circulated fourteen days in advance of the meetings.

During the year the Board held four (4) ordinary meeting as planned and three (3) extraordinary meetings. During the meetings, board had several discussions regarding the operations of the Corporation. Below are some of the matters discussed during the meetings;

- The Board had a discussion on the quarterly performance of all KPIs of the Corporation as presented by the management and directed management accordingly on expected performance of the Corporation.
- The Board discussed and approved the Corporations’ budget and strategy for year 2024 as presented by the management by adding inputs and enlightening management on its expectations on the implementation of the strategy and budget.
- During the meetings, the Board also discussed the reports received from all board committees and deliberated accordingly.

The Board Chairperson is appointed by the President of United Republic of Tanzania whereas the board members are appointed by the Minister responsible for the Housing and human settlement.

Overall meeting attendance

Below is the summary indicating the number of meetings attended by each board member during the year ended 30 June 2024.

Name	Position	Number of meetings attended
Dr. Sophia M. Kongela	Chairperson	7/7
Mr. Eliud Sanga	Vice Chairman	6/7
Prof. Wilbard Kombe	Director	7/7
Mrs. Dorothy Mwanyika	Director	6/7
Dr. Frank George Haule Hawassi	Director	6/7
Eng. Johnny Kalupale	Director	6/7
Mr. Charles Singili	Director	7/7

2.13 CORPORATE GOVERNANCE (CONTINUED)**Board Committees**

The Board is comprised of three (3) committees namely Business Development Committee (BDC); Audit, Risk and Compliance Committee (ARC) and Finance and Human Resources Committee (FHRC). The composition of the committees during the year ended 30 June 2024 was as follows:

Business Development Committee

This Committee is composed of four (4) members. The main responsibility of the Committee is to advise the Board on all business development matters that need consideration of the Board. The Committee held four meetings during the year ended 30 June 2024. The following Directors served in the Business Development Committee during the year.

Name	Position	Nationality	Number of meetings attended
Mr. Eliud B. Sanga	Chairman	Tanzanian	3/4
Eng. Johnny Kalupale	Member	Tanzanian	4/4
Prof. Wilbard Kombe	Member	Tanzanian	4/4

Finance and Human Resources Committee

This Committee is composed of four (4) members. The main responsibility of the Committee is to advise the Board on financial and personnel related matters that need consideration of the Board. The Committee held six meetings during the year ended 30 June 2024.

The table below is the summary indicating the number of meetings attended by each board member:

Name	Position	Nationality	Number of meetings attended
Mrs. Dorothy Mwanyika	Chairperson	Tanzanian	6/6
Prof. Wilbard Kombe	Member	Tanzanian	6/6
Mr. Eliud Sanga	Member	Tanzanian	6/6
Dr. Frank George Haule Hawassi	Member	Tanzanian	4/6

Audit, Risk and Compliance Committee

This committee is composed of four (3) members. The main responsibility of the committee is to advise the Board on all audit, risk and compliance matters that need consideration of the Board. The committee held six meetings during the year ended 30 June 2024.

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.13 CORPORATE GOVERNANCE (CONTINUED)

Board Committees (Continued)

The table below is the summary indicating the number of meetings attended by each Board member:

Name	Position	Nationality	Number of meetings attended
Mr. Charles Singili	Chairman	Tanzanian	6/6
Eng. Johnny Kalupale	Member	Tanzanian	6/6
Dr. Frank George Haule Hawassi	Member	Tanzanian	3/6

During the year under review three joint committee meetings were held as per below details

Name	Position	Number of meetings attended
Joint ARC and FHRC Meeting		
Mr. Charles Singili	Chairman	1/1
Mrs. Dorothy Mwanyika	Co-Chairperson	1/1
Mr. Eliud Sanga	Member	1/1
Eng. Johnny Kalupale	Member	1/1
Prof. Wilbard Kombe	Member	1/1
Dr. Frank George Haule Hawassi	Member	0/1

Name	Position	Number of meetings attended
Joint FHRC and BDC Meeting		
Mr. Eliud Sanga	Chairman	2/2
Mrs. Dorothy Mwanyika	Co- Chairperson	2/2
Eng. Johnny Kalupale	Member	2/2
Prof. Wilbard Kombe	Member	2/2
Dr. Frank George Haule Hawassi	Member	1/2

2.13 CORPORATE GOVERNANCE (CONTINUED)

Conflict of interest and Related party transactions

Members of the Board, the Director General and Management shall not engage directly or indirectly in any business activity that competes or conflicts with the Corporation's interest. These activities include, although not necessarily limited to, the following:

a) Material interest in Corporation's Contracts

Members of the Board, the Director General and Management shall disclose to the Board any interest they may have, whether directly or indirectly, in any material contract being considered to be entered into by the Corporation at the opening of the meeting of the members of the Board at which the transaction is to be discussed.

A Member of the Board, the Director General and Management with a material personal or related interest in a matter being considered by the Board shall not be present when the matter is being considered, unless otherwise invited by the Board and shall not vote on such matter.

In such circumstances, a member of the Board or the Director General or any Management member is required to disclose to the Board the actual or apparent conflict of interest or of any of the related parties. To the extent the discussion or decision concerns any matter in which he or she has an interest, shall exclude himself or herself from further attendance at the meeting and should not be counted for purposes of determining a quorum required for that discussion.

In addition, any member of the Board, the Director General and member of Management who has a conflict of interest in connection with any matter being considered by the Board or a Standing Board Committee will not receive a copy of any document in respect of that matter.

b) Outside Financial Interest

Where a member of the Board, the Director General or a member of Management has a financial interest in a customer, /tenant such an interest must be disclosed immediately. Thereafter, the affected Board member or the Director General or member of Management should not be directly involved in the Corporation's dealings with the customer so long as the interest continues to exist.

Members of the Board's Training and Development

The weighty responsibilities placed upon members of the Board, the level of commitment called for and the fast-changing corporate environment dictates that the Corporation must now increasingly prepare those expected to assume these roles.

2.13 CORPORATE GOVERNANCE (CONTINUED)

Members of the Board’s Training and Development (Continued)

The Corporation commits to all Board members receiving formal training on their roles, duties, responsibilities and obligations as induction on Board practices and procedures on first appointment. It is therefore desirable that Board members are exposed on matters relevant to legal reforms, corporate governance, changing corporate environment, business/commercial risks and other matters that may be of interest in the execution of their duties.

Board Performance Evaluation

For the Board to be continuously effective, it undertakes thorough annual evaluation of the entire Board, its Committees and individual members so as to identify measurable improvement in Board’s performance.

The evaluation criteria include time commitment, participation through meetings, committees, and self-education on current issues while ascertaining what to do in order to increase level of performance. Additionally, the evaluation includes, among other things, an assessment of the Board’s:

- i. Composition and independence;
- ii. Performance against its objectives at the beginning of the year;
- iii. Its effectiveness in the Corporation’s strategic direction;
- iv. Response to problems and crises;
- v. Responsiveness to stakeholders’ concerns;
- vi. Maintenance and implementation of the Board’s governance principles; and
- vii. Access to and review of information from management and the quality of such information.

Board members attended training on Corporate Governance and Audit Committee members attended ISACA annual Audit, Risk and Cybersecurity Conference. In order to improve Board performance evaluation is supposed to be done annually by means of self - evaluation of the Board as a whole, its committees and the contribution of each and every Director including the Chairman or may take any other form as the Board may design. The Corporation is required to disclose in the annual report that this has been done.

The Board will also review the performance of each of the Board Committee as well as their composition and TOR’s to ensure that the Committee continues to provide effective assistance to the Board in the areas in which they function.

An external facilitator may be deployed to assist and manage the entire process.

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.14 RISK MANAGEMENT AND CONTROL

The board ensures that the Corporation has sound risk management and an internal control system that is appropriate to its activities. The risk management and internal control systems are based on the NHC's corporate values, ethics guidelines and principles for sustainability and corporate social responsibility ("CSR"). It is the responsibility of the Management to ensure that adequate internal control systems are developed and maintained on an ongoing basis to provide reasonable assurance regarding:

- Operational effectiveness and efficiency;
- Safeguarding of the Corporation's assets;
- Reliability of accounting records;
- Responsible behaviours towards all stakeholders
- Compliance with applicable laws and regulations; and
- Business continuity.

To ensure the internal controls, remain adequate, the Corporation has a fully-fledged Risk and Compliance function that coordinates and oversees the implementation of enterprise-wide risk management framework within the Corporation. The audit committee on behalf of the board assess issues related to financial review and internal control, and the external audit of Corporation's accounts.

The board ensures that the Corporation can produce reliable annual reports and that the external auditor's recommendations are given thorough consideration. During the year, internal control systems were assessed by the board and was found to be at an acceptable level.

The Corporation's activities expose it to a variety of financial risks including credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The detailed explanation on risk are found in note 4 to the financial statement

2.15 IT GOVERNANCE

IT governance is part of the overall corporate governance of the Corporation which aimed at improving the overall management and implementation of IT structure to derive value from investment in information technology. The Corporation has established IT charter and policies to govern the structure and operations of ICT and its implementation is being reviewed annually. The charter enables the Corporation to manage IT risks effectively and ensure that the activities associated with information and technology are aligned with the overall Corporation business objectives.

2.16 FINANCIAL REPORTING AND AUDITING

Those charged with governance are responsible for preparing the Annual Report, including the Corporation Financial Statements in accordance with International Financial Reporting Standards (IFRS). In preparing these financial statements, those charged with governance are required to:

- Adopt the going concern basis unless it is inappropriate to do so;
- Select suitable accounting policies and then apply them consistently; and
- Make judgments and accounting estimates that are reasonable and prudent

The external auditor presented the result of the audit to the audit committee and the board in the meeting dealing with the annual financial statements, including presenting any material changes in the Corporation's accounting principles and significant accounting estimates, and reported on whether the financial statements give a true and fair view of the state of affairs of the Corporation. The accounting policies used in preparing the financial statements have been disclosed in Note 3 to the financial statements. These policies are all considered to be key to an understanding of the performance and financial position of the Corporation.

2.17 CORPORATE SOCIAL RESPONSIBILITY

NHC is committed to making a positive difference in fostering sustainable development. As a leader in the real estate business, NHC has a responsibility to conduct CSR activities based on the highest ethical standards. When evaluating the viability of real estate projects around the country, NHC takes into account social, cultural, economic, environmental and governmental factors. Through this constructive approach, NHC aims to work collaboratively to identify needs and priorities, and to create sustainable development programs. At NHC, CSR is not an add-on; it is fundamental to the corporate strategy. The Corporation continues its principle of corporate social responsibility and commits itself to active participation in educational development and the promotion of socio-economic development in society through the extension of financial support towards community development projects.

During the year, the Corporation significantly contributed to the education sector by funding the construction of classrooms, promoting health facilities to address health challenges, and supporting other community initiatives to create a broader impact. The amounts spent on these activities are analysed below:

- TZS 67.9 million towards the education sector;
- TZS 46.10 million towards health support for institutions;
- TZS 2.30 million to support youth initiatives;
- TZS 124.47 million to support community initiatives; and
- TZS 6.25 million to support sports initiatives.

2.18 CORPORATE IMAGE

During the year, the Corporation pursued strategies aimed at improving its corporate image. These strategies included the following:

- Improving government and stakeholder relations;
- Building trust towards the Corporation by dealing honestly with stakeholders;
- Increasing staff awareness of our core values and corporate culture;
- Imparting employees with customer care skills; and
- Advertising the Corporation's products and services.

2.19 OPERATING ENVIRONMENT

The operating environment remained stable, including political, social and economic environment in the Country maintained stable, Global growth has continued to improve, driven by better-than-expected performance in some advanced and emerging economies. Inflation also portrayed a declining path, though higher than the pre-pandemic levels, ensuing from the easing mood of policy tightening cycles by most central banks, coupled with moderating energy and food prices.

Macro and micro economic overview

Tanzania has experienced strong economic growth this year, largely driven by increased private consumption and a recovery in exports as global restrictions eased. The country's GDP grew by 5.3% in 2023/2024, supported by substantial infrastructure investments (BoT, 2024). The Tanzania construction market size was \$28.1 billion in 2023 (Global Data, 2024). According to Global Data (2024), the market is anticipated to achieve an average annual growth rate of more than 7% during 2025-2028. Investments in transport infrastructure will aid the growth of the Tanzania construction market.

Despite this growth, the demand for housing and housing loans remains high, constrained by an inadequate supply of affordable homes and high interest rates on housing loans. Most lenders offer loans for home purchases and equity release, while only a few provide loans for self-construction, which remain prohibitively expensive for the average Tanzanian. Although mortgage interest rates have improved, decreasing from 22% - 24% in 2010 to the current range of 15% - 19%, they are still relatively high, negatively affecting affordability (TMRC, 2024). Additionally, cumbersome processes for issuing titles, particularly unit titles, continue to challenge borrowers' eligibility for mortgage loans.

Tanzania currently faces a housing deficit of approximately 3 million units, with an annual demand growth of around 200,000 units, according Tanzania Investment Centre (2023). This deficit, coupled with rapid urban population growth, presents a significant opportunity for the national economy.

2.19. OPERATING ENVIRONMENT (CONTINUED)

Competitive Position

The growth of the high-end housing market in Tanzania has been impressive, driven by a few institutional developers targeting this lucrative segment. However, the middle and low-income housing markets have largely been neglected, forcing individual households to rely on personal savings to meet their housing needs. These homes are typically built in unplanned and un-serviced settlements.

A significant obstacle to addressing this housing shortage is the near absence of formal mortgage financing, which currently represents just 0.38% of GDP (TMRC, 2024). This lack of accessible financing has compelled approximately 99% of households to fund their housing projects out of pocket. Consequently, homes are often constructed incrementally, taking 5 to 10 years to complete rather than the usual 9 to 12 months. This extended construction period ties up substantial amounts of capital for long durations.

The current housing market situation presents both challenges and opportunities for NHC. The challenge lies in developing effective strategies to reach a broad range of house seekers, including government employees, and competing with emerging developers. Conversely, the severe housing shortage creates a significant opportunity for NHC's planned housing schemes. As a leading real estate firm in Tanzania, the NHC is well-positioned to address these challenges and capitalize on the emerging market potential.

2.20 STAKEHOLDERS NEEDS AND INTERESTS

As a prominent real estate developer, NHC is committed to both the environment and the communities it serves. The corporation's success in delivering value is intrinsically linked to the strength of its relationships with stakeholders and the impact of their contributions. To align with stakeholder expectations and enhance mutual value, NHC prioritizes ongoing, proactive dialogue, striving to fully understand and address their needs and interests. The table below outlines the key stakeholders along with their respective needs and expectations:

Stakeholder	Stakeholder Needs and expectations
Employees	<ul style="list-style-type: none"> • Career development and advancement opportunities • Challenging work, with opportunities to make a difference • Employment at a company with a strong brand • An empowering and enabling environment that embraces diversity and inclusivity. • Fair remuneration, effective performance management, and recognition • A safe and healthy work environment
Customers	<ul style="list-style-type: none"> • Innovative housing solutions and services. • Affordability and value for money of NHC Product offering. • Excellence in client service.
Suppliers	Fair bidding process and timely payments

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

Stakeholder	Stakeholder Needs and expectations
Shareholders/	Shareholder value creation through Corporation growth and sustainable dividend stream
The Government Ministries and Departments	Continuous engagement to inform their investment decisions.
Regulators and policy makers	<ul style="list-style-type: none"> • Compliance with all legal and regulatory requirements • Being a responsible taxpayer • Active participation and contribution to industry and regulatory working groups
Stakeholder	Stakeholder Needs and expectations
Society	<ul style="list-style-type: none"> • NHC influencing its stakeholders to act responsibly in environmental, social and governance matters • NHC partnering with the community to address common social and environmental issues to build a thriving society.
Banks and Financial Institution	<ul style="list-style-type: none"> • A healthy business relationship Be responsible and timely meets obligations

2.21 FUTURE DEVELOPMENTS

The Corporation is strategically diversifying its income streams through a range of activities, including leasing residential and commercial properties, selling self-constructed homes, contracting services, and providing consultancy. Its current focus reflects a comprehensive approach to addressing national housing challenges and enhancing its market presence.

Key initiatives include:

- **Comprehensive Housing Development:** The Corporation is undertaking the construction of a diverse range of housing options, from affordable units for low-income families to upscale residences for higher-income earners. This strategic effort aims to mitigate the housing deficit and meet the varying demands of the market.
- **Increased Government Collaboration:** To expand its revenue base and make a greater contribution to national development, the Corporation is amplifying its engagement in government-funded construction projects.
- **Revenue Diversification through Consultancy:** By broadening its consultancy services, the Corporation seeks to diversify its revenue streams and strengthen its financial stability.
- **Urban Redevelopment:** The Corporation is spearheading the redevelopment of prime properties, including those with structural issues or those needing significant renovation. This initiative aligns with urban planning regulations, modernizes cityscapes, and boosts revenue potential.

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.21 FUTURE DEVELOPMENTS (CONTINUED)

- **Public-Private Partnerships:** In alignment with the National Housing Corporation Joint Venture Policy of 2022, the Corporation is actively pursuing public-private partnership projects. These partnerships aim to leverage additional resources and expertise to drive successful project outcomes.

Looking ahead, the Corporation plans to complete its ongoing and forthcoming projects in accordance with its strategic plan for the period 2015/2016 to 2025/2026. Furthermore, it intends to invest in research and development to explore and adopt innovative, cost-effective housing construction technologies. This focus on innovation is expected to enhance operational efficiency and enable the Corporation to provide affordable housing solutions that meet the needs of the broader public.

2.22 RISK AND MITIGATION

NHC has implemented best practices in risk assessment according to its risk management framework. In managing risk, NHC identifies 7 strategic risks that could potentially impact its financial performance. However, these risks are considered residual at moderate level, meaning that the existing controls are effective in maintaining these risks at a manageable level. These risks and their mitigations are as follows:

S/N	Risk title	Mitigations
1	Pandemic Outbreak	-Presence of National motoring of potential outbreak; and - Provision of awareness on hygiene and diseases prevention.
2	Political Risk	-Maintain a positive relationship with government officials and agencies; and -Engage in advocacy and lobbying efforts to influence policies in favourable ways.
3	Reputational damage	-Awareness Training on NHC products and procedures for information dissemination; and -Promptly Customer Engagement in dealing with customer complains.
4	High mortgage interest rate	-Use of tenant purchase scheme; -Use of pre-sales strategy; -Promote awareness to the public on pre-sales and TP Scheme
5	Third party risks	-Ensure tight Service Level Agreements (SLAs)with third partners to cover NHC from risks; -Develop strong business relationships with suppliers; and -Establish competent project management team that can closely monitor contracts/ SLAs with third parties.
6	Foreign exchange exposure	-Increase receivables in foreign currencies, rent and sale of houses and apartments; -Pricing of houses for sale to include forex loss estimates; and -Reduce obligations Whose payments requires use of forex.
7	Cyber security threat	-Compliance to ICT Security policy; and -Strengthen provision of ICT security awareness training to all staff.

NATIONAL HOUSING CORPORATION

2.0 THE REPORT BY THOSE CHARGED WITH GOVERNANCE (CONTINUED)

2.23 FIDUCIARY RESPONSIBILITIES

The Corporation's Board members as stewards of public trust always acted for the good of the organization, rather than for the benefit of themselves throughout the year ended 30 June 2024. Reasonable care was exercised in all decisions taken by the Corporation, without placing the Corporation under unnecessary risk.

2.24 RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions and balances are disclosed in Note 6.38 to these Financial Statements. In accordance to National Housing Corporation Act No 2 of 1990, Directors' remuneration is determined by the Minister upon recommendation of the Board and key management remuneration is determined by the Board of Directors.

2.25 ENVIRONMENTAL MATTERS AND IMPACT TO CORPORATION BUSINESS OPERATIONS

The Corporation is committed to promote environmentally sound and sustainable development. On the projects side, the Corporation undertakes Environmental and Social Impact Assessment (ESIA) before starting any project as per Environmental Management Act of 2014. For Master plans NHC undertakes Strategic Environmental Assessment (SEA). The Corporation ensures that the Environmental Management Plan in place prepared during ESIA or SEA of the particular project is functioning during construction and after construction.

2.26 POLITICAL DONATIONS

There were no political donations made during the year.

2.27 SERIOUSLY PREJUDICIAL

No impending new developments are under consideration by the Corporation.

2.28 AUDITOR

The Controller and Auditor General is the statutory independent auditor of the National Housing Corporation for the financial year ended 30 June 2024 by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section 10 (1) of the Public Audit Act, Cap 418.

BY ORDER OF THE BOARD



Dr. Sophia Kongela
Chairperson

Date: 24/01/2025

3.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the National Housing Corporation Act 1990 to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of the Corporation as at the end of the financial year and of its profit or loss for the year. The Directors are also obliged to ensure that the Corporation keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Corporation.

They are also responsible for safeguarding the assets of the Corporation. The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRSs), and the requirements of National Housing Corporation Act, 1990. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Corporation and of its performance. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

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

BY ORDER OF THE BOARD



Dr. Sophia Kongela
Chairperson

Date: 24/01/2025

4.0 DECLARATION OF DIRECTOR OF FINANCE

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under the Statement of Directors' Responsibilities on an earlier page.

I, **CPA. Adolph T. Kasegenya** being the Director of Finance of National Housing Corporation hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with International Financial Reporting Standards (IFRS) and statutory requirements.

I thus confirm that the financial statements comply with applicable accounting standards and statutory requirements as on that date and that they have been prepared based on properly maintained financial records.



CPA. Adolph T. Kasegenya (ACPA 1791)

Director of Finance

Date: 24/01/2025

NATIONAL HOUSING CORPORATION

5.0 FINANCIAL STATEMENTS

5.1 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	30 June 2024 TZS '000	30 June 2023 TZS '000
ASSETS			
Non-current assets			
Investment property	6.14	5,071,981,344	4,622,906,566
Property, plant and equipment	6.15	51,042,059	52,098,051
Intangible assets	6.16	1,000,527	1,100,231
Investment in joint venture	6.17(a)	19,148,311	18,762,458
Advances toward shares in other entities	6.17(b)	29,757,252	29,757,252
Equity Investments	6.17(c)	3,814,905	3,133,764
		5,176,744,398	4,727,758,322
Current assets			
Inventories	6.18	204,276,073	296,189,966
Trade and other receivables	6.19 (a)	38,036,196	27,343,023
Contract Asset	6.19 (b)	42,643,313	27,250,782
Bank Term Deposits	6.19 (c)	9,656,551	-
Cash and Bank balances	6.19 (d)	32,855,458	6,231,690
		327,467,591	357,015,461
TOTAL ASSETS		5,504,211,989	5,084,773,783
EQUITY AND LIABILITIES			
Equity			
Capital fund	6.20	15,485,554	15,485,554
Capital reserve	6.21	2,395,444	2,395,444
Revaluation and actuarial reserve	6.22	1,874,527	2,957,490
Retained earnings	6.23	3,682,320,650	3,433,338,212
		3,702,076,175	3,454,176,700
Non-current liabilities			
Deferred tax liability	6.24	1,401,354,695	1,306,643,154
Bank & other borrowings	6.25	162,642,604	145,371,715
Rental deposits	6.31	27,176,367	23,271,898
Defined benefit obligation	6.26	15,469,948	12,423,625
		1,606,643,614	1,487,710,392
Current liabilities			
Bank & other borrowings	6.25	37,846,864	55,306,265
Current tax liability	6.13(c)	4,185,368	4,712,023
Trade and other payables	6.27	146,333,651	73,836,532
Accruals	6.28	3,745,577	5,651,131
Provisions	6.29	3,380,740	3,380,740
		195,492,200	142,886,691
TOTAL EQUITY AND LIABILITIES		5,504,211,989	5,084,773,783

The financial statements were approved and authorized for issue by the Board of Directors on 24/01/2025 and signed on its behalf by:



Dr. Sophia Kongela
Chairperson



Mr. Hamad Abdallah
Director General

NATIONAL HOUSING CORPORATION


5.2 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024	30 June 2023
		TZS '000	TZS '000
Revenue	6.6	186,659,649	169,572,155
Net fair value gain from investment properties	6.14	308,422,278	43,592,037
Net gain/(losses) on foreign exchange and other income	6.6	(11,543,746)	5,302,073
Cost of sales - inventory properties	6.8(a)	(76,009,117)	(68,536,988)
Property management costs	6.8(b)	(10,836,399)	(8,916,241)
Depreciation of property and equipment	6.15	(2,089,459)	(2,380,344)
Amortization of intangible assets	6.15	(114,599)	(334,106)
Reversal/ (impairment loss) of financial assets	6.19	(744,318)	703,814
Administrative expenses	6.9	(13,087,503)	(15,502,915)
Sales and marketing expenses	6.10	(1,286,015)	(1,574,402)
Employee benefit expenses	6.11	(25,605,725)	(24,340,891)
Operating profit		353,765,046	97,584,192
Dividend income from equity investments	6.17(c)	60,719	39,852
Interest on bank term bank deposits	6.12	492,081	273,196
Finance costs on borrowings	6.12	(9,763,879)	(14,421,898)
Share of profit of joint ventures	6.17 (a)	700,938	137,058
Profit before tax		345,254,905	83,612,400
Tax expense	6.13(a)	(102,358,829)	(24,938,490)
Profit for the year		242,896,076	58,673,910
Other Comprehensive Income (OCI)			
Share of other comprehensive income/(loss) from Joint Ventures	17(a)	154,915	130,948
Actuarial gain/(loss) from defined benefit obligation	6.26	(1,237,878)	1,539,619
Total comprehensive income for the year		241,813,113	60,344,477

The financial statements were approved and authorized for issue by the Board of Directors on 24/01/2025 and signed on its behalf by:



 Dr. Sophia Kongela
 Chairperson



 Mr. Hamad Abdallah
 Director General

NATIONAL HOUSING CORPORATION

5.3 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024

	Capital fund TZS '000	Capital reserve TZS '000	Retained earnings TZS '000	Revaluation and Actuarial Reserve TZS '000	Total TZS '000
30 June 2024					
At beginning of the year	15,485,554	2,395,444	3,433,338,212	2,957,490	3,454,176,700
Correction of opening balance (Note 6.37 (a)ii)	-	-	7,286,362	-	7,286,362
Opening amount at the beginning of the year	<u>15,485,554</u>	<u>2,395,444</u>	<u>3,440,624,574</u>	<u>2,957,490</u>	<u>3,461,463,062</u>
Profit for the period	-	-	242,896,076	-	242,896,076
Dividends Declared and Paid	-	-	(1,200,000)	-	(1,200,000)
Share of other comprehensive income/(loss) from joint ventures	-	-	-	154,915	154,915
Actuarial gain (loss) from defined benefit obligation	-	-	-	(1,237,878)	(1,237,878)
At the end of year	<u>15,485,554</u>	<u>2,395,444</u>	<u>3,682,320,650</u>	<u>1,874,527</u>	<u>3,702,076,175</u>
30 June 2023					
At beginning of the year	15,485,554	2,395,444	3,377,334,946	1,286,923	3,396,502,867
Effect of correction of opening balance	-	-	(2,670,644)	-	(2,670,644)
Opening amount at the beginning of the year	<u>15,485,554</u>	<u>2,395,444</u>	<u>3,374,664,302</u>	<u>1,286,923</u>	<u>3,393,832,223</u>
Profit for the period	-	-	58,673,910	-	58,673,910
Share of other comprehensive income/(loss) from joint ventures	-	-	-	130,948	130,948
Actuarial gain / (loss) from defined benefit obligation	-	-	-	1,539,619	1,539,619
At year end	<u>15,485,554</u>	<u>2,395,444</u>	<u>3,433,338,212</u>	<u>2,957,490</u>	<u>3,454,176,700</u>

The financial statements were approved and authorized for issue by the Board of Directors on 24/01/2025 and signed on its behalf by:



Dr. Sophia Kongela
Chairperson



Mr. Hamad Abdallah
Director General

NATIONAL HOUSING CORPORATION

5.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 TZS '000	30 June 2023 TZS '000
Cash flows from operating activities			
Cash receipts from customers	6.32	253,343,247	192,137,663
Interest received	6.12	492,081	273,196
Dividend received from joint venture	17 (a)	470,000	420,000
Cash paid to suppliers	6.33	(149,521,693)	(117,442,668)
Cash paid in respect of staff cost	6.34	(23,735,130)	(22,582,575)
Interest paid	6.35	(19,092,612)	(19,108,637)
Tax paid	6.13 (c)	(7,093,497)	(9,300,335)
Net Cash used in operating activities		54,862,396	24,396,644
Cash flows from investing activities			
Purchase of property and equipment	6.15	(1,033,467)	(3,738,999)
Purchase of intangible assets	6.16	(14,895)	(920,586)
Additions to the investment property	6.14	(6,187,455)	(1,792,449)
Advances towards shares in other entities	6.17(c)	(681,141)	-
Investment in fixed deposits	6.19 (b)	(9,656,551)	-
Net cash used in investing activities		(17,573,510)	(6,452,034)
Cash flows from financing activities			
Proceeds from borrowings	6.25	40,962,399	56,712,993
Repayments of borrowings	6.25	(50,427,517)	(78,490,342)
Dividends Declared and Paid	6.13(d)	(1,200,000)	-
Net cash (used in)/generated from financing activities		(10,665,118)	(21,777,349)
Net decrease in cash and cash equivalent		26,623,768	(3,832,740)
Cash and cash equivalents at the beginning of the year.	6.20	6,231,690	10,064,430
Cash and cash equivalent at the end of year		32,855,458	6,231,690

The financial statements were approved and authorized for issue by the Board of Directors on 24/01/2025 and signed on its behalf by:



Dr. Sophia Kongela
Chairperson



Mr. Hamad Abdallah
Director General

6.0 NOTES TO THE FINANCIAL STATEMENTS

6.1 GENERAL INFORMATION

The National Housing Corporation (“Corporation”) is incorporated under the Act of Parliament No. 2 of 1990 as a Public Corporation and is domiciled in Tanzania. The address of its head office is as indicated under Corporation’s information page number 1. The principal activities of the Corporation are included in the report of the Directors on page 3.

6.2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

a) *New standards and amendments to published standards effective for the year ended 30 June 2024*

Amendment	Nature of amendment and its impact
<p>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</p>	<p>In February 2021 the IASB issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.</p> <p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> • requiring companies to disclose their material accounting policies rather than their significant accounting policies; • clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and • Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements. <p>The amendments are consistent with the refined definition of material, “Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements”.</p> <p>Impact An entity is now required to disclose its material accounting policy information instead of its significant accounting policies.</p> <p>Effective date and transition The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.</p>
<p>Definition of Accounting Estimates - Amendments to</p>	<p>The International Accounting Standards Board issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how the corporation should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications</p>

NATIONAL HOUSING CORPORATION

<p>Definition of Accounting Estimates Amendments to IAS 8</p>	<p><i>(b) Accounting standard(s) affecting the Corporation on future reporting period(s)</i></p> <p>The International Accounting Standards Board issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how the corporation should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that the corporation should develop an accounting estimate to achieve the objective set out by an accounting policy.</p> <p>Effective date and transition</p> <p>The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.</p> <p>Impact</p> <p>Corporation had insignificant impact by its adoption, however, will be recognised as income or expense in current period with more disclose note for the effect to be presented.</p> <p>Currently, there is diversity in practice when accounting for deferred tax on transactions that involve recognizing both an asset and a liability with a single tax treatment related to both.</p> <p>For example, a company may be entitled to a tax deduction on a cash basis for a lease transaction that involves recognising a right-of-use (ROU) asset and a corresponding lease liability under IFRS 16 Leases. A temporary difference may then arise on initial recognition of the ROU asset and the lease liability. When applying the Initial Recognition Exemption (IRE) to this temporary difference, a company may currently apply one of the following approaches.</p> <p>Effective date and transition</p> <p>The amendments apply for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.</p> <p>For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.</p> <p><i>(a) Accounting standard(s) affecting the Corporation on future reporting period(s)</i></p>
<p>Deferred tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12</p>	<p><i>(b) Accounting standard(s) affecting the Corporation on future reporting period(s)</i></p>

<p>Amendments to IAS 7 and IFRS 7</p> <p>Disclosures: Supplier Finance Arrangements</p>	<p>In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments.</p> <p>The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.</p> <p>The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or later than that on which the finance providers pay the entity’s suppliers.</p> <p>Disclosure requirements</p> <p>The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.</p> <p>Impact</p> <p>Enhanced disclosure and transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk.</p> <p>The amendments to IFRS 7 and IAS 7 are effective for financial reporting period starting January 2024.</p> <p>Disclosure</p> <p>The amendments to IFRS 7 and IAS 7 requires an entity to disclose all supplier finance arrangements which has significant impact to the entity cash flow.</p>
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6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) CONTINUED

Amendments to IAS 21: Lack of exchangeability to The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

Disclosure requirements

When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Impact

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

The amendments to IAS 21 are effective for financial reporting period starting January 2025.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES

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

6.3.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards and the National Housing Corporation Act, 1990.

6.3.2 Basis of preparation

The financial statements are presented in Tanzania Shillings (TZS), rounded to the nearest thousand. The measurement basis applied is the historical cost basis, except for investment properties and defined benefit obligation, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates.

It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

6.3.3 Revenue recognition

Revenue comprises the fair value of consideration received and receivable for the performance obligation fulfilled by the Corporation in various contracts. Revenue is recognized as follows:

- (i) Rental income from property leases is recognised on a straight-line basis over the period of the lease;
- (ii) Sales of property inventory are recognised in the period in which the Corporation fulfil performance obligation, i.e. when the customer has accepted the property and there is binding contract.
- (iii) Where joint venture properties constitute joint operations, rental income from such properties are recognised in revenue based on the Corporation's percentage share of the joint venture rental income on a straight-line basis over the period of the lease;
- (iv) Contracts incomes are recognised overtime based on measurement of progress of satisfaction of performance obligation. The Corporation uses the input method in measuring satisfaction of the performance obligation; this is in alignment of IFRS 15 for construction contracts.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3.4 Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the Corporation operates (“the functional currency”). Financial statements are presented in Tanzanian Shillings, which is the Corporation’s functional and presentation currency, rounded to the nearest thousand.

(ii) Transactions and balances

Foreign currency transactions are translated into Tanzania Shillings using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

6.3.5 Investment property

A property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Corporation, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Corporation as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is measured at fair value. 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 this information is not available, the Corporation uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.5 Investment property (Continued)

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions; and
- Status of construction permits.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Changes in fair values are recognized in profit or loss. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising from the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss in the period of disposal.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

6.3.6 Property and equipment

All categories of property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.6 Property and equipment (continued)

All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the property and equipment to their residual values over their estimated useful lives, as follows:

Office buildings	50 years
Machinery	10 years
Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	4 years
Tricycle and motor cycle	5 years
Computers and accessories	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated 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).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the profit or loss.

6.3.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life of the Corporation intangible assets were two years.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of materials is determined by the first-in, first-out (FIFO) method. The cost of finished houses and work in progress comprises construction materials, direct labour, other direct costs, borrowing costs and related overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and costs directly related to the sale.

6.3.9 Trade receivables

Trade receivables are stated at invoice amounts less expected credit loss provision for impairment. A provision for impairment is established using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

6.3.10 Payables

Trade Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at cost and subsequently measured at amortized cost using the effective interest method.

6.3.11 Borrowings and borrowings cost

(i) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and then subsequently stated at amortized cost; any differences between proceeds and the redemption value are recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(ii) Borrowing costs

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

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.11 Borrowings and borrowings cost (Continued)

(ii) Borrowing costs (continued)

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

The Corporation capitalizes borrowing costs on qualifying projects for sale and investment properties.

6.3.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with bank, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings on the statement of financial position.

6.3.13 Employee benefits

(i) Retirement benefit obligations

The Corporation operates defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the Corporation pays fixed contributions into separate entities. The Corporation made pension contributions to (Public Servant Social Security Fund (PSSSF)).

The Corporation's contributions to the defined contribution schemes are recognized as an employee benefit expense when they fall due. The Corporation has no further payment obligations once the contributions have been paid.

The Corporation's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the end of reporting period is recognized as an expense accrual.

(iii) Service gratuity

The Corporation operates an employee service gratuity plan for senior management staff who is employed on a contract basis whereby the Corporation makes a provision of 25% of the annual basic pay per year payable at the end of the three years' contract period. Provision for gratuity is made in the financial statements based on the salary paid during the year.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.13 Employee benefits (Continued)

(iv) Defined benefit plan

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Re-measurement, comprising actuarial gains and losses is reflected in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Past service cost;
- Current service cost;
- Net interest expense or income; and
- Re-measurement.

The Corporation presents the above four components of defined benefit cost in profit or loss and other comprehensive income, where the first three components as part of staff costs while the last component as actuarial gain or loss.

6.2.15 Financial Instruments

Financial assets and financial liabilities are recognized on the Corporation's statement of financial position when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets

Initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price determined under IFRS 15.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.15 Financial Instruments (Continued)

Financial assets

Subsequent measurement

Financial assets are classified into the following specified categories:

- (i) Financial assets at amortized cost;
- (ii) Financial assets at fair value through Other Comprehensive Income;
- (iii) Financial assets at fair value through profit or loss

The Corporation's principal class of financial assets is financial assets at amortized cost which includes trade and other receivables, excluding cash and bank balances.

Financial assets are recognized and derecognized on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All of the Corporation's financial assets are initially measured at cost or fair value, depending on the classification of financial assets and subsequently measure.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Trade and other receivables

Trade and other receivables are stated at invoice amounts less provision for impairment. A provision for impairment is established using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade and other receivables.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.15 Financial Instruments (Continued)

Financial assets (Continued)

Cash and bank balances

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, in banks and investments in money market instruments and duly reconciled to the related items in the statement of financial position.

Impairment of financial assets

The Corporation recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Corporation applies a simplified approach in calculating ECLs for trade and other receivables. Therefore, the Corporation does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Corporation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

De-recognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.1 Financial Instruments (Continued)

Financial assets (Continued)

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

The Corporation's financial liabilities include trade, borrowings and other payables. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business, held-for-trading, or designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

De-recognition of financial liabilities

The Corporation de-recognizes financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.3.2 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in arriving at the profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.16 Current and deferred tax (continued)

In this case the tax is also recognized in other comprehensive income or directly in equity respectively. Current tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act (2004).

The current tax charge is calculated on the basis of the tax enacted or substantively enacted at the statement of financial position date.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax liability is settled.

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

6.2.16 Joint arrangements

The Corporation enters into joint arrangements with various stakeholders to develop properties which are then used as investment properties. The main joint arrangement the corporation had during the year was joint venture. The Corporation recognizes its interest in the joint venture properties as an investment and accounts for it based on the equity based method that recognizes the Corporation's proportionate share of the jointly controlled investment property.

6.2.17 Provision

Provisions are recognized when the Corporation 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 the amount can be reliably estimated.

6.2.18 Investment in associates and joint ventures

Associates are all entities over which the Corporation has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

6.3.19 Investment in associates and joint ventures Continued

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate or joint venture is reduced but control remains unchanged, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Corporation's share of post-acquisition profit or loss is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Corporation's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Corporation does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Corporation determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount.

6.3.19 Construction costs

When the outcome of a construction contract can be estimated reliably, costs are recognized to the stage of completion of the contract activity at the end of the period, measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contract costs.

6.3.19 Lease

Corporation as Lessor

Leases where the Corporation retains substantially all the risks and benefits incidental to ownership of the leased item are classified as operating leases. Payments, including prepayments, made under operating lease (net of incentives received from the lessor) are charged to profit and loss statement on straight-line basis over the period of the lease. All other leases are classified as finance leases.

The Corporation's activities expose it to a variety of financial risks including credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the Corporation does not hedge any risks. Risk management is carried out by the Risk Management Unit under policies approved by the board of directors.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.4 FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES

6.4.1 Market risk

(i) Foreign exchange risk

The Corporation's exposure to foreign exchange risks is managed by limiting the Corporations transactions in foreign currencies. Foreign exchange risk that could arise from future commercial transactions, and recognized assets and liabilities are therefore mitigated. Currency exposure arising from liabilities denominated in foreign currencies is managed primarily through the holding of bank balances in the relevant foreign currencies.

(ii) Cash flow and fair value interest rate risk

The Corporation has borrowings from banks which carry fixed and variable interest rates (Note 25). The Corporation regularly monitors financing options available to ensure optimum interest rates are obtained whenever the facilities are being rolled forward.

6.4.2 Credit risk

Credit risk arises mainly from deposits with banks, as well as trade and other receivables and all other financial instruments. The Corporation does not have any significant concentrations of credit risk. Credit risk is managed by the Director of Finance. The Director of Finance assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The Corporation does not grade the quality of receivables.

	30 June 2024 TZS '000	30 June 2023 TZS '000
Cash at hand and bank	32,855,458	6,231,690
Trade receivables (gross)	63,762,901	63,732,591
Staff receivables	6,170,969	6,454,269
	<u>102,789,328</u>	<u>76,418,550</u>

None of the above assets is past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	30 June 2024 TZS '000	30 June 2023 TZS '000
Cash at hand and bank	32,855,458	6,231,690
Past due but not impaired:		
Up to 90 days	64,821,331	2,203,157
Above 90 days but less than 1 year	6,396,898	49,320,610
Total past due but not impaired	<u>71,218,229</u>	<u>51,523,767</u>
Impaired	25,400,130	24,894,783
	<u>102,789,328</u>	<u>76,418,550</u>

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES (CONTINUED)

6.4.2 Credit risk (Continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

All receivables from ex-tenants and those tenants subject to court cases are considered fully impaired. The value of these receivables as at 30 June 2024 was TZS 19,099 million (30 June 2023: TZS 19,362 million).

Bank balances

The Corporation has bank arrangements with banks of sound credit standing. The Corporation banks with National Bank of Commerce, CRDB Bank plc, National Microfinance Bank plc, KCB Bank, NCBA Bank, CITI Bank, Azania Bank, ABSA Bank and TCB Bank. These are highly reputable Banks in Tanzania. In the view of the directors, the risk of non-performance by these counterparties is not significant.

6.4.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Corporation's financial liabilities that will be settled on a net basis into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year TZS'000	Between 1 and 2 years TZS'000	Over 2 years TZS'000	Total TZS'000
30 June 2024				
Trade and other payables	45,777,945	-	-	45,777,945
Borrowings	37,846,864	56,924,912	105,717,693	200,489,469
Rental deposits	-	-	27,176,367	27,176,367
	83,624,809	56,924,912	132,894,060	273,443,781
30 June 2023				
Trade and other payables	25,773,805	-	-	25,773,805
Borrowings	55,306,265	37,723,502	107,648,213	200,677,980
Rental deposits	-	-	23,271,898	23,271,898
	81,080,070	37,723,502	130,920,111	249,723,683

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.4 FINANCIAL RISK MANAGEMENT AND OBJECTIVES AND POLICIES (CONTINUED)

6.4.4 Market risk

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Corporation's income or the value of its financial instruments.

The Corporation market risk include the possibility of fluctuations in property values and rental income due to changes in economic conditions, interest rates, and demographic shifts. Corporation manage its market risk by conducting thorough market research through its established business development in collaboration with research unit before making any investment decisions. This includes analysing local economic indicators, population growth, employment rates, and market trends.

6.4.5 Capital risk Management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Corporation may limit the amount of dividends paid to the shareholder.

The Corporation 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 less cash and cash equivalents. Total capital is calculated as equity plus net debt. The gearing ratios as of 30 June 2024 and 2023 were as follows:

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Total borrowings (Note 25)	(200,489,468)	(200,677,980)
Less: cash and bank balances (Note 20)	32,855,458	6,231,690
Net borrowings	<u>(167,634,010)</u>	<u>(194,446,290)</u>
Total equity	3,702,076,175	3,454,176,700
Gearing ratio	<u>-4.53%</u>	<u>-5.63%</u>

6.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Corporation accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Receivables

During the year end critical analysis is made by the Directors in establishing expected credit loss on the trade receivables depend on two years' historical loss rate model, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current as well as forecast direction of condition at the general approach.

Investment property

Critical estimates are made by the professional valuers in determining the fair values of investment property at the end of each reporting period. The fair valuation of investment properties is determined by using valuation techniques, as set out in note 6.3.5.

Property and equipment

Critical estimates are made by the Directors in determining depreciation rates which are based on the useful lives for plant, property and equipment and their residual values. The useful lives applied are set out in Note 6.3.6.

Income Tax

The Corporation is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the Corporation recognizes liabilities for the anticipated tax/levies payable with utmost care and diligence. However, significant judgement is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of managements in one way or other that initially recorded liability was erroneous, such differences will impact on the income and liabilities in the period in which such differences are determine.

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	30 June 2024 TZS '000	30 June 2023 TZS '000
6.6 REVENUE		
Rental Income	95,034,811	90,204,577
Sale of inventory properties-Own constructed Projects (Note 6.6.a)	31,584,784	12,318,249
Contracts income-Third party projects (Note 6.6.b)	52,819,741	56,309,306
Sale of open plots (Note 6.6.c)	7,220,313	10,740,023
	186,659,649	169,572,155
(6.6.a) Own Constructed Projects		
Medeli Project	2,529,648	677,528
Iyumbu Project (1,000 Houses)	1,064,178	7,419,030
Morocco Square Project	15,887,222	4,116,349
Mwongozo Project	-	105,342
Victoria Project	381,784	-
Mvomero Affordable Housing	230,918	-
Chamwino Affordable Housing	9,322,034	-
Plot No. 70 & 71 Gerezani (TANSOMA Hotel)	2,169,000	-
	31,584,784	12,318,249
(6.6.b) Third Party Projects		
Ardhi University Project	73,311	-
Buzirayombo Livestock Market	822,741	19,842
Construction of Vingunguti Executive Ward Office	10,135	33,010
GPSA Dodoma Office	-	507,923
GPSA Kibaha Office	-	453,703
GPSA Simiyu Office	10,473	460,894
GPSA Songwe Office	-	445,357
Jakaya Kikwete Cardiac Institution	1,052,348	708,168
Malinyi District Council Project	512,352	33,259
Masaki Warehouse	378,765	659,437
Mbuye Special School	72,454	17,422
Ministry of Arts, Culture and Sports	4,896,907	5,767,150
Ministry of Energy Project	5,311,814	5,822,693
Ministry of Home Affairs	4,498,823	4,653,070
Ministry of Industry Project	4,506,961	5,032,388
Ministry of Information and Communication Technology	4,799,100	5,396,093
Ministry of Lands, Housing and Human Settlements Project	5,930,951	7,295,325
Ministry of Livestocks and Fisheries	4,638,727	4,507,406
Ministry of Minerals	4,827,543	5,701,042
Mtwara Referral Hospital	505,297	474,907
Musoma Referral Hospital	1,632,503	1,173,264
NIMRI Primary Production	-	6,211
OPD Building - LIGULA RRH	290,760	1,603,686
Partition of NHIF Mara Regional Office	30,591	572
Rehabilitation of National Repository and Present Office record and archives - DSM	22,436	439,060
Tanzania Medical Devices Agency	220,168	132,607
Tanzanite Trade Centre (Mererani Township Authority)	1,067,538	2,204,812

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	30 June 2024	30 June 2023
	TZS '000	TZS '000
6. REVENUE (CONTINUED)		
6.6.b) Third Party Projects (continued)		
UDSM School of Economics	1,366,808	2,581,378
Vingunguti Abattoir Project	669,914	145,757
Wanging'ombe Project	262,011	32,868
TCRA Office Building - Dodoma	337,830	-
TMDA Incinerator	562,304	-
Extension of Laboratory TFRA	42,463	-
TCRA Office Building - Zanzibar	149,307	-
Consultancy - Ministry of Finance	2,910,254	-
Consultancy - Vice President's Office, Dodoma	406,153	-
	52,819,742	56,309,306
6.6.c) Sales of open plots		
Safari City Plots	5,488,485	730,103
Plots No.123, 124 & 265 Lot no. 122 Samora Avenue, Ilala	-	10,009,920
Plot No. 10, Lugalo	1,659,000	
Chato Plots	72,828	
	7,220,313	10,740,023
6.6 (d) NET GAIN/(LOSSES) ON FOREIGN EXCHANGE AND OTHER INCOME		
Net foreign exchange losses	(5,450,697)	(870,506)
Gain/(Loss) on disposal of property, plant and equipment	(8,502,559)	-
Miscellaneous income	2,409,510	6,172,579
	(11,543,746)	5,302,073
6.7 (a) CONSTRUCTION/PROJECT COSTS		
(i) Own Constructed Projects		
Medeli Project	1,407,969	351,992
Iyumbu (1,000 houses) Project	1,185,377	6,363,397
Morocco Square Project	15,597,354	4,052,387
Mwongozo Project	-	111,700
Victoria Project	381,784	-
Chamwino Project	8,804,294	-
Mvomero Project	119,877	-
Plot No. 70 & 71 Gerezani(TANSOMA Hotel)	3,128,750	-
	30,625,405	10,879,476

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.7. (a) CONSTRUCTION/PROJECT COSTS (CONTINUED)

	30 June 2024 TZS '000	30 June 2023 TZS '000
(ii) Third Party Projects		
Ardhi University Project	8,836	-
Buzirayombo Livestock Market	10,633	17,328
Construction of Vingunguti Executive Ward Office	10,135	33,010
GPSA Dodoma Office	58,667	507,923
GPSA Kibaha Office	189,159	388,182
GPSA Simiyu Office	130,995	408,131
GPSA Songwe Office	82,111	445,357
Jakaya Kikwete Cardiac Institution	898,451	604,604
Malinyi District Council	115,163	29,600
Masasi Warehouse	306,701	533,972
Mbuye Special School	69,470	16,704
Ministry of Arts, Culture and Sports	4,310,252	5,085,007
Ministry of Energy	4,516,592	4,956,100
Ministry of Home Affairs	3,917,941	4,057,060
Ministry of Industry and Trade	3,811,107	4,257,290
Ministry of Information and Communication Technology	4,035,718	4,538,700
Ministry of Lands, Housing and Human Settlements	4,784,750	5,880,660
Ministry of Livestock and Fisheries	3,880,619	3,771,964
Ministry of Minerals	4,249,562	5,025,606
Mtwara Referral Hospital	(134,340)	456,841
Musoma Referral Hospital	314,366	1,196,844
NIMRI Primary Production	-	5,678
OPD Building - LIGULA RRH	264,327	1,457,897
Partition of NHIF Mara Regional Office	-	450
Rehabilitation of National Repository and Present Office Record and Archives - DSM	4,675	394,313
Renovation of Mtwara regional land office	1,080	-
Tanzania Forest Service Agency	97,529	-
Tanzania Medicine and Medical Authority	149,489	113,900
Tanzanite Trade Centre (Mererani Township Authority)	779,379	1,609,672
UDSM School of Economics	1,242,553	2,414,473
Vingunguti Abattoir	663,037	144,260
Wanging'ombe Project	1,954	28,064
TCRA Office Building - Dodoma	236,522	-
TMDA Incinerator Project	501,713	-
TCRA Office Building - Zanzibar	126,911	-
TFRA Extension of Laboratory	36,190	-
Ministry of Finance	2,084,761	-
Vice President's Office	112,972	-
	41,869,980	48,379,590

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.7 CONSTRUCTION/PROJECT COSTS (CONTINUED)

(iii) Open Plots

Safari City	1,840,000	270,660
Plots no.123, 124 & 265 Lot No. 122 Samora Street, Ilala	-	9,007,262
Plot No. 85, Lugalo Street, Upanga	1,673,732	-
	<u>3,513,732</u>	<u>9,277,922</u>
	<u>76,009,117</u>	<u>68,536,988</u>

6.8 (b) PROPERTY MANAGEMENT COSTS

Repair and Maintenance Rental Houses	6,598,893	4,768,075
Estate Management Expenses	2,593,079	1,939,776
Land Rent and Property Tax	925,765	1,447,825
Property Valuation Fees	153,405	456,878
City service levy	565,257	303,687
	<u>10,836,399</u>	<u>8,916,241</u>

6.9 ADMINISTRATIVE EXPENSES

Training and Seminar Costs	825,117	1,008,866
Security and Insurance Services	944,648	728,938
Printing and Stationeries	472,038	574,966
Computer Expenses and Software Maintenance Cost	540,991	859,253
Auditors' Remuneration	469,110	435,710
Repair and Maintenance Office Buildings	258,010	550,290
Internet Costs and Network	661,072	563,400
Consultancy Fees	180,925	123,211
Water and Electricity	420,250	409,962
Postage and Telephone	377,096	308,955
Travelling on Duty	1,854,080	2,105,749
Directors' Fees and Board Expenses	222,428	197,927
Motor Vehicle Fuel and Maintenance	2,495,988	3,475,176
VAT write off, Penalties and Fines	1,155,069	300,174
Donations	247,019	449,221
Repairs and Maintenance Office Equipment	186,207	229,297
Legal Fees	13,542	21,750
Bank Charges	101,922	136,905
Office Expenses	213,605	254,795
National Festivals	103,212	41,105
Procurement Expenses	489,762	467,049
Contribution to the Exchequer	-	1,000,000
General Cleaning Expenses	414,738	373,861
Rent Expenses	180,258	187,240
Inauguration Ceremony	-	198,574
Honoraria	136,474	456,150
Other Administrative Expenses	123,939	44,391
	<u>13,087,500</u>	<u>15,502,915</u>

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>30 June 2024</u>	<u>30 June 2023</u>
	<u>TZS '000</u>	<u>TZS '000</u>
6.10 SALES AND MARKETING EXPENSES		
Business Promotion	478,194	589,941
Sales and Marketing Expenses	124,773	33,108
Advertising and Publicity	683,048	951,353
	<u>1,286,015</u>	<u>1,574,402</u>
6.11 EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	14,504,870	14,121,365
Housing Allowance	351,825	485,598
Electricity Allowance	109,275	109,745
Furniture Allowance	32,000	120,000
Sitting Allowance	38,900	43,053
Extra Duty Payments	416,784	596,029
Subsistence Allowance	8,436	18,232
House Servant Allowance	1,688	-
Acting Allowance	132,770	154,224
Defined Benefit Obligation Expense	2,912,533	2,242,533
Staff Welfare	107,459	80,266
Staff Canteen Services	898,369	807,111
Staff Transport Services	379,093	342,393
Staff Uniforms and Clothing	-	89,599
Pension Contributions	2,136,431	2,029,873
Medical Costs	2,066,228	1,477,426
Master Workers Council	146,182	82,608
Leave Travel Allowance	137,994	105,254
Transfer and Disturbance Allowance	389,876	451,454
Skills and Development Levy	636,096	703,880
Gratuity Provision Expense	76,626	99,692
Workers' Compensation Fund	75,836	76,256
Annual Incentive and Service Award	46,454	104,300
	<u>25,605,725</u>	<u>24,340,891</u>
6.12 FINANCE INCOME AND COSTS		
Finance Income		
Interest on Bank Term Deposits	492,081	273,196
	<u>492,081</u>	<u>273,196</u>
Finance Costs		
Interest on Borrowings	(9,503,942)	(12,942,015)
Loan-Related Charges	(259,937)	(1,479,883)
	<u>(9,763,879)</u>	<u>(14,421,898)</u>
Net Finance Cost	<u>(9,271,798)</u>	<u>(14,148,702)</u>

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.13 TAXATION AND DIVIDEND

(a) Tax (income)/charge

Current Tax - Current Period	6,805,536	5,310,453
Current Tax - Prior Period (overprovision)/under provision	470,390	486,003
Deferred Tax Liability - Current Period (Note 24)	94,996,476	19,142,034
Deferred Tax Charge/(income) - Prior Periods (Note 23)	86,428	-
	95,082,904	19,142,034
	102,358,830	24,938,490

The above increase of deferred tax during the year under review is resulted by the increase of revaluation gain obtained as the result of acquiring Urafiki properties. (Current Period as per Note 24).

(b) Reconciliation of income tax expense

The tax on the Corporation's income tax differs from the theoretical amount that would arise using the statutory income tax rate on the applicable profit as follows:

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Profit/(Loss) before tax	345,254,905	83,612,400
Tax calculated at the statutory income tax rate of 30%	103,576,471	25,083,720
Tax effect of:		
Non-taxable income	(961,284)	(53,073)
Expenditure permanently disallowed for tax purpose	(726,746)	(697,228)
Decrease in deferred tax from fair value losses	-	-
Current tax relating to prior periods	470,390	486,003
Penalties	-	119,068
	102,358,831	24,938,490

(c) Tax movement

Balance at beginning of the year	4,712,023	8,666,033
Current tax charge for the year	6,805,536	5,310,453
Tax interest and penalties-prior period	(709,084)	(450,131)
Current tax- prior period overprovision	470,390	486,003
Tax paid during the year	(7,093,497)	(9,300,335)
Balance as at the end of the year	4,185,368	4,712,023

(d) paid

During the year ended June 30, 2024, the Board of Director declared and paid dividend to the Government.

Dividend paid	1,200,000	
Total	1,200,000	

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.14 INVESTMENT PROPERTIES

	Land and rental buildings TZS'000	Joint arrangements land and rental buildings TZS'000	Work in progress and undeveloped land TZS'000	Total TZS'000
30 June 2024				
Opening balance	3,779,125,250	239,559,492	604,221,824	4,622,906,566
Additions: Monetary	3,715,279	-	2,472,176	6,187,455
Additions: Non-monetary	-	11,864,985	-	11,864,985
Transfer in/(out)	(12,959,458)	(11,990,000)	24,949,458	-
Transfer from/(to) inventory	183,842,274	-	-	183,842,274
Disposal	(8,502,559)	(4,968,750)	-	(13,471,309)
Transfer to inventory of buildings	(47,770,905)	-	-	(47,770,905)
Fair value gain/(loss)	304,288,264	787,907	3,346,107	308,422,278
	4,201,738,145	235,253,634	634,989,565	5,071,981,344
30 June 2023				
Opening balance	3,739,156,586	241,374,578	620,141,996	4,600,673,160
Additions: Monetary	389,652	-	1,402,798	1,792,449
Additions: Non-monetary	4,157,553	-	1,313,173	5,470,726
Transfer in/(out)	(3,682,104)	-	3,682,104	-
Transfer from/(to) inventory	742,378	-	(3,069,748)	(2,327,370)
Disposal	-	-	(12,957,262.25)	(12,957,262.25)
Transfer to inventory of buildings	(4,937,201)	-	(8,399,974)	(13,337,175)
Fair value gain/(loss)	43,298,386	(1,815,086)	2,108,737	43,592,037
	3,779,125,250	239,559,492	604,221,824	4,622,906,565

Investment property refers to completed, ongoing construction houses for renting and undeveloped land. As at year end, there no capitalized borrowing costs incurred for work-in-progress, as the Chamwino project was completed during the year of (2023: TZS 963.74 million).

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.14 INVESTMENT PROPERTIES (CONTINUED)

The Corporation is satisfied that the fair value of all its investment properties under construction at 30 June 2024 were reliably determinable on continuing basis. The Corporation investment properties were revalued at 30 June 2024 through review by independent professionally qualified valuers who hold a recognized relevant professional qualification and have recent experience in the location and categories of investment properties valued.

Properties being constructed or developed for future use as investment properties were valued at TZS 646 billion (2023: TZS 604 billion) as follows:

	Total value of the investment property TZS'000	NHC percentage share %	NHC share of ownership TZS'000
30 June 2024			
Investment properties under construction (Joint venture properties)	73,004,344	100	73,004,344
Investment properties under construction (NHC owned properties)	17,934,252	100	17,934,252
Undeveloped plots	554,699,682	100	554,699,682
	645,638,278		645,638,278
30 June 2023			
Investment properties under construction (Joint venture properties)	58,475,284	100	58,475,284
Investment properties under construction (NHC owned properties)	1,034,567	100	1,034,567
Undeveloped plots	544,711,974	100	544,711,974
	604,221,825		604,221,825

As at the end of the period, investment properties with value of TZS 743,122 million (30 June 2024: TZS 625,753 million), were pledged as security on bank borrowings as detailed in Note 26.

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.15 PROPERTY, PLANT AND EQUIPMENT

	Land TZS'000	Buildings	Plant and Machinery TZS'000	Motor vehicle TZS'000	Office equipment, furniture and fixtures TZS'000	Tricycle and motorcycle TZS'000	Computer hardware and accessories TZS'000	Total TZS'000
30th June 2024								
Opening net book value	18,785,930	22,073,306	3,312,010	3,299,556	2,788,217	51,110	1,787,922	52,098,051
Additions: Monetary (at cost)	-	-	159,898	162,935	232,518	-	478,115	1,033,467
Depreciation charge	-	(515,795)	(276,898)	(547,052)	(421,619)	(13,231)	(314,864)	(2,089,459)
Closing net book value	18,785,930	21,557,511	3,195,010	2,915,439	2,599,116	37,879	1,951,173	51,042,059
Cost	18,785,930	25,789,768	5,196,186	8,799,628	7,031,639	111,384	4,301,607	70,016,142
Accumulated depreciation	-	(4,232,257)	(2,001,175)	(5,884,189)	(4,432,523)	(73,505)	(2,350,434)	(18,974,083)
Net book value	18,785,930	21,557,511	3,195,011	2,915,439	2,599,116	37,879	1,951,173	51,042,059
30th June 2023								
Opening net book value	18,785,930	22,589,102	2,169,647	2,319,950	3,262,274	62,429	1,550,064	50,739,396
Restatement to correct prior period adjustments	-	-	1,428,196	1,614,548	131,643	-	564,612	3,738,999
Additions: Monetary (at cost)	-	-	-	-	-	-	-	-
Depreciation charge	-	(515,796)	(285,833)	(634,942)	(605,700)	(11,319)	(326,754)	(2,380,344)
Closing net book value	18,785,930	22,073,306	3,312,010	3,299,556	2,788,217	51,110	1,787,922	52,098,051
Cost	18,785,930	25,789,768	5,036,287	8,636,693	6,799,121	111,384	3,823,492	68,982,675
Accumulated depreciation Restatement prior-period	-	(3,716,462)	(1,724,277)	(5,337,137)	(4,010,904)	(60,274)	(2,035,570)	(16,884,624)
Net book value	18,785,930	22,073,306	3,312,010	3,299,556	2,788,217	51,110	1,787,922	52,098,051

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property and equipment refer to long term tangible assets held by the Corporation for operation. As at the end of the period, the Corporation reviewed useful life to property and equipment that have fully depreciated, as a result at the year end, no asset that are still in use have fully depreciated.

6.16 INTANGIBLE ASSETS

Net book value at the beginning of the year	1,100,231	513,751
Prior Period Adjustments	-	-
Additions	14,895	920,586
Amortization charge	(114,599)	(334,106)
Netbook value at the end of the year	<u>1,000,527</u>	<u>1,100,231</u>
Cost	2,449,717	2,434,822
Accumulated amortization	(1,449,190)	(1,334,591)
Net book value	<u>1,000,527</u>	<u>1,100,231</u>

6.17 (a) INVESTMENT IN JOINT VENTURES

At the beginning of the year	18,762,458	18,914,452
Share of profit from joint ventures	700,938	137,058
Dividend received during the year	(470,000)	(420,000)
Share of other comprehensive income	154,915	130,948
At the end of the year	<u>19,148,311</u>	<u>18,762,458</u>

The table below summarizes details of assets and liabilities as at 30 June 2024, and financial results for the year then ended accruing to the Corporation:

JV Name	Country of incorporation	% Interest held	Assets	Liabilities	Revenue	Profit after tax
			TZS '000	TZS '000	TZS '000	TZS '000
30 June 2024						
Housing& Pension Co. Ltd	Tanzania	50	17,020,722	(109,978)	796,997	207,021
NHC House Co. Ltd	Tanzania	50	4,093,515	(1,855,948)	1,282,814	493,917
			<u>21,114,237</u>	<u>(1,965,926)</u>	<u>2,079,811</u>	<u>700,938</u>
30 June 2023						
Housing& Pension Co. Ltd	Tanzania	50	15,482,986	(205,037)	844,474	296,849
NHC House Co. Ltd	Tanzania	50	5,371,145	(1,886,636)	1,232,714	(159,791)
			<u>20,854,131</u>	<u>(2,091,673)</u>	<u>2,077,188</u>	<u>137,058</u>

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.17 (b) ADVANCES TOWARD SHARES IN OTHER ENTITIES

	30 June 2024 TZS '000	30 June 2023 TZS '000
At the beginning of the year	29,757,252	29,757,252
Cash paid during the year	-	-
Investment termination	-	-
At the end of the year	<u>29,757,252</u>	<u>29,757,252</u>
Below is the summary of advances held:		
Kawe Special Purpose Vehicle	6,682,039	6,682,039
Kunduchi Riffle Range Special Purpose Vehicle	23,075,213	23,075,213
	<u>29,757,252</u>	<u>29,757,252</u>

6.17 (c) EQUITY INVESTMENTS

Tanzania Mortgage Refinancing Company Limited	1,881,141	1,200,000
Watumishi Housing Company Limited	1,933,764	1,933,764
	<u>3,814,905</u>	<u>3,133,764</u>

During the year, a total dividend of TZS 60.71million was declared and received from Tanzania Mortgage Refinance Company Limited (TMRC) and Watumishi Housing Company

6.18 INVENTORIES

(i) Inventory properties (Completed houses)

Medeli Project- Dodoma	3,695,919	5,103,888
Mrara Project- Manyara	42,810	42,810
Mvomero Project- Morogoro	39,959	39,959
Ilembo Project- Katavi	85,413	85,413
Buswelu Project	120,394	120,394
Iyumbu project (phase I) -Dodoma	440,262	440,262
Safari City project-Arusha	246,520	246,520
Mwongozo project	231,942	231,942
Morocco Squire project-Dar es Salaam	72,483,270	41,880,512
Chamwino project-Dodoma	-	8,447,711
Iyumbu (1000 houses)-Dodoma	14,509,695	15,232,713
	<u>91,896,184</u>	<u>71,872,124</u>

(ii) Inventory properties (Ongoing projects)

Morocco Square - Plot 1-3 & 44 Morocco	-	142,621,966
Victoria - Plot 300	4,982,167	4,982,167
Golden Premier Residential - Plot no 711/2 Kawe	29,831,601	29,817,536
Manyoni Affordable Housing Scheme	-	15,675
Luguruni Low costing Houses Project	-	19,710
Kawe - Plot No. 711/1	41,711,091	25,935,175
Burka (Safari City)	896,951	967,097

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(ii) Inventory properties (Ongoing projects)...(continued)

Ipogolo Affordable Housing Scheme		11,734
Vijibweni Alykhan - Plot 270,288 & 289 Magore	-	14,065
Iyumbu Affordable Housing Scheme	2,603,579	2,190,638
Muheza Affordable Housing Scheme (Chatur)	821,630	749,424
Chato Plots Project	2,400	50,672
Kawe Affordable Phase I	18,989,425	6,138,337
	<u>99,838,844</u>	<u>213,514,196</u>

(iii) Plots for Sale

Safari City Project	5,671,788	7,275,374
	<u>5,671,788</u>	<u>7,275,374</u>

(iv) Other inventories

Building materials	6,874,695	3,563,903
Stationeries	240,618	210,426
Spare Parts (Motor Vehicles)	-	-
	<u>7,115,313</u>	<u>3,774,329</u>
Allowance for obsolete inventories	(246,057)	(246,057)
	<u>6,869,256</u>	<u>3,528,272</u>
Total inventories	<u>204,276,073</u>	<u>296,189,966</u>

Inventory property refers to completed houses or ongoing construction projects for sale. Out of total additions to inventories from on-going projects during the year is capitalized borrowing costs amounting to TZS 9,721 million (2023: TZS 9,874 million).

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.19 (a) TRADE AND OTHER RECEIVABLES

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Rental receivables - current tenants	5,615,359	5,602,986
Rental receivables - ex tenants	19,095,975	19,362,533
Tenant purchase receivables	5,580	5,580
Receivables from sale of buildings	13,626,825	2,662,374
Receivables from construction activities	2,198,969	5,250,405
	40,542,708	32,883,878
Trade and other receivables	11,883,584	4,646,656
Staff receivables	6,170,969	6,454,269
Less: Allowances for doubtful debts	(25,639,101)	(24,894,783)
	32,958,160	19,090,020
Advance to contractors	5,078,036	8,253,003
	38,036,196	27,343,023

6.19 (b) CONTRACT ASSET

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Consultancy Service for National Assembly	1,670,048	-
Receivable Construction Service	40,973,265	27,250,782
	42,643,313	27,250,782
	80,679,509	54,593,805
Total		

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Movements in the allowance for doubtful debts:

Particulars	Rental receivables	Receivables from sale of buildings	Receivables from construction contracts	Receivables from other Debtors	Other financial assets	Total
	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000	TZS'000
30th June 2024						
At beginning of the year	22,068,145	224,903	1,400,997	1,174,636	26,102	24,894,783
Total Charge for the period	73,226	238,971	432,121	-	-	744,318
At the end of the year	22,141,371	463,874	1,833,118	1,174,636	26,102	25,639,101
30th June 2023						
At beginning of the year	23,715,469	224,903	632,123	1,000,000	26,102	25,598,597
Total Charge for the period	(1,647,324)		768,874	174,636		(703,814)
At the end of the year	22,068,145	224,903	1,400,997	1,174,636	26,102	24,894,783

The allowance for doubtful debts on receivables includes doubtful debts for rental, sale of buildings and construction contracts receivables. doubtful debts for other financial assets include impairment for cash balances and other receivables.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.19 (c) Bank Fixed Deposit

This comprises of fixed deposits maturing over periods ranging from six months to one year at a weighted effective interest rate of 15%. The table below summarises details of fixed deposits held as at the period end:

	30 June 2024 TZS '000	30 June 2023 TZS '000
Bank Term Deposits	9,656,551	-
Total	9,656,551	-

The movement of fixed deposits in the period is shown below:

	30 June 2024 TZS '000	30 June 2023 TZS '000
At beginning of the period	-	-
Invested/(withdrawn)during the period	9,656,551	-
At end of year	9,656,551	-

6.19 (d) CASH AND BANK BALANCES

Bank balances	37,662,899	11,028,690
Cash in hand	17,205	16,705
Cash and bank balances at Bank	<u>37,680,104</u>	<u>11,045,395</u>
Bank overdrafts (Note 25)	<u>(4,824,646)</u>	<u>(4,813,705)</u>
Cash and Bank balances (including bank overdrafts)	<u>32,855,458</u>	<u>6,231,690</u>

Overdraft facilities

The Corporation has overdraft facilities with CRDB Bank to meet normal business obligations, as detailed below:

Interest	Amount	Limit Amount	Interest	Effective date	Limit time
	TZS'000	TZS'000			
CRDB Bank Plc	4,824,646	5,000,000	17% per annum	2 nd Nov 2012	One year renewable

6.20 CAPITAL FUND

The Capital Fund of TZS 15,486 million represents the initial amount of funds received from the Treasury of TZS 486 million, additional capital of TZS 15,000 million received on the financial year 2020/2021.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.21 CAPITAL RESERVE

The Capital Reserves TZS 2,395 million represents the net surplus of the value of buildings acquired through the Acquisition Act, 1971 over the amount of mortgage paid or payable on these buildings, compensation paid and cost of properties returned to the original value.

6.22 REVALUATION RESERVE

The revaluation reserve TZS 1,875 million represents the net comprehensive income or loss of shares valuation from joint ventures and actuarial gain or loss from defined benefit obligation.

6.23 RETAINED EARNINGS

Retained earnings TZS 3,682 billion represents the net comprehensive profit left over after all expenses and dividends have been paid.

6.24 DEFERRED TAX

Deferred tax liability is calculated using balance sheet approach at the enacted income tax rate of 30% (30 June 2023: 30%). The movement on the deferred tax account is as follows:

	30 June 2024 TZS '000	30 June 2023 TZS '000
At the beginning of the year	1,306,643,154	1,286,481,267
Deferred tax (credit)/charge current period (Note 6.13(a))	94,996,476	19,142,034
Deferred tax (credit)/charge- prior periods (Note 6.13(a))	86,428	1,019,853
Deferred tax on IFRS 9 initial application	(371,363)	-
At the end of the year	<u>1,401,354,695</u>	<u>1,306,643,154</u>

6.24 DEFERRED TAX

Deferred tax asset, liabilities, and deferred tax charge (credit) to profit or loss are attributable to the following items:

	Opening balance TZS'000	Charge to P&L prior year TZS'000	Charge to P & L current year TZS'000	Closing balance TZS'000
30 June 2024				
Deferred tax liabilities				
Fair value of investment properties	220,430,848	(284,935)	94,996,476	315,142,389
Accelerated capital allowances	1,086,212,305	-	-	1,086,212,305
	<u>1,306,643,153</u>	<u>(284,935)</u>	<u>94,996,476</u>	<u>1,401,354,694</u>
Deferred tax assets				
Provisions and other deductible temporary differences	-	-	-	-
Net deferred income tax liability	<u>1,306,643,153</u>	<u>(284,935)</u>	<u>94,996,476</u>	<u>1,401,354,694</u>

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DEFERRED TAX (CONTINUED)

	Charge to P & L current year			Closing
	TZS'000			balance
30 June 2023				TZS'000
Deferred tax liabilities				
Fair value of investment properties	200,268,961	1,019,853	19,142,034	224,075,562
Accelerated capital allowances	1,086,212,305	-	-	1,100,637,890
	<u>1,286,481,266</u>	<u>1,019,853</u>	<u>19,142,034</u>	<u>1,306,643,153</u>
Deferred tax assets				
Other deductible temporary differences	-	-	-	-
Net deferred income tax liability	<u>1,286,481,266</u>	<u>1,019,853</u>	<u>19,142,034</u>	<u>1,306,643,153</u>

6.25 BORROWINGS

Bank and other borrowings	199,950,837	195,775,505
Accrued interest on principal from Bank and other borrowings	538,631	4,902,475
	<u>200,489,468</u>	<u>200,677,980</u>
Current		
Bank and other borrowings	37,846,864	55,306,265
Current principal from Bank and other borrowings	37,308,233	50,403,790
Accrued interest	538,631	4,902,475
Non-current		
Bank and other borrowings	162,642,604	145,371,715
	<u>200,489,468</u>	<u>200,677,980</u>

Movement in Bank and other borrowings (principal only):

At the beginning of the year	195,775,505	217,552,854
Additional borrowings	40,962,399	56,712,993
Property Recovery from Bank (Azania)	4,950,000	56,712,993
Repayments	(50,427,517)	(78,490,342)
Capitalized grace period interest	3,249,848	-
Accrued interest	538,631	4,902,475
Unrealized foreign exchange losses	5,440,602	-
At the end of the year	<u>199,950,837</u>	<u>195,775,505</u>
Accrued interest on banks and other borrowings	538,631	4,902,475
Total	<u>200,489,468</u>	<u>200,677,980</u>

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.25 BORROWINGS (CONTINUED)

The details of Bank and other borrowings are summarized in the table below (Principal plus accrued Interest):

Lender's name	30 June 2024	30 June 2023	Effective interest rate	Tenure
	TZS '000	TZS '000	%	Years
CRDB Bank (Loan II)	10,719,871	14,605,739	15.0%	10
CRDB Bank (Loan III)	5,812,446	13,401,069	16.5%	7
CRDB Bank (Loan IV)	20,346,313	10,632,363	12.0%	7
PSSSF	3,088,842	3,933,689	15.3%	11
TIB Development Bank	2,899,852	8,658,881	15.0%	4
Azania Bank (Bank M (T) Limited)	1,106,418	2,565,583	16.0%	6
Azania Bank (EADB Takeover)	25,797,247	29,188,883	14.0%	7
Azania Bank (Chamwino & Iyumbu)	22,539,876	23,101,891	6.8%	15
EADB	9,642,424	11,892,264	LIBOR+5.5%	7
NCBA Bank	2,263,661	6,050,943	15.0%	5
NMB Bank	1,997,692	6,324,317	15.36%	7
NMB Bank (EADB Takeover)	9,893,380	12,022,197	18.0%	7
NMB Bank Overdraft	-	163,356	16.0%	4
NMB Bank Bridge Finance	-	1,169,921	12.0%	0.25
SEM (T) Limited	35,594,082	31,982,867	13.0%	10
CRDB Bank (EADB Takeover)	21,295,701	22,440,937	14.0%	10
NMB Bank (Samia Housing)	4,477,712	2,543,080	12.0%	7
Azania Bank (To recover BMTL)	4,140,907	-	0.0%	3
NCBA Bank (Kawe 711)	9,530,355	-	12.5%	7
NBC Bank (Letter of Credit)	4,527,360	-	10.5%	0.5
TIB Development Bank (Kawe 711)	4,815,329	-	13.0%	6
	<u>200,489,468</u>	<u>200,677,980</u>		

Bank and other borrowings are secured by investment property to the value of TZS 743,122 million (2023: TZS 625,753 million).

The details of accrued Interest as at 30th June 2024 included in the loan balance above are summarized in the below table.

Lender's Name	30 June 2024
	TZS '000
EADB	(6,515)
NCBA LOAN (KAWE 711)	(103,310)
BANK M	(12,877)
PSSSF LOAN	(37,267)
CRDB LOAN (EADB TAKEOVER)	(172,495))
CRDB IV	(38,037)
TIB Development Bank	(32,129)
CRDB Bank Plc (Loan III)	(76,645)
CRDB Bank Plc (Loan II)	(59,356)
	<u>(538,631)</u>

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.25 BORROWINGS (CONTINUED)

Loan from CRDB Bank Plc (Loan II)

The facility agreement of TZS 35 billion was signed on 2 July 2012 for financing construction of 15,000 housing units in different parts of Tanzania for sale and for rental in accordance with the five-year strategic plan. Treasury bond rate plus margin of 2%, with minimum of 15% per annum, accrued daily on outstanding balance and paid monthly effective from July 2013 repayable in 10 years (including a grace period of twenty-four months). As at 30th June 2024, outstanding balance included principal of TZS 10.7 billion and interest to maturity of TZS 1.9 billion.

Loan from CRDB Bank Plc (Loan III)

The facility agreement of TZS 40 billion was signed on 28 September 2015 for financing construction of Morocco Square Project. The loan carries interest at 15% per annum (reduced from 16.5% per annum in March 2020) accrued daily on outstanding balance and paid monthly effective from March 2016. The loan is repayable in 7 years (including a grace period of twenty-four months). As at 30 June 2024, outstanding balance included principal of TZS 5.8 billion and interest to maturity of TZS 269 Million.

Loan from CRDB Bank Plc (Loan IV)

The first loan facility agreement of TZS 25.7 Billion was signed on 21st March 2022 for the purpose to finance the completion of Morocco Square project which is in the final stage of completion. The loan carries interest at 12% per annum, charged monthly on the outstanding balance. The loan has a grace period of twelve months from the date of first disbursement and is repayable in 84 months inclusive of grace period. As at 30th June 2024 the outstanding balance include principal of TZS 20.3 billion and interest to maturity of TZS 7.0 billion.

All the CRDB loans are secured by a first charge legal mortgage on sixty landed properties in Dar es Salaam and Mwanza Regions.

Loan from PSSF (Formerly Local Authority Pensions Fund (LAPF))

The facility agreement of TZS 15 billion was signed on 26 June 2012 for financing the construction of 150 residential apartments (Medeli II Project), located in Dodoma. The loan is secured by a first charge legal mortgage on 16 landed properties (11 in Arusha and 5 in Dar es Salaam).

The loan carries interest at 15.3% per annum, charged monthly on the outstanding balance. The loan has a grace period of twelve months from the date of first disbursement. Interest accrued during the grace period is capitalized and the loan is repayable in semi-annual instalment over a period of 10 years after the grace period, commencing from October 2013.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.25 BORROWINGS (CONTINUED)

From October 2019, the loan was restructured and paid monthly. As at 30 June 2024 outstanding principal balance amounted to TZS 3.1 billion and interest to maturity of TZS 550 Million.

Loan from AZANIA BANK T LTD to recover debt created by BMTL Joint Venture partner.

Loan of TZS 4,950,000,000 created by Joint Venture Partner on NHC plot numbers 39 A New Bagamoyo road. Settlement agreement was made between NHC and AZANIA BANK T LTD whereby NHC will pay the debt for a tenor of 3 years and take 100 % ownership of the Development made on the plot.

Loan from TIB Development Bank

The facility agreement of TZS 30 billion was signed on 22nd September 2014 for the purpose of financing the Construction of the Golden Premier Residence project at Kawe beach Dar Es Salaam. The loan is secured by a first charge legal mortgage on twenty-eight landed properties in Dar es Salaam, Mwanza and Arusha.

The loan carries interest at 15% per annum, charged daily on the outstanding balance and paid monthly in arrears. The loan had a grace period of twelve months from the date of first disbursement and is repayable after the realisation of sales proceeds from sale of plots effective from January 2013 and is repayable in 4 years. On 4th March 2021 the loan was restructured. As at 30th June 2024, outstanding balance included principal of TZS 2.9 billion and interest of TZS 138 Million.

Loan from Bank M (T) Limited / Azania Bank

The loan facility agreement of TZS 15 billion was signed on 4 July 2015 for financing construction of Victoria Place Project. The loan is secured by a first charge legal mortgage on five landed properties in Dar es Salaam. The loan carries interest at 14% per annum (reduced from 16% per annum after Azania Bank take over) accrued daily on outstanding balance and paid in 54 monthly instalments effective from September 2015. The loan is repayable in 6 years (including a grace period of eighteen months). As at 30 June 2024, outstanding balance included principal of TZS 1.1 billion and interest to maturity of TZS 45 Million.

Loan from Azania Bank Limited (EADB Takeover)

The facility agreement of TZS 23.2 billion was signed on 11th March 2020 for the purpose of taking over part (USD 10 billion) of loan from East African Development Bank (EADB). The agreement was disbursement to be made direct to EADB by Azania Bank. As at 30 June 2024, the outstanding balance was TZS 25.8 included principal (including capitalized interest) of TZS 25.8 billion and interest to maturity of TZS 13.2 billion.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.25 BORROWINGS (CONTINUED)

Loan from Azania Bank (Azania Loan (Chamwino and Iyumbu Projects))

The loan facility of TZS 20 billion was signed on 10th November 2020 and was acquired for the purpose of financing the construction of residential housing units and associated facilities for sale and rent located in Dodoma (phase 1).

The loan carries interest at 6.75% per annum; the loan has a grace period of 36 months from the date of first disbursement. Interest accrued during the grace period is capitalized and the loan is repayable monthly over a period of 12 years after the grace period and repayable over a period of 180 months (inclusive of a grace period of 36 months) effective from November 2020. As at 30th June 2024 outstanding principal balance amounted to TZS 22.5 billion and interest to maturity of 10.2 Billion.

Loan from East African Development Bank (EADB)

The facility agreement of USD 30 million was signed on 2nd November 2016 for partly financing the cost of construction of properties in Tanzania for rent or outright sale in line with the corporation strategic plan.

The rate of interest is charged at 3 months LIBOR plus 5.5%; interest accrues from day to day and be calculated based on 360 days' year and number of days elapsed. The loan is repayable in 7 years (including a grace period of twenty-four months). The loan was partly purchased by NMB, AZANIA and CRDB. As at 30 June 2024, outstanding balance included principal of TZS 9.6 billion and interest to maturity of TZS 1.05 billion.

Loan from NCBA Bank (T) Limited ("NCBA")

The facility agreement of TZS 12.6 billion was signed on 17th December, 2019 for partly taking over Shelter Afrique Loan. The loan carries interest at 15% per annum, charged monthly based on the reducing balance. As at 30th June 2024, outstanding balance included principal of TZS 2.3 billion and interest to maturity of TZS 115 Million.

Loan from National Microfinance Bank Plc

The first loan agreement was signed on 20th November 2013 for the facility of TZS 30 billion for the purpose of construction 150 commercial housing units for renting/sale at plot No.67, at the junction of Ngano and Wakulima Streets, Kinondoni-Dar-es-Salaam. Interest on the loan is pegged on last auction 182 T-bills plus 300bps. Term of the loan is 108 months from the date of signing the agreement including the 24 months of the grace period. As of 30 June 2024 outstanding balance from 30 billion facilities included principal balance of TZS 1.99 billion and interest to maturity of TZS 80.6 Million.

Loan from National Microfinance Bank Plc (Cont'd)

The second loan agreement is 4.7 billion signed on 04th May 2020 as restructured overdraft. The loan carries interest at 16% per annum accrued daily on outstanding balance and paid in 48 monthly instalments effective from August 2020. The loan is repayable in 84 months. As at 30 June 2024, outstanding balance included principal of TZS 9.9 billion and interest to maturity of TZS 2.7 billion.

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.25 BORROWINGS (CONTINUED)

The third loan agreement is 16.3 billion signed on 13th May 2020 as restructured overdraft. The loan carries interest at 18% per annum accrued daily on outstanding balance and paid in 48 monthly instalments effective from August 2020. The loan is repayable in 84 months. As at 30 June 2024, outstanding balance included principal of TZS 0 and interest to maturity of TZS 0

All facilities from NMB are secured by legal mortgage of 37 landed properties.

The fifth loan is TZS 30 billion for which was signed on 18 January 2023 for financing construction of residential properties on plot no.697 and plot no 709 Kawe affordable housing project (**Samia Housing**) located at Kawe in Dar es Salaam. The loan is secured by 53 properties located in Dar es Salaam and Mwanza.

The loan carries interest at 12% per annum. The loan is repayable over a period of 7 years (inclusive of 1 year's grace period) effective from April 2023. As at 30th June 2024, outstanding balance included principal of TZS 4.5 billion and interest of TZS 1.8 billion.

Loan from Southern Economic Management (SEM) Tanzania Limited

The loan originated from the 50% construction cost of NHC House ("property") which was initially implemented as a joint venture. Interest on the loan has been determined to be 13% of the total initial cost incurred by the joint venture partner. The loan is paid from the rental proceeds of the property. As at 30th June 2024 the outstanding balance included outstanding principal of TZS 35.6 billion.

Loan from CRDB (EADB TAKEOVER)

The facility agreement of USD 10 Million for this loan was signed on 03 September 2020 to take over from East Africa Development Bank (EADB). The loan shall be secured by the legal Mortgage over landed properties covering the facility at a minimum of 125% forced Sale Value (FSV).

The loan carries interest at 14% per annum on local currency. The loan is repayable over a period of 10 years. As at 30th June 2024, outstanding balance included principal of TZS 21.1 billion and interest of TZS 14.2 billion.

Loan from CRDB (EADB TAKEOVER)

Loan from TIB Development Bank

The facility agreement of TZS 20 Billion for this loan was signed on 05 March 2024 to part finance completion of 711 commercial project at Kawe Dar es Salaam. The loan shall be secured by the legal Mortgage over 21 landed properties. The loan carries interest at 13% per annum on local currency. The loan is repayable over a period of 7 years. As at 30th June 2024, outstanding balance included principal of TZS 4.8 billion and interest of TZS 2.5 billion

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.25 BORROWINGS (CONTINUED)

Loan from NCBA

The facility agreement of TZS 10 Billion for this loan was signed on 22 December 2023 to finance completion of 711 commercial project at Kawe Dar es Salaam. The loan shall be secured by the legal Mortgage over 10 landed properties. The loan carries interest at 12.5% per annum on local currency. The loan is repayable over a period of 7 years. As at 30th June 2024, outstanding balance included principal of TZS 9.4 billion and interest of TZS 5.3 billion

Loan from NBC (LETTER OF CREDIT)

The facility agreement of TZS 80.3 Billion for this loan was signed on 16 October 2023 for the purpose of procurement of finishing materials of Government City at Dodoma. The loan carries interest at 10.5% per annum on local currency. The loan is repayable over a period of 180 Days. As at 30th June 2024, outstanding balance included principal of TZS 4.5 billion and interest of TZS 20 Million

6.26 DEFINED BENEFIT OBLIGATION

The Corporation operates a defined benefit plan in accordance with requirement of collective bargaining agreement contract with the Tanzania mines, Energy, Construction and Allied Workers Union (TAMICO) of 22nd October 2013. Under the plan, qualifying employees are entitled to a retirement benefit of one-month salary for every year of service up to maximum of 20 years, cement and iron sheets depending on the number of years of service and other benefits including long service awards, repatriation benefit and funeral services benefit

The Corporation provides for defined benefit obligation, which is based on assessments made by qualified actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the projected unit credit method.

The significant assumptions used for the purposes of the actuarial valuations were as follows: Gross Salary increase 30% productivity 26%. Other assumption adopted for the year 2025, are Gross Salary increase 30%, and productivity 26%.

The assumptions adopted during the year 2024 are as follows; the investment rate selected is 15.4% per annum, based on the AIS 19 latest amendments, expected return should be equal to the discount rate.

	30 June 2024	30 June 2023
Discount rate	13.25%	13.6%
inflation rate	4.0%	5.0%
Salary increase	FY2025: 26.0%p. a FY2026 and thereafter: 5.00%p. a	5.0%

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.26 DEFINED BENEFIT OBLIGATION (CONTINUED)

Statistical (Demographic) assumed to occur at age 60 years the compulsory retirement age, Mortality (Male and female) A 1949-1952 as detailed on the below table.

Turnover rates

Age Group	Turnover rate
20-54	2%
55-57	20%
58	75%
59	100%
60	100%

Mortality Rates

Age Group	Mortality
20	0.00111
25	0.00112
30	0.00116
35	0.00132
40	0.00188
45	0.00330
50	0.00599
55	0.01035
60	0.017200

Amount recognised in statement of profit or loss and other comprehensive income in respect of this defined benefit obligation:

	30 June 2024	30 June 2023
	TZS '000	TZS '000
Current service cost	1,147,592	569,661
Interest cost	1,764,941	1,672,872
Net cost recognized in profit or loss statement	2,912,533	2,242,533
Actuarial loss / (gain) recognized in other comprehensive income	1,237,878	(1,539,619)
Net cost for the year	4,150,411	702,914

The movement in the Corporation defined benefit obligation is as follows:

Opening balance	12,423,625	12,300,528
Current service cost	1,147,592	569,661
Interest cost	1,764,941	1,672,872
Benefit paid during the year	(1,104,087)	(579,817)
Actuarial loss (gain) recognized in other comprehensive income	1,237,878	(1,539,619)
	15,469,949	12,423,625

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.26 DEFINED BENEFIT OBLIGATION (CONTINUED)

Actuarial gain recorded during the year was due to a change in actuarial financial assumptions from prior year. Financial assumptions embedded in the plan are salary inflation and discount rates. Salary inflation has decrease from 5.0% as prior year to 4.0% in the current year. Whereas discount rate has decreased from 13.6% in the prior year to 13.3% in the current year. In the year 2024/2025, the salary has increase at the average rate of 26%.

6.27 TRADE AND OTHER PAYABLES

Trade payables	11,773,490	15,028,706
Construction deposits	97,419,300	46,770,897
Consultancy deposits	2,047,948	1,291,830
Rent advance	2,384,492	2,775,632
Deferred rental income	1,088,458	
Value Added Tax (VAT) payable	4,271,696	32,189
Security and retention	26,494,878	7,112,741
Other payables	443,720	377,182
Employees related payables	409,669	447,355
	<u>146,333,651</u>	<u>73,836,532</u>

6.28 ACCRUALS

Accrued administrative expenses	2,150,507	4,090,025
Audit fee	450,000	400,000
Salary related expenses	135,429	303,959
Property tax	106,017	67,200
Land rent	583,143	684,733
Service fee	320,481	105,214
	<u>3,745,577</u>	<u>5,651,131</u>

6.29 PROVISION

Legal cases	<u>3,380,740</u>	<u>3,380,740</u>
	<u>3,380,740</u>	<u>3,380,740</u>

6.30 CONTINGENT LIABILITIES

As at 30th June 2024, the Corporation was a defendant in several lawsuits. The total amount claimed in the various lawsuits remained the same as previous year that is TZS 3,381 million as. (2023: TZS 3,381 million), in the opinion of the Directors, after taking appropriate legal advice, no material additional liabilities are expected to crystallize from these lawsuits.

6.31 RENTAL DEPOSITS

These are balances, which every tenant has to pay as security deposit at the beginning of lease term, and they are refundable at the end of the lease term if the outgoing tenants have no arrears and have left NHC premises in original condition as it were when it was being leased. The movement in rental deposit balances are as follows;

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.31 RENTAL DEPOSITS (CONTINUED)

	30 th June 2024	30 th June 2023
	TZS '000	TZS '000
Opening balance	23,271,898	20,484,808
Receipts during the year	5,297,015	4,143,270
Refund during the year	(1,392,546)	(1,356,180)
	<u>27,176,367</u>	<u>23,271,898</u>

6.32 CASH RECEIPTS FROM CUSTOMERS

Deposits on Sale of Houses	49,926,623	26,606,809
Deposits on Sale of Plots	9,077,744	12,827,904
Contractee Deposits	81,072,407	48,778,800
Receipts from Rental Income	110,436,793	102,508,091
Consultancy Deposits	259,608	946,017
Miscellaneous Income	2,570,072	470,040
	<u>253,343,247</u>	<u>192,137,661</u>

6.33 CASH PAID TO SUPPLIERS

Payments to Suppliers	126,084,466	93,001,658
Payments related to Accrued Expenses	524,746	360,243
Payments related to Provisions	736,166	1,183,906
Payments related to Property management cost	7,352,797	6,219,544
Payments related to administrative expenses	13,537,503	15,102,913
Payments related to Sales and Marketing expenses	1,286,015	1,574,402
	<u>149,521,693</u>	<u>117,442,666</u>

6.34 CASH PAID IN RESPECT OF STAFF COST

Salaries and wages	14,504,870	14,121,365
Housing allowance	351,825	485,598
Electricity Allowance	109,275	109,745
Furniture Allowance	32,000	120,000
Sitting Allowance	38,900	43,053
Extra duty payments	416,784	596,029
Terminal Benefits	1,104,087	579,817
Staff welfare	107,459	80,266
Staff canteen services	898,369	807,111
Staff transport services	379,093	342,393
Staff uniforms and clothing	-	89,599
Pension contributions	2,136,431	2,029,873
Medical costs	2,066,228	1,477,426
Master workers council	146,182	82,608
Leave travel allowance	137,994	105,254
Transfer and disturbance allowance	389,876	451,454
Skills and development levy	650,760	701,591
Workman's compensation	75,648	82,637
Annual incentive and service award	46,454	104,300
Subsistence Allowance	8,436	18,232
Acting Allowance	132,770	154,224
House servant allowance	1,688	-
	<u>23,735,130</u>	<u>22,582,575</u>

NATIONAL HOUSING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.35 INTEREST PAID

Interest Related to Loan from Bank M	265,253	452,168
Interest Related to Loan from Shelter Afrique	-	-
Interest Related to Loan from CRDB Bank Plc (Loan II)	1,925,455	2,491,317
Interest Related to Loan from Local Authority Pension Funds (LAPF)	532,920	924,832
Interest Related to Loan from TIB Development Bank	987,616	1,944,768
Interest Related to Loan from NMB Bank Plc	700,250	1,330,345
Interest Related to Loan from CRDB Bank Plc (Loan III)	1,468,431	2,581,096
Interest Related to Loan from East African Development Bank (EADB)	710,434	2,829,591
Interest Related to NMB Overdraft Loan	2,178	185,963
Interest Related to Loan from CBA Bank (Shelter Afrique)	728,189	1,123,743
Interest Related to CRDB Overdraft	-	-
Interest Related to Loan from NMB Bank Plc (EADB Loan Takeover)	1,660,911	1,955,734
Interest Related to Loan from CRDB Bank Plc (Loan IV)	1,614,234	68,890
Interest Related to Loan from NMB Bank (Samia Housing)	509,567	47,631
Interest Related to Loan from CRDB (EADB Takeover)	3,067,821	2,487,449
Interest Related to Loan from NMB Bank (Bridge Finance)	100,301	685,110
Azania Loan (EADB)	4,075,812	
Azania Loan(20B)	743,239	
	19,092,611	19,108,637

6.36 (a) CORRECTION OF OPENING BALANCE

Retained earnings amounts has been adjusted to reflect prior period errors as follows:

Adjustment account:

6.36 (a) i

Recognition of additional percentage of ownership on JV building Plot no 85, Lugalo street from 25% to 50%	30-Jun-24	30-Jun-23
	TZS '000	TZS '000
Joint Venture Buildings	-	-
Lugalo Joint venture 25%	6,915,000	-
Lugalo Joint venture 50%	13,830,000	-
Net effect adjusted on retained earnings	6,915,000	-

6.36 (a) ii

Recognition of prior year adjustment of deferred tax	30-Jun-24	30-Jun-23
	TZS '000	TZS '000
Deferred tax liability current period	94,996,475	-
Deferred tax charge- prior periods	86,428	-
Movement of deferred tax movement	(94,711,541)	-
Net effect on retained earnings	371,362	-
Total Net effect on retained earnings I & ii	7,286,362	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.36 (b) CORRECTION OF OPENING BALANCE (CONTINUED)

During the year under review, Corporation assessed useful life to PPE, as per Treasury Circular No.2 of 2021/2022 that instructing the review of useful life of PPE. There was no effect on accumulated depreciation that adjusted to SOCE as prior year.

6.36 (b) CORRECTION OF OPENING BALANCE

	30 June, 2024 TZS '000	30 June, 2023 TZS '000
Accumulated Depreciation of PPE	-	6,374,572
Accumulated Amortization of Intangible Assets	-	202,807
Reversal of PSSSF loan	-	858,270
Net effect on retained earnings	<u>-</u>	<u>7,435,649</u>

(b) During the year under review 2024 no and adjustment of land. During the year 2023 Land amounting TZS 3.95 billion offered by Ministry of Land, Housing and Human Settlement Previously recognised as investment property, was reversed and was adjusted to SOCE as prior year as follows as follows.

	30 June, 2024 TZS '000	30 June, 2023 TZS '000
Pending Payments for Land Purchase	-	2,321,488
Investment property (Land)	-	(3,950,000)
Deferred Tax Liability	-	(1,019,852)
Accumulated Depreciation of PPE	-	(22,280)
Net effect on retained earnings	<u>-</u>	<u>(2,670,644)</u>

(d) Share of profit from joint venture (Note 17)

	30 June, 2024 TZS '000	30 June, 2023 TZS '000
prior adjustment on share of profit for IPS for the year ended June,2022	-	313,843
Prior adjustment on an increase of profit	-	113,954
Recognition of share of profit for NHC HOUSE for the year ended June, 2023.	493,917	648,574
Recognition of share of profit from NHC/PPF investment for the year ended 2023 after receive draft financials	235,118	(808,365)
Recognition of share of loss from NHC/PPF investment for the year ended 2023 after receive final financials	<u>(28,097)</u>	<u>(130,948)</u>
Share of profit from joint venture	<u>700,938</u>	<u>137,058</u>

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.15 COMMITMENTS

Capital expenditure contracted for as at 30 June 2024 but not recognised in the financial statements is as follows:

	30 June 2024 TZS'000	30 June 2023 TZS'000
Construction of property for sale (ongoing projects)	135,240,529	156,535,736
	135,240,529	156,535,736

6.16 RELATED PARTY TRANSACTIONS AND BALANCES

The Corporation is owned and controlled by the Government of the United Republic of Tanzania. During the year under review, the Corporation engaged in various transaction with related parties, including other Government entities and key management personnel these transactions were conducted in the ordinary course of operation and on terms as those that are unrelated parties. The following transactions were carried out with related parties:

(i) Key management compensation

Key management personnel are described as those persons having authority and responsibility for planning, directing and controlling the Corporation, comprising senior management at the level of director. Compensation to key management personnel that were recognised during the year under review-included salaries, annual leave pay, loans, house allowances and post-employment benefits as outlined below:

	30 June 2024 TZS '000	30 June 2023 TZS '000
Salaries and other short-term employment benefits	1,433,895	1,545,554
House allowance	87,400	68,400
Loans to key management	989,842	950,989
	2,511,137	2,564,943

The balance of loans advanced to key management was as follows:

30 June 2024

	Amount TZS '000	Terms of payments	Interest Rate
House loan	556,004	Repayable monthly for 15 years	Nil
Car loan	410,644	Repayable monthly for 6 years	Nil
Cash advance	23,193	Repayable monthly for 12 months	Nil
	989,841		

30 June 2023

	Amount TZS '000	Terms of payments	Interest Rate
House loan	677,727	Repayable monthly for 15 years	Nil
Car loan	229,622	Repayable monthly for 6 years	Nil
Cash advance	43,640	Repayable monthly for 12 months	Nil
	950,989		

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7.2. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	30 June 2024 TZS '000	30 June 2023 TZS '000
ii) Directors' remuneration		
Fees for services as director	72,000	72,000
	72,000	72,000

(ii) CENTRAL GOVERNMENT, ENTITIES AND AGENCIES.

Sales and purchases of goods and services.

During the year under review, Corporation sold and purchased goods and services to/from various Government entities, Agencies and Central Governments including Ministries by providing rental services, sale of house, construction services and consultancy services to various projects. Up to the 30th June 2024, the interrelated party transactions are as detailed here under.

- (i) During the financial year of 2023 /2024, Corporation recognised the total income of TZS 188,082,768 out of which TZS 53,637,687 equivalent to 29% received by transacting with related part including central Government. In addition, total cost incurred TZS 150,586,526 includes TZS 41,874,833 equivalent of 28% incurred by transacting with related part including central Government.
- (ii) During the financial year of 2023/2024 Corporation reported the total receivables amounting TZS 80,918,480 whereby receivables from related part including central Government are TZS 44,468,815 equivalent of 55%. In addition, total payables of TZS 149,751,143 include TZS 669,635 equivalent of 0.45% are of related part including central Government.

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39. FINANCIAL INSTRUMENTS BY CATEGORY

Categories of financial instruments and reconciliation of financial instruments to the statement of financial position at 30th June 2024

30 June 2024	Total	Financial assets amortised at cost/fair value	Financial liabilities amortized costs	Non-Financial assets or liabilities and equity
	TZS'000	TZS'000	TZS'000	TZS'000
Assets				
Non-current assets				
Investment property	5,071,981,344	-	-	5,071,981,344
Intangible assets	1,000,527	-	-	1,000,527
Investment in Joint Venture	19,148,311	-	-	19,148,311
Advance towards shares in other entities	29,757,252	-	-	29,757,252
Equity Investments	3,814,905	3,814,905	-	-
Property, plant and equipment	51,042,059	-	-	51,042,059
Total non-current assets	5,176,744,398	3,814,905	-	5,172,929,493
Current assets				
Inventories	204,364,073	-	-	-
Trade and other receivables	38,036,196	4,982,167	-	-
Trade receivables	4,982,167	4,919,056	4,919,056	-
Contract Assets	42,643,313	42,643,312	42,643,312	-
Other receivables	27,250,782	231,942	-	-
Advance to contractors	231,942	142,621,966	-	-
Staff receivable - Staff imprest	142,621,966	-	-	-
Staff receivable - Other receivables	-	41,880,512	41,880,512	-
Cash on hand	17,205	5,602,986	5,602,986	-
Bank balances	32,838,253	32,883,878	32,883,878	-
Bank term deposits	9,656,551	-	-	-
Total current assets	327,467,591	43,469,031	38,486,864	-
Total assets	5,504,211,990	47,283,936	38,486,864	5,172,929,493
Equity and liabilities				
Capital and reserves				
Capital fund	15,485,554	-	-	15,485,554
Capital reserve	2,395,444	-	-	2,395,444
Revaluation reserve	1,874,527	-	-	1,874,527
Retained earnings	3,682,320,650	-	-	3,682,320,650
Total equity	3,702,076,175	-	-	3,702,076,175

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.39 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Categories of financial instruments and reconciliation of financial instruments to the statement of financial position at 30th June 2024 (Continued)

30 June 2024	Total TZS'000	Financial assets amortised at cost/fair value TZS'000	Financial liabilities at amortized costs TZS'000	Non-Financial assets or liabilities and equity TZS'000
Non-current liabilities				
Deferred income tax liability	1,401,354,695	-	-	1,401,354,695
Borrowings	162,642,605	-	162,642,605	-
Rental deposits	27,176,367	-	27,176,367	-
Defined benefit obligation	15,469,948	-	-	15,469,948
Total non-current liabilities	1,606,643,615	-	189,818,972	1,416,824,643,4 18,131,748
Current liabilities				
Trade and other payables	146,333,651	-	42,949,733	103,383,918
Trade payables	11,773,490	-	11,773,490	-
Other payables	443,720	-	-	443,720
Employees related payables	409,669	-	409,669	-
Security and retention	26,494,878	-	26,494,878	-
Deferred rental income	1,088,458	-	-	1,088,458
Rent advance	2,384,492	-	-	2,384,492
Construction deposits	97,419,300	-	-	97,419,300
Consultancy Deposits	2,047,948	-	-	2,047,948
Value Added Tax (VAT) payable	4,271,696	-	4,271,696	-
Accrued expenses	3,745,577	-	3,745,577	-
Provisions	3,380,740	-	-	3,380,740
Borrowings	37,846,864	-	37,846,864	-
Gratuity payable	-	-	-	-
Current tax liability	4,185,368	-	4,185,368	-
Total current liabilities	195,492,200	-	89,014,173	106,764,658
Total equity and liabilities	5,504,211,990	-	278,833,145	5,225,665,476

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.39 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Categories of financial instruments and reconciliation of financial instruments to the statement of financial position at 30th June 2023

30 June 2023	Total	Financial assets amortised at cost/fair value	Financial liabilities at amortized costs	Non- Financial assets or liabilities and equity
	TZS'000	TZS'000	TZS'000	TZS'000
Assets				
Non-current assets				
Investment property	4,622,906,566	-	-	4,622,906,566
Intangible assets	1,100,231	-	-	1,100,231
Investment in Joint Venture	18,762,458	-	-	19,570,823
Advance towards shares in other entities	29,757,252	-	-	29,757,252
Equity Investments	3,133,764	3,133,764	-	-
Property, plant and equipment	52,098,051	-	-	52,098,051
Total non-current assets	4,727,758,322	3,133,764	-	4,724,624,558
Current assets				
Inventories	296,189,966	-	-	296,189,966
Trade and other receivables	54,593,805	42,108,419	-	13,556,361
Trade receivables	4,919,056	4,919,056	-	-
Contract Assets	27,250,782	27,250,782	-	-
Other receivables	4,646,656	-	-	4,729,060
Advance to contractors	8,253,003	-	-	8,253,003
Staff receivable - Staff imprest	574,298	-	-	574,298
Staff receivable - Other receivables	6,454,269	6,454,269	-	-
Cash on hand	16,705	16,705	-	-
Bank balances	6,214,985	6,214,985	-	-
Total current assets	357,015,461	48,340,109	-	323,137,879
Total assets	5,084,773,783	51,473,873	-	5,047,762,438
Equity and liabilities				
Capital and reserves				
Capital fund	15,485,554	-	-	15,485,554
Capital reserve	2,395,444	-	-	2,395,444
Revaluation reserve	2,957,490	-	-	2,957,490
Retained earnings	3,433,338,212	-	-	3,433,338,212
Total equity	3,454,176,700	-	-	3,454,176,700

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.39 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Categories of financial instruments and reconciliation of financial instruments to the statement of financial position at 30th June 2023 (Continued)

30 June 2023	Total TZS'000	Financial assets amortised at cost/fair value TZS'000	Financial liabilities at amortized costs TZS'000	Non-Financial assets or liabilities and equity TZS'000
Non-current liabilities				
Deferred income tax liability	1,306,643,154	-	-	1,306,643,154
Borrowings	145,371,715	-	145,371,715	-
Rental deposits	23,271,898	-	23,271,898	-
Defined benefit obligation	12,423,625	-	-	12,423,625
Total non-current liabilities	1,487,710,392	-	168,643,613	1,319,066,779
Current liabilities				
Trade and other payables	73,836,532	-	23,732,043	53,158,019
Trade payables	15,028,706	-	17,321,152	-
Other payables	377,182	-	-	333,765
Employees related payables	447,355	-	447,355	-
Security and retention	7,112,741	-	7,112,741	-
Rent advance	2,775,632	-	-	2,775,632
Construction deposits	46,770,897	-	-	48,756,792
Consultancy Deposits	1,291,830	-	-	1,291,830
Value Added Tax (VAT) payable	32,189	-	32,189	-
Accrued expenses	5,651,131	-	5,651,131	-
Provisions	3,380,740	-	-	3,380,740
Borrowings	55,306,265	-	55,306,265	-
Current tax liability	4,712,023	-	4,712,023	-
Total current liabilities	142,886,691	-	88,290,410	54,596,281
Total equity and liabilities	5,084,773,783	-	256,934,023	4,827,839,760

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.40 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below shows an analysis of financial instruments at fair value by level of the fair value hierarchy. The financial instruments grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2024	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	TZS '000	TZS '000	TZS '000	TZS '000
<u>Bank term deposits</u>	-	9,656,551	-	9,656,551.48
Trade and other receivables	-	58,597,261	-	58,597,261
Cash and bank balances	32,855,458	-	-	32,855,458
Total	32,855,458	68,253,812	-	101,109,270
<u>Financial liabilities</u>				
Bank and other borrowings	-	162,642,605	-	162,642,605
Rental deposits	-	27,176,367	-	27,176,367
<u>Current financial liabilities</u>				
Bank and other borrowings	-	37,846,864	-	37,846,864
Trade and other payables	-	45,334,225	-	45,334,225
Total	-	273,000,061	-	273,000,061
30 June 2023	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>	TZS '000	TZS '000	TZS '000	TZS '000
Trade and other receivables	-	71,235,585	-	71,235,585
Cash and bank balances	6,231,690	-	-	6,231,690
Total	6,231,690	71,235,585	-	77,467,275
<u>Financial liabilities</u>				
Bank and other borrowings	-	145,371,715	-	145,371,715
Rental deposits	-	23,271,898	-	23,271,898
<u>Current financial liabilities</u>				
Bank and other borrowings	-	55,306,265	-	55,306,265
Trade and other payables	-	25,396,623	-	25,396,623
Total	-	249,346,501	-	249,346,501

NATIONAL HOUSING CORPORATION

6.0 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.41 EVENTS AFTER REPORTING PERIOD

There were no events after the reporting date that require disclosure or recognition in the financial statements

6.40 COMPARATIVES

Wherever considered necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.