Swaziland Building Society

"Creating Wealth For You"

ANNUAL REPORT

For the year ended 31 March 2019

"Creating Wealth For You"

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

MISSION

To offer Financial Services in our defined markets in order to create value for our Customers, Members and other Stakeholders.

VISION

To remain the leading provider of Mortgage Financing and to become a fully fledged provider of Financial Services.

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2019

Pages

"Creating Wealth For You"

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

NOTICE OF MEETING

Notice is hereby given that the fifty fourth Annual General Meeting of Members will be held at the Royal Swazi Auditorium, Ezulwini on the 25th of July 2019 at 9: am.

Business to be transacted

1. To consider and adopt audited Financial Statements which include the Report of the Directors and Report of the Auditors for the year ended 31st March 2019.

2. To fix the remuneration for the past year's audit and to appoint auditors for the ensuing year. PricewaterhouseCoopers being eligible, offer themselves for re-appointment.

3. To transact any other business within the scope of the meeting.

SBS House
Mbabane, Eswatini

By Order of the Board
P T Khoza
Board Secretary

"Creating Wealth For You"

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
for the year ended 31 March 2019

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of Swaziland Building Society and its subsidiary. The financial statements presented on pages 11 to 64 have been prepared in accordance with International Financial Reporting Standards and the requirements of the Building Societies Act, 1962 and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors are also responsible for the Group and Society's system of internal financial control. These are designed to provide reasonable, but not absolute assurance, as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and system has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group and Society will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Group and Society.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The audit report of PricewaterhouseCoopers is presented on pages 6-8.

The Directors confirm that the annual financial statements set out on pages 11 to 64 were approved by the Board of Directors and are signed on its behalf by:

Kenneth M Mbuli (Chairman)	Timothy RT Nhleko (Managing Director)
Date	Date

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CHAIRMAN'S REPORT
for the year ended 31 March 2019

BUSINESS PERFORMANCE

On behalf of the Board of Directors of the Swaziland Building Society, I have the pleasure of presenting the Annual Financial Statements for the period ended 31st March 2019 which recorded total asset growth for the group of 17.1% to E2.759bn and profit after tax growth of 20.8% to E102.211m.

The growth in assets was attributed to a growth in cash and cash equivalents of 57.6% to E590.460m. Financial investments also grew by 44.2% to E328.422m due to an increase in surplus funds. The increase in surplus funds resulted from the growth in savings and other deposits of 15.5% to E1.066bn.

The net profit after tax for the year ended 31st March 2019 grew by 20.8% to E102.211m. This growth was due to the 10.4% increase in net interest income to E193.737m and 25.1% growth in fees and commissions to E82.357m. The growth in fees and commissions was mainly due to the increase in transactional volumes and 32.5% increase in the number of automated teller machine (ATMs) installations to total 57.

BUSINESS REVIEW

According to the Central Bank of Eswatini (CBE) statistics report for the period ended 31st March 2019, headline consumer inflation remained steadily on an upward trend rising to 5.3% in March 2019 from 5.1% in February 2019. The increase mainly resulted from a gradual uptick in food and transport inflation. Food inflation increase to 1.4% in March 2019, mainly driven by increases in the prices of meat, eggs and fruit.

Transport inflation, on the other hand, rose to 1.6 per cent in March 2019 from 1.0 per cent in the previous month largely due to a combination of base effects on fuel prices and an increase in prices for spare parts and accessories for vehicles.

The Country's Net Foreign Assets depicted a contraction of 32.0% at the end of March 2019 to settle at E4.9 billion. Contributing to the contraction was both Net Foreign Assets of Other Depository Corporations and those of the Official Sector. Net Foreign Assets reflected a year-on-year reduction of 36.3%.

Net Official Assets stood at E3.6 billion at the end of March 2019, down from the E4.7 billion recorded in February 2019. At this level, Net Official Assets depicted a month-on-month fall of 23.0%.

Gross Official Reserves expanded by 16.4% to close at E5.3 billion at the end of April 2019 rising from E4.5 billion in March 2019. The Reserves were enough to cover 2.3 months of imports, higher than the 2.0 months recorded in March 2019. In SDR terms, the Reserves stood at SDR265.7 million portraying a month-on-month increase of 17.3%. Year-on-year, the Reserves decelerated by 31.9% in SDR terms and by 24.4% in Emalangeni terms.

CHAIRMAN'S REPORT (continued)
for the year ended 31 March 2019

BUSINESS REVIEW (continued)

During the month of March 2019, the Lilangeni/Rand exchange rate generally weakened against major external currencies. Against the US Dollar the Lilangeni depreciated by 4.2% to average E14.37 to the US Dollar from an average of E13.80 in February 2019. The Lilangeni generally tumbled due to unfavorable swings in global growth estimates fueled by weaker growth in China and Europe, while the US data proved stronger than anticipated. As a result of these swings in the market which are mostly perpetuated by the growing concerns about global growth, investor sentiments shifted more towards the US Dollar. Delayed resolution to the trade debacle between the US-China trade relations, continue to influence investor sentiments at the expense of emerging market currencies.

The Central Bank of Eswatini maintained the prime lending rate at 10.25% throughout the year. The forecast is that the prime lending rate will remain the same even in the second quarter of 2019.

GOVERNANCE AND COMPLIANCE

The Board is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Building Societies Act, 1962, and for such internal controls as the directors may determine to be necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board establishes broad corporate policies for the Society and its controlled entities, sets the strategic direction for the Group and oversees management with a focus on enhancing the interests of members. The Board is also responsible for the corporate governance of the Company and for overseeing management's identification and management of risks.

The composition of the Board is eight non-executive directors and one executive director. According to the Building Society Act No.1 of 1962, the Board shall be eligible to renew their term of office every three years at the annual general meeting of members.

The Board reviews the Society's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year.

The Board conducts a periodic self-assessment exercise and an independent assessment of its effectiveness bi-annually. One such assessment was done during the period under review which was facilitated by the Institute of Directors (IoD).

GOVERNANCE AND COMPLIANCE (continued)

There are other initiatives that have been approved to further entrench good governance and these initiatives include training.

SOCIAL RESPONSIBILITY

SBS remains committed to the communities it serves and continues to uplift the standard of sports, health and education which we believe add value and have a greater impact to the community. Deserving initiatives are identified taking into account the various social challenges our country faces, as well as alignment with the society's values and business objectives. Areas of support centre are around four pillars, i.e health, education, environmental, and sports.

In the year under review, SBS partnered with the Eswatini National Tennis Association and the Eswatini National Netball Association to create positive upliftment of these sports throughout the country. Beneficiaries under the health pillar included Baphalali Eswatini Red Cross, Eswatini Breast Cancer Network, Ekwetsembeni Special School, Hope House, Eswatini Hospice at Home, Junior Achievement Swaziland, Salvation Army, SOS Children Village, Eswatini Action Group Against Abuse, The Aids Information and Support Centre, Uneswa Foundation, Cheshire Homes, SADAT, and Siconjeni foundation.

In addition to the foregoing, our staff participated in major events such as the Sibebe Challenge, Cheshire Homes Charity Walk at Malolotja, Swaziland Breast & Cervical Cancer Network Charity Walk at Ezulwini, Mahamba Gorge in Shiselweni, as well as an FSRA organized walk at Lobamba. These events not only contribute to charity and the good health of our staff, but are also a way of team-building and nurturing a sense of responsibility towards supporting worthy causes.

FUTURE OUTLOOK AND OTHER DEVELOPMENTS

In today's rapidly evolving economic environment, key business issues are converging with impacts felt across multiple industry sectors. Economic fundamentals are weak, the regulatory climate is favorable and transformation technologies are more readily accessible, powerful and economical than ever before.

It is noted in particular that Eswatini is facing an unfolding tough macro-economic environment such as:

- Growing unemployment
- Poor savings culture
- Low investment
- Liquidity constraints

Existing strategic alliances will be strengthened and new ones will be formed in order to increase product and service offering to clients. The Society is currently in the process of introducing a new core banking system which should assist with the following:

CHAIRMAN'S REPORT (continued)
for the year ended 31 March 2019

FUTURE OUTLOOK AND OTHER DEVELOPMENTS (continued)

- Improve productivity
- Improve operational efficiencies and effectiveness
- Improve convenience to customers
- Facilitate compliance
- General risk management
- facilitate decision making through reporting and analytics.

Other initiatives in the pipeline include the roll out of the debit card and money transfer services which will enhance customer experience.

The Society will further extend its footprint, by installing Automated Teller Machines (ATMs) at other strategic locations. There are other channels that are under consideration.

ACKNOWLEDGEMENTS

Efforts by the Board of Directors working together with management in the administration of the of the Society are commendable. It remains the Society's strategic intent to continuously provide the highest level of service delivery.

On behalf of the Board of Directors, I wish to thank staff who have worked tirelessly in serving our customers and creating a customer centric environment. They remain passionate about the Society and have diligently contributed to the achievement of the commendable financial results.

We remain indebted to our customers who continue to afford the Society loyalty and confidence by using its products and services and also demanding higher standards and service delivery.

Without the various service providers and partners, the Society would not be able to effectively and efficiently deliver its products and services to meet the growing expectations of our customers. We thank them for their support.

Our regulators continue to ensure that the Society complies with regulations and prudential standards. They are always readily available to provide support and guidance whilst ensuring that SBS's operations remain sound and safe guard the interests of the public. Their support is highly appreciated.

Kenneth M Mbuli

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Kenneth M Mbuli
Chairman

Independent auditor's report

To the Members of Swaziland Building Society

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Swaziland Building Society (the Society) and its subsidiary (together the Group) as at 31 March 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Building Societies Act, 1962.

What we have audited

Swaziland Building Society's consolidated and separate financial statements set out on pages 11 to 64 comprise:

- the consolidated and separate statements of financial position as at 31 March 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the requirements of the Eswatini Institute of Accountants (ESIA) Code of Ethics for Professional Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the ESIA Code and in accordance with other ethical requirements applicable to performing audits in Eswatini.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in Swaziland Building Society and its Subsidiary Annual Financial Statements for the year ended 31 March 2019, which includes the Directors' Report as required by the Building Societies Act, 1962. Other information does not include the consolidated and separate financial statements and our auditor's report thereon

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

Partner in charge T Mason
PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Swaziland
P O Box 569, Mbabane H100, Swaziland Telephone +268 2404 2861/3, Telephone or 2404 3143, Facsimile +268 2404 5015, www.pwc.com

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Building Societies Act, 1962, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Society's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Society to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of section 54 of The Building Societies Act, we report that we have inspected and have been given satisfactory evidence of the existence and the contents of the mortgage bonds and other securities belonging to the Society.

PricewaterhouseCoopers
Partner: Makhosazana Mhlanga
Registered Auditor
P O Box 569, Mbabane, Eswatini
Date :

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SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

DIRECTORS’ REPORT

for the year ended 31 March 2019

The Directors have pleasure in submitting their report which forms part of the financial statements of the Group and Society for the year ended 31 March 2019.

Nature of business

The nature of the business of the Society, which is mainly the provision of mortgage finance for urban and rural property acquisition and development, together with the acceptance of savings and investment deposits, remained unchanged during the year.

Results for the year

The Directors report an operating income before income tax for the year of E140 209 million (2018: E116 255 million). Loans and advances at year end increased to E1.622 billion (2018: E1.586 billion), whilst total assets increased to E2.769 billion (2018: E2.367 billion) at year end. Reserves at the year-end totalled E1.494 million (2018: E1.334 million).

Directors

K M Mbuli	-	Chairman
W Z Lomahoza	-	Deputy Chairman
T R T Nhleko	-	Managing Director
C S Dlamini	-	Member
S M I Dlamini	-	Member
B S Nkosi	-	Member
E D Simelane	-	Member
L V Matsebula	-	Member
C Sullivan	-	Member

Secretary

P T Khoza

Contracts

There were no contracts entered into during the year in which Directors or officers of the Society had interests.

Subsequent events

There are no events which have occurred between the statement of financial position date and the date of this report which have a material impact on these financial statements.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2019

Rules of the Society

The rules of the Society are available for inspection by members of the public during the normal business hours of the Society.

Registered office

SBS House
Corner Dzeliwe and Mdada Street
Mbabane, Eswatini

The Society is registered in terms of the Building Societies Act of 1962.

Auditors

PricewaterhouseCoopers
Rhus Office Park, Kal Grant Street, Mbabane, Eswatini

PricewaterhouseCoopers was appointed as auditors of the Society in terms of Rule 29.3 of the Society Rules.

Lawyers

Robinson Bertram
Cloete Henwood Associates
S.V. Mdladla and Associates
Magagula and Hlophe
Waring Attorneys
CJ Littler

Bankers

First National Bank of Swaziland
Standard Bank Swaziland
Nedbank Swaziland

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SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

DIRECTORS' REPORT (continued)
for the year ended 31 March 2019

Head office administration

T R T Nhleko	-	Managing Director
M P Sibanyoni	-	General Manager
T Nzuza	-	Chief Financial Officer
M K Gwebu	-	Head of Credit
P T Khoza	-	Manager Legal/ Board Secretary
L W Motsa	-	Manager Information Technology
J L Manana	-	Manager Mortgage
N Z Mavuso	-	Manager Human Resources
W M Mndzebele	-	Manager Operations
T J Thwala	-	Manager Internal Audit
Z S Dlamini	-	Manager Projects
M Y Manana	-	Manager Short Term Business
V S Dlamini	-	Manager Marketing
M A Dludlu	-	Manager Distribution Channels
T L Dlamini	-	Compliance Officer
S B Simelane	-	Risk Officer
S S Motsa	-	Manager Executive Services

Branches

Mbabane	-	Asakhe House, Mdada Street
Swazi Plaza	-	Shop S15 Sales House Building
Manzini	-	Sikhulile House, Nkoseluhlaza Street
Manzini	-	SBS House, Ngwane Street
Nhlangano	-	SBS House, 4th Street
Siteki	-	SBS House, Queensway Avenue
Matsapha	-	Mahhala Shopping Complex
Pigg's Peak	-	Evelyn Baring Street, Pigg's Peak
Matata	-	Matata Shopping Complex

Swaziland Building Society

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SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2019

	Notes	Group **2019** **E'000**	Group 2018 E'000	Society **2019** **E'000**	Society 2018 E'000
Interest and similar income	4	**233 697**	214 823	**233 697**	214 823
Interest expense and similar charges	5	**(39 960)**	(39 310)	**(40 726)**	(39 932)
Net interest income before impairment losses		**193 737**	175 513	**192 971**	174 891
Impairment reversal/(charge) on loans and advances	12.3	**5 581**	(1 366)	**5 581**	(1 366)
Net interest income after impairment losses		**199 318**	174 147	**198 552**	173 525
Fee and commission income	6	**82 357**	65 863	**82 357**	65 863
Other operating income	7	**1 492**	1 326	**1 492**	1 431
Total income		**283 167**	241 336	**282 401**	240 819
Salary and employee benefits	8	**(77 343)**	(67 852)	**(77 343)**	(67 852)
Depreciation	14	**(7 720)**	(5 778)	**(7 717)**	(5 764)
Other operating expenses		**(57 241)**	(50 947)	**(57 132)**	(50 948)
Total expenses		**(142 304)**	(124 577)	**(142 192)**	(124 564)
Operating profit before taxation	3	**140 863**	116 759	**140 209**	116 255
Income tax expense	9	**(38 652)**	(32 108)	**(38 569)**	(31 970)
Net profit for the year		**102 211**	84 651	**101 640**	84 285
Other Comprehensive income					
Items that may not be classified to profit or loss					
Gain on revaluation of land and buildings	17.1	-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		**102 211**	84 651	**101 640**	84 285

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SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
for the year ended 31 March 2019

	Notes	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Assets					
Property, plant and equipment	14	**188 370**	145 252	**188 337**	145 216
Investment in subsidiary	13	**-**	-	**8 000**	8 000
Deferred income tax assets	15	**1 273**	858	**1 273**	858
Loans and advances to customers	12	**1 622 552**	1 586 110	**1 622 552**	1 586 110
Financial investments	20	**328 422**	227 793	**328 422**	227 793
Other assets and accrued income	11	**22 648**	14 378	**25 040**	16 590
Current income tax asset	23	**4 994**	7 344	**5 050**	7 400
Cash and cash equivalents	10	**590 460**	374 837	**590 450**	374 819
Total assets		**2 758 719**	2 356 572	**2 769 124**	2 366 786
Equity					
Capital and reserves					
Permanent shares	16	**979 873**	883 472	**979 873**	883 472
Asset revaluation reserve	17	**53 074**	53 074	**53 074**	53 074
Statutory reserve	17	**43 197**	38 573	**43 015**	38 449
Other reserve	17	**387 023**	345 412	**385 364**	344 266
General credit risk reserve	17	**32 674**	14 745	**32 674**	14 745
Total reserves		**1 495 841**	1 335 276	**1 494 000**	1 334 006
Liabilities					
Fixed and savings deposits	18	**1 066 411**	923 694	**1 078 091**	934 752
Subscription shares	19	**39 897**	35 635	**39 897**	35 635
Other liabilities and accruals	21	**150 714**	57 759	**151 280**	58 185
Provisions	22	**5 856**	4 208	**5 856**	4 208
Total liabilities		**1 262 878**	1 021 296	**1 275 124**	1 032 780
Total liabilities and reserves		**2 758 719**	2 356 572	**2 769 124**	2 366 786

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SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2019

Group	Permanent Shares E'000	Retained Earnings E'000	Other Reserve E'000	General Credit risk Reserve E'000	Asset revaluation reserve E'000	Statutory reserve E'000	Total E'000
Balance at 31 March 2018	883 472	-	345 412	14 745	53 074	38 573	1 335 276
Adjustment on initial application of IFRS 9*	-	-	-	852	-	-	852
Restated balance at 31 March 2018	883 472	-	345 412	15 597	53 074	38 573	1 336 128
Comprehensive income:							
Net profit for the year	-	102 211	-	-	-	-	102 211
Other comprehensive income:	-	-	-	-	-	-	-
Gain on revaluation	-	-	-	-	-	-	-
IFRS 9 Adjustment	-	-	-	17 824	-	-	17 824
Transfer to statutory reserve *	-	(4 624)	-	-	-	4 624	-
Transfer to other reserve	-	(41 611)	41 611	-	-	-	-
Total other comprehensive income	-	(46 235)	41 611	17 824	-	4 624	17 824
Total comprehensive income	-	55 976	41 611	17 824	-	4 624	120 035
Transactions with owners:							
Proceeds from shares issued	169 975	-	-	-	-	-	169 975
Redemption of shares	(151 812)	-	-	-	-	-	(151 812)
Transfer to general risk reserve provision	-	747	-	(747)	-	-	-
Dividends declared	78 238	(78 238)	-	-	-	-	-
Tax benefit of dividends declared	-	21 515	-	-	-	-	21 515
Total transactions with owners	96 401	(55 976)	-	(747)	-	-	39 678
Balance at 31 March 2019	979 873	-	387 023	32 674	53 074	43 197	1 495 841

**The Group has, as permitted by IFRS 9, elected to restate the comparative financial statements. Therefore, refer to basis of preparation for transitional disclosure*

Swaziland Building Society

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SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (continued)

for the year ended 31 March 2019

Group	Permanent Shares E'000	Retained Earnings E'000	Other Reserve E'000	General Credit risk Reserve E'000	Asset revaluation reserve E'000	Statutory reserve E'000	Total E'000
Balance at 31 March 2017	782 131	-	315 466	13 491	53 074	35 246	1 199 408
Comprehensive income:							
Net profit for the year	-	84 651	-	-	-	-	84 651
Other comprehensive income:	-	-	-	-	-	-	-
Transfer to statutory reserve *	-	(3 327)	-	-	-	3 327	-
Transfer to other reserve	-	(29 946)	29 946	-	-	-	-
Total other comprehensive income	-	(33 273)	29 946	-	-	3 327	-
Total comprehensive income	-	51 378	29 946	-	-	3 327	84 651
Transactions with owners:							
Proceeds from shares issued	81 347	-	-	-	-	-	81 347
Redemption of shares	(49 142)	-	-	-	-	-	(49 142)
Transfer to general risk reserve provision	-	(1 254)	-	1 254	-	-	-
Dividends declared	69 136	(69 136)	-	-	-	-	-
Tax benefit of dividends declared	-	19 012	-	-	-	-	19 012
Total transactions with owners	101 341	(51 378)	-	1 254	-	-	51 217
Balance at 31 March 2018	883 472	-	345 412	14 745	53 074	38 573	1 335 276

* - provided under section 39 of the Building Societies Act of 1962.

"Creating Wealth For You"

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (continued)

for the year ended 31 March 2019

Society	Permanent Shares E'000	Retained Earnings E'000	Other Reserve E'000	General Credit risk Reserve E'000	Asset revaluation reserve E'000	Statutory Reserve E'000	Total E'000
Balance at 31 March 2018	883 472	-	344 266	14 745	53 074	38 449	1 334 006
Adjustment on initial application of IFRS 9*	-	-	-	852	-	-	852
Restated balance at 31 March 2018	883 472	-	344 266	15 597	53 074	38 449	1 334 858
Comprehensive income:							
Net profit for the year	-	101 640	-	-	-	-	101 640
Other comprehensive income:							
Gain on revaluation	-	-	-	-	-	-	-
IFRS 9 Adjustment	-	-	-	17 824	-	-	17 824
Transfer to statutory reserve *	-	(4 566)	-	-	-	4 566	-
Transfer to other reserve	-	(41 098)	41 098	-	-	-	-
Total other comprehensive income	-	(45 664)	41 098	17 824	-	4 566	17 824
Total comprehensive income	-	55 976	41 098	17 824	-	4 566	119 464
					-		
Transactions with owners:							
Proceeds from shares issued	169 975	-	-	-	-	-	169 975
Redemption of shares	(151 812)	-	-	-	-	-	(151 812)
Transfer of general risk reserve provision	-	747	-	(747)	-	-	-
Dividends declared	78 238	(78 238)	-	-	-	-	-
Tax benefit of dividends declared	-	21 515	-	-	-	-	21 515
Total transactions with owners	96 401	(55 976)	-	(747)	-	-	39 678
Balance at 31 March 2019	979 873	-	385 364	32 674	53 074	43 015	1 494 000

**The Society has, as permitted by IFRS 9, elected to restate the comparative financial statements. Therefore, refer to basis of preparation for transitional disclosure*

"Creating Wealth For You"

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2019

Society	Permanent Shares E'000	Retained Earnings E'000	Other Reserve E'000	General Credit risk Reserve E'000	Asset revaluation reserve E'000	Statutory Reserve E'000	Total E'000
Balance at 31 March 2017	782 131	-	314 650	13 491	53 074	35 158	1 198 504
Comprehensive income:							
Net profit for the year	-	84 285	-	-	-	-	84 285
					-		
Other comprehensive income:	-	-	-	-	-	-	-
Transfer to statutory reserve *	-	(3 291)	-	-	-	3 291	-
Transfer to other reserve	-	(29 616)	29 616	-	-	-	-
Total other comprehensive income	-	(32 907)	29 616	-	-	3 291	-
Total comprehensive income	-	51 378	29 616	-	-	3 291	84 285
					-		
Transactions with owners:							
Proceeds from shares issued	81 347	-	-	-	-	-	81 347
Redemption of shares	(49 142)		-	-	-	-	(49 142)
Transfer of general risk reserve provision	-	(1 254)	-	1 254	-	-	-
Dividends declared	69 136	(69 136)	-	-	-	-	-
Tax benefit of dividends declared	-	19 012	-	-	-	-	19 012
Total transactions with owners	101 341	(51 378)	-	1 254	-	-	51 217
Balance at 31 March 2018	883 472	-	344 266	14 745	53 074	38 449	1 334 006

* - provided under section 39 of the Building Societies Act of 1962.

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
for the year ended 31 March 2019

	Notes	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Cash flows from operating activities					
Interest and commission receipts		**308 810**	279 964	**309 576**	279 964
Interest payments		**(39 234)**	(40 482)	**(40 179)**	(40 482)
Other income receipts		**1 492**	5 434	**1 492**	5 434
Cash payments to employees and suppliers		**(44 703)**	(121 162)	**(44 599)**	(121 317)
		226 365	123 754	**226 290**	123 599
Increase in operating assets:					
Loans and advances to customers		**(24 019)**	(132 407)	**(24 019)**	(132 407)
Increase in operating liabilities:					
Fixed and savings deposits		**143 340**	(8 664)	**143 340**	(8 664)
Subscription shares		**4 262**	5 398	**4 262**	5 398
Net cash generated from/(utilised in) operating activities before income tax		**349 948**	(11 919)	**349 873**	(12 074)
Income tax paid	23	**(15 202)**	(17 438)	**(15 119)**	(17 301)
Net cash inflow /(outflow) from operating activities		**334 746**	(29 357)	**334 754**	(29 375)
Cash flows from investing activities					
Net (acquisition of)/ proceeds from financial investments		**(80 317)**	76 175	**(80 317)**	76 175
Purchase of property, plant and equipment	14.1	**(56 969)**	(19 293)	**(56 969)**	(19 293)
Net cash (outflow)/inflows from investing activities		**(137 286)**	56 882	**(137 286)**	56 882
Cash flows from financing activities					
Proceeds from shares issued		**169 975**	81 347	**169 975**	81 347
Payment on redemption of shares		**(151 812)**	(49 141)	**(151 812)**	(49 141)
Net cash inflow from financing activities		**18 163**	32 206	**18 163**	32 206
Net increase in cash and cash equivalents		**215 623**	59 731	**215 631**	59 713
Cash and cash equivalents at beginning of year		**374 837**	315 106	**374 819**	315 106
Cash and cash equivalents at end of the year	10	**590 460**	374 837	**590 450**	374 819

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

1. General information

Swaziland Building Society ("the Society") provides mortgage finance for urban property acquisition and development, together with the acceptance of savings and investment deposits.

The Society was formed and registered in terms of the Building Societies Act of 1962 and is incorporated and domiciled in Eswatini. It is not listed on any exchange.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Swaziland Building Society have been prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations and the Building Societies Act of 1962. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the society's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.2.

These consolidated financial statements are presented in Eswatini Lilangeni ("E") which is the Group and Society's functional currency. All amounts have been rounded to the nearest one thousand Lilangeni, unless otherwise indicated.

2.1 Basis of preparation

2.1.1 Changes in accounting policy and disclosures

(a) Adoption of new and amended standards effective for the current financial period

The accounting policies are consistent with those reported in the previous year except for the adoption of the following standards and amendments effective for the current period:

Certain new accounting standards and interpretations have been published and are mandatory for 31 March 2019 reporting periods. The Group and Society's assessment of the impact of these new standards and interpretations is set out below

2.1.1 Changes in accounting policy and disclosures (continued)

(a) Adoption of new and amended standards effective for the current financial period

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers (IFRS 15), with effect from 1 January 2018, replaces the existing revenue standards and the related interpretations. The standard sets out the requirements for recognising revenue that applies to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts or financial instruments). The core principle of the standard is that revenue recognised reflects the consideration to which the entity expects to be entitled in exchange for the transfer of promised goods or services to the customer. The standard incorporates a five step analysis to determine the amount and timing of revenue recognition.

The Group and Society adopted IFRS 15 for the first time in year ended 31 March 2019 and, as permitted by IFRS 15, did not restate its comparative financial results. The adoption of IFRS 15 did not impact the timing or amount of fee and interest income from contracts with customers and the related assets and liabilities recognised by the bank. Accordingly, the impact on the comparative information is limited to new disclosure requirement.

IFRS 9 – Transition

With effect from 1 January 2018, IFRS 9 replaced IAS 39. IFRS 9 introduced new requirements which included an ECL impairment model and new requirements for the classification and measurement of financial instruments as follows:

Expected Credit Loss ("ECL") impairment requirements

IFRS 9's ECL impairment model's requirements represented the most material IFRS 9 transition impact for the Group and Society. The ECL model applies to financial assets measured at either amortised cost or at fair value through other comprehensive income (FVOCI), loan commitments when there is a present commitment to extend credit (unless these are measured at fair value through profit or loss (FVTPL)) and guarantees. ECL is, at a minimum, required to be measured through a loss allowance at an amount equal to the 12-month ECL.

However, where the lifetime is less than 12 months, lifetime ECL will be measured for the financial asset. A loss allowance for full lifetime ECL is required for a financial asset if the credit risk of that financial instrument has increased significantly since initial recognition.

Classification and measurement: IFRS 9 requires all financial assets to be classified and measured on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The accounting for financial assets differs in various other areas to the IAS 39 requirements such as embedded derivatives and the recognition of fair value adjustments in OCI. All changes in the fair value of financial liabilities that are designated at FVTPL due to changes in own credit risk are required to be recognised within OCI.

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

Adoption of IFRS 9

The Group and Society retrospectively adopted IFRS 9 on 31 March 2019 with an adjustment to the Group and Society's opening 1 April 2018 reserves and as permitted by IFRS 9, did not restate its comparative financial results. Accordingly, the Group and Society's previously reported financial results up to 31 March 2018 are presented in accordance with the requirements of IAS 39. 31 March 2019 and future reporting periods are presented in terms of IFRS 9.

IFRS 9's ECL requirements

The most material IFRS 9 transition impact for the Group and Society is that of IFRS 9's new ECL requirements which results in the earlier recognition of credit impairment provisions primarily as a result of the drivers outlined in the table below. This impact was solely as a result of the adoption of IFRS 9 and is not as a result of changes in the credit quality of the Group and Society's loan exposures.

12-month ECL for performing loans (stage 1)	IFRS 9 contains a minimum 12-month ECL for exposures for which there has not been a significant increase in credit risk (SICR), whereas IAS 39 required credit impairments to be recognised only following the identification of objective evidence of impairment.
SICR (stage 2)	A lifetime ECL is recognised for all exposures for which there has been a SICR, being a material change in the probability of default, since origination.
Off-balance sheet Exposures	IFRS 9's scope includes off-balance sheet exposures, such as unutilized loan commitments (except those loan commitments at fair value through profit and loss), bankers' acceptances, guarantees, and letters of credit.
Lifetime model work out requirement	In terms of determining ECL for stage 1 and 2 exposures where there is a probability of default, the potential loss from a lifetime perspective is considered, which would include the probability of recovery post default and subsequent re-default. For stage 3 exposures, being exposures that are either in default or where default is imminent, this would include consideration of cures and subsequent re-default.
Forward looking economic expectations	IFRS 9 requires an adjustment for forward looking economic expectations in the determination of SICR and in the measurement of the ECL.

IFRS 9 key financial impacts-Group

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

TABLE 1: IMPACT ON THE GROUP'S EXTRACTED STATEMENT OF CHANGES IN EQUITY ON 31 MARCH 2019

	Group IAS 39 at 31 March 2018 E'000	IFRS transition adjustment at 1 April 2018 E'000	Group IFRS 9 at 1 April 2018 E'000
Permanent shares	883 472	-	883 472
Other reserve	345 412	-	345 412
Statutory credit risk reserve	38 573	-	38 573
General risk reserve	14 745	852	15 597
Asset revaluation reserve	53 074	-	53 074
Total shareholders' equity	**1 335 276**	**852**	**1 336 128**

TABLE 2: IMPACT ON THE GROUP'S EXTRACTED STATEMENT OF FINANCIAL POSITION ON 31 MARCH 2019

	Group IAS 39 at 31 March 2018 E'000	IFRS 9 Transition Adjustment at 1 April 2018 E'000	Restated Balance at 1 April 2018 E'000
Assets			
Loans and Advances	**1 586 110**	**852**	**1 586 962**

IFRS 9 key financial impacts-Society

TABLE 1: IMPACT ON THE SOCIETY'S EXTRACTED STATEMENT OF CHANGES IN EQUITY ON 31 MARCH 2019

	Society IAS 39 at 31 March 2018 E'000	IFRS transition adjustment at 1 April 2018 E'000	Society IFRS 9 at 1 April 2018 E'000
Permanent shares	883 472	-	883 472
Other reserve	344 266	-	344 266
Statutory credit risk reserve	38 449	-	38 449
General risk reserve	14 745	852	15 597
Asset revaluation reserve	53 074	-	53 074
Total shareholders' equity	**1 334 006**	**852**	**1 334 858**

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

TABLE 2: IMPACT ON THE SOCIETY'S EXTRACTED STATEMENT OF FINANCIAL POSITION ON 31 MARCH 2019

	Society IAS 39 at 31 March 2018 E'000	IFRS 9 Transition Adjustment at 1 April 2018 E'000	Restated Balance at 1 April 2018 E'000
Assets			
Loans and Advances	**1 586 110**	**852**	**1 586 962**

b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Group and Society. The Group and Society's assessment of the impact of these new standards and interpretations is set out below:

IFRS 16 Leases

After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard.

The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

Mandatory for financial years commencing on or after 1 January 2019.

2.2 Critical accounting estimates and judgements

In preparing the financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on factors such as historical experience and current best estimates of future events. Post the implementation of IFRS 9 on 1 April 2018, unless otherwise stated, no material changes to assumptions have occurred during the year. The following represents the most material key management assumptions applied in preparing these financial statements.

(a) *ECL on financial assets-IFRS 9 Drivers*

For the purpose of determining the ECL:

The portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The IFRS 9 impairment provision calculation excludes post write off recoveries (PWOR) from the loss given default (LGD) in calculating the expected credit loss. This LGD parameter has been aligned to emerging market practice. CIB exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

The ECL measurement period for stage 1 exposures is 12-months (or the remaining tenor of the financial asset for CIB exposures if the remaining lifetime is less than 12 months). A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2). A lifetime measurement period is applied to all credit impaired (stage 3) exposures. Lifetimes include consideration for multiple default events, i.e. Where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime and the potential ECL. The measurement periods for unutilized loan commitments utilize the same approach as on-balance sheet exposures.

2.2 Critical accounting estimates and judgements (continued)

(b) *Credit impairment losses on loans and advances-IAS 39*

Portfolio loan impairments

The Group and the Society assesses its loan portfolios for impairment at each reporting date. In determining whether an impairment loss should be recognised in profit or loss, the Group and Society makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be allocated to an individual loan in that portfolio. Estimates are made of the duration between the occurrence of a loss event and the identification of a loss on an individual basis.

The impairment for performing and non-performing but not specifically impaired loans is calculated on a portfolio basis, based on historical loss patterns, adjusted for national- and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These include early arrears, notices of accounts under debt review, renegotiated loans, post write-off recoveries, watch list exposures and changes in macroeconomic conditions and legislation affecting credit recovery. The impairments are monitored on a monthly basis, with back-testing performed between actual write off experience and that estimated by the Group and Society's models. The models are updated on a regular basis to incorporate actual write-off experience. The sensitivity to changing conditions is evaluated and specific sensitivity testing is done if and when required.

(c) *Income taxes*

The Group and Society is subject to income taxes in terms of the tax laws of Eswatini. Significant judgement is required in determining the provision for income taxes in terms of these laws. There are many transactions and calculations for which the ultimate tax determination may not be certain. The Society recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) *Useful lives of property, plant and equipment*

Estimation is used in approximating the useful lives and residual values of property, plant and equipment. These assessments are made on an annual basis and use historical evidence and current economic factors to estimate the values. Depreciation is not provided for on buildings as the directors consider their residual value will not be materially different from book value.

2.3 Significant accounting policies

2.3.1 Consolidation

(a) *Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Significant accounting policies (continued)

2.3.1 Consolidation (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3.2 Properties in possession

Properties in possession are those properties bought in by the Society following default by the mortgagors. Properties in possession are carried at the lower of cost and net realisable value. Cost is the reserve price set by the Society. Properties in possession are disclosed under Other Assets in the Statement of financial position.

2.3 Significant accounting policies (continued)

2.3.3 Property, plant and equipment

Land and buildings are initially recognised at cost. Subsequently land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation as determined from market based evidence. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. No provision is made for depreciation of land and buildings as, in the opinion of the Directors, their residual value will not be materially different from book value.

Any revaluation surplus is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss, in which case the increase is recognised in profit and loss. A revaluation deficit is recognised in profit and loss, except that a deficit directly offsetting a previous surplus on the same asset is directly off-set against the surplus in the asset revaluation reserve. The revaluation surpluses are transferred directly to retained earnings in the statement of changes in equity when the related assets are derecognised.

Other items of property, plant and equipment are initially recognised at cost. Subsequently they are carried at cost, and exclude the cost of day-to-day servicing, less accumulated depreciation and accumulated impairment in value.

Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

Depreciation is based on a straight line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

Items	***Useful Life***
Furniture and fixtures	15 years
Motor vehicles	7 years
Office equipment	10 years
Computer equipment	5 to 20 years
Machinery	10 years
Freehold land and buildings	indefinite
Leasehold	10 years

Items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Impairment losses are recognised as an expense immediately.

2.3 Significant accounting policies (continued)

2.3.3 Property, plant and equipment (continued)

Residual values, useful lives and impairment are assessed annually and adjusted as appropriate.

Expenditure on repairs or maintenance of property, plant and equipment incurred to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred. Costs for modifying and maintaining computer software are also recognised as an expense when incurred.

2.3.4 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the society and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from 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 or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.3 Significant accounting policies (continued)

2.3.4 Current and deferred income taxes (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.3.5 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.3.6 Permanent shares

Permanent shares are classified as equity. Increment costs directly attributable to the issue of new permanent shares are shown in equity as a deduction, net of tax, from proceeds.

2.3.7 Statutory reserve

In terms of Section 39 of the Building Societies Act of 1962, every Building Society is required to establish a statutory reserve fund. At the end of each financial year, the Building Society is required to transfer into the statutory reserve fund an amount which shall not be less than ten per cent of its ascertained net profits. Net profits used are after dividends and transfer to the general credit risk reserve.

2.3.8 General credit risk reserve

A general reserve is maintained to provide against risks to which the Society is exposed. This is a provision calculated for regulatory purposes in accordance with circular 8, which states that the Society has to transfer to non-distributable reserves 1% of the balance of loans and advances.

2.3.9 Other general reserve

Whatever remains from net profit after dividends, transfer to statutory reserve (note 17) and the transfer to general credit risk reserve (note 17) is transferred to other general reserve.

2.3.10 Subscription shares, fixed and savings deposits

All subscription shares and customer deposits are initially recognised at fair value of the consideration received. Subsequent to initial recognition, these deposits are measured at amortised cost, which includes any service / handling charges associated with the servicing of the deposits, together with interest earned and paid to the customer, using the effective interest rate method.

2.3 Significant accounting policies (continued)

2.3.11 Other liabilities and accruals

Other liabilities and accruals are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Interest and dividends are accrued on daily basis from the date of the last payment until such time as interest and dividends are next paid to customers and members in respect of Swaziland Building Society shares, fixed and savings deposits.

2.3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.3.13 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. Revenue comprises interest, fees, commission and rental income.

Interest income

Interest income on financial assets held at amortised cost is measured using the effective interest rate method. The effective interest rate method is a method of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument.

Specifically for mortgage loans, the effect of this is to spread the impact of arrangement fees and costs directly attributable and incremental to setting up the loan over the expected life of the mortgage.

Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

2.3 Significant accounting policies (continued)

2.3.13 Revenue (continued)

Rental income

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases.

2.3.14 Interest expense

Interest expense on financial liabilities held at amortised cost is measured using the effective interest rate method. The effective interest rate method is a method of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument.

2.3.15 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognized during the period in which the employee renders the related service. The provision for employee entitlements to salaries and annual leave represent the amount that the group has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The provision has been calculated at undiscounted amounts based on current salary rates.

Pension obligations

The group operates a defined contribution plan. Contributions into the plan are accounted for in the accounting period when service is rendered by employees as part of salaries and employee benefit expenses. All eligible employees are members of the Swaziland Building Society Employees Defined Contribution Pension Fund. The total contributions paid and accrued to the fund for the year amounted to E 6 579 708 (2018: E 3 909 803).

The pension fund is managed by the appointed Trustees of the fund. It is the responsibility of the Directors of the Society to ensure that the contributions are paid to the fund. No provision has been made for statutory termination obligations in terms of the Employment Act, 1980, which may arise on retirement of employees. It is considered that the Society's contributions to the pension fund, which can be recovered against such statutory obligation, will adequately cover any such liability.

Termination benefits

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

2.3 Significant accounting policies (continued)

2.3.15 Employee benefits (continued)

Bonus

A liability for employee benefits in the form of bonus is recognised in current provisions when there is no alternative but to settle the liability, and at least one of the following conditions is met;

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

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

2.3.16 Provisions

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to one item included in the class may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

2.3.17 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.3 Significant accounting policies (continued)

2.3.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 fair value and subsequently measured at amortised cost using the effective interest method.

2.3.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.3.20 Dividend distribution

Dividend distribution to the group's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the group's Board.

2.3.21 Financial Instruments

Financial Assets and Financial liabilities

Measurement Methods

Amortised cost and effective interest rate

The amortized cost of a financial instrument is the amount at which the financial instrument is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective-interest method of any difference between the initial contractual amount and the maturity amount, less any cumulative impairment losses.

The effective-interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider ECLs and includes transaction costs, premiums or discounts, fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit impaired financial assets (assets that are credit-impaired at initial recognition) the group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

and incorporates the impact of the ECLs in estimated future cash flows. When the group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:
(a)Purchased or originated credit impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
(b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision)

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Classification and subsequent measurement

From 1 April 2018, the Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on

a) the Group's business model for managing the asset; and
b) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured in the financial records. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss.

Impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

(i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
(ii) Is prohibited from selling or pledging the assets; and
(iii) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

Financial liabilities

Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt

2.3 Significant accounting policies (continued)

2.3.21 Financial Instruments (continued)

instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
3. Operating profit				
Operating profit has been arrived at after charging the following:				
Directors' remuneration for services as directors	**684**	574	**643**	523
Auditor remuneration	**903**	749	**857**	701
Legal fees	**1 419**	876	**1 419**	876
Donations	**564**	579	**564**	579
Repairs and maintenance	**2 138**	2 251	**2 138**	1 251
Consulting fees	**3 231**	3 740	**3 231**	3 740
Insurance premiums	**3 501**	2 683	**3 501**	2 683
Operating lease charges	**2 668**	1 594	**2 668**	1 594
4. Interest and similar income				
Advances secured by mortgages	**99 423**	101 705	**99 423**	101 705
Advances secured by pledge of investments, pension funds and employer guarantees and insurance policies	**81 777**	70 707	**81 777**	70 707
Investments and liquid funds	**52 497**	42 411	**52 497**	42 411
	233 697	214 823	**233 697**	214 823
5. Interest expense and similar charges				
Call deposits	**7 290**	8 109	**7 290**	8 109
Fixed deposits	**1 016**	1 173	**1 016**	1 173
Savings deposits	**29 754**	28 108	**30 520**	28 730
Fixed period shares deposits	**794**	804	**794**	804
Subscription share deposits	**1 106**	1 116	**1 106**	1 116
	39 960	39 310	**40 726**	39 932

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
6. Fee and commission income				
ATM commissions	**(37)**	17 900	**(37)**	17 900
Foreign exchange gains	**348**	367	**348**	367
Foreign exchange commission	**464**	551	**464**	551
Mortgage related fees	**60 298**	29 854	**60 298**	29 854
Service charges	**21 284**	17 191	**21 284**	17 191
	82 357	65 863	**82 357**	65 863

Disaggregation of fee and commission income
Fees and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by the major type of service and is measured based on the consideration specified in a contract with a customer. The Society recognises revenue when it transfers control over a service to a customer. The table below provides information about the nature and timing of the satisfaction of performance obligation in contracts with customers including significant payment terms and the related revenue recognition policies.

Performance obligations and revenue recognition policies

Type of service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognitions under IFRS 15**
Retail and corporate services	The Society provides services to retail and corporate customers including account management, foreign currency transactions and servicing fees. Fees for ongoing account management are charged to the customer's account on a monthly basis. The Society sets the rates separately for retail and corporate customers in each jurisdiction on an annual basis. Transactions based fees for interchange. Foreign currency transactions are charged to the customers' account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed rates reviewed annually by the bank.	Revenue from account service and servicing fees is recognised over time as the services are provided. Revenue related to transactions is recognised at the point in time when the transactions take place.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

		Group		Society	
		2019	2018	**2019**	2018
		E'000	E'000	**E'000**	E'000
7.	**Other operating income**				
	Other income	**-**	(105) 7	**-**	-
	Rental income	**1 492**	1 431	**1 492**	1 431
		1 492	1 326	**1 492**	1 431
8.	**Salary and employee benefits**				
	Salaries	**67 840**	60 677	**67 840**	60 677
	Provident fund and medical aid	**5 186**	3 266	**5 186**	3 266
	Pension costs	**4 317**	3 909	**4 317**	3 909
		77 343	67 852	**77 343**	67 852
	Staff complement				
	The average number of persons employed during the year was as follows:	**200**	202	**200**	202
9.	**Income tax expense**				
9.1	***Income tax charge per the statement of comprehensive income***				
	Current income tax	**39 067**	32 088	**38 984**	31 950
	Deferred income tax (note 15)	**(415)**	20	**(415)**	20
		38 652	32 108	**38 569**	31 970

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

9.1. Income tax expense (continued)

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
9.2 Tax rate reconciliation				
Net profit before tax	**140 863**	116 759	**140 209**	116 255
Tax calculated at local company tax rate of 27.5%	**38 737**	32 108	**38 558**	31 970
Non-deductible expenses	**(85)**	-	**11**	-
Tax charge	**38 652**	32 108	**38 569**	31 970
9.3 Income tax charged/ (credited) directly to equity during the year				
Current tax:				
Tax benefit of dividends on permanent shares	**21 515**	19 012	**21 515**	19 012
	21 515	19 012	**21 515**	19 012
9.4 Net income tax charged/ (credited) to the statement of comprehensive income during the year				
Current tax – net	**17 552**	13 076	**17 469**	12 938
Deferred tax – net	**(415)**	20	**(415)**	20
	17 137	13 096	**17 054**	12 958
10. Cash and cash equivalents				
Cash on hand	**41 482**	43 557	**41 482**	43 557
Central Bank of Eswatini	**54 490**	38 826	**54 490**	38 826
Call and fixed deposits with financial institutions	**494 488**	292 454	**494 478**	292 436
	590 460	374 837	**590 450**	374 819

The fair values of cash at bank and on hand approximate their carrying amount

Swaziland Building Society
"Creating Wealth For You"

SWAZILAND BUILDING SOCIETY AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
11. Other assets and accrued income				
Accrued interest	**1 548**	722	**1 548**	722
Other assets	**21 100**	13 656	**21 066**	13 655
Receivables from related parties (note 25)	**-**	-	**2 426**	2 213
	22 648	14 378	**25 040**	16 590
12. Loans and advances to customers				
Gross loans and advances held at amortised cost				
Secured by mortgages	**1 117 376**	1 141 082	**1 117 376**	1 141 082
Due by related parties – secured by mortgages (note 25b)	**9 634**	11 560	**9 634**	11 560
Secured by pledge of investments, pension funds, employer guarantees and insurance policies	**566 983**	509 196	**566 983**	509 196
	1 693 993	1 661 838	**1 693 993**	1 661 838
Total credit impairment on loans and advances (IFRS 9) (note 12.3)	**(71 441)**	(75 728)	**(71 441)**	(75 728)
Net Loans and advances	**1** 622 552	1 586 110	**1** 622 552	1 586 110

12.1 Maturity and interest rates

The advances are based on terms ranging between 1 and 25 years and are repaid by equal monthly repayments of capital and interest during the repayment term of the advances. Interest rates are not fixed; they were ranging from 9% to 10.25% for residential properties, 9.0% to 9.25% for residential property schemes and 10.75% to 11% for commercial properties and loans secured by pledge of investments and 9.25% to 21.75% for loans guaranteed by employers, during the year.

12.2 Maturity analysis

	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Demand to 6 months	**69 673**	38 089	**69 673**	38 089
Between 6 months and 1 year	**29 925**	10 456	**29 925**	10 456
Between 1 year to 5 years	**514 594**	374 821	**514 594**	374 821
More than 5 years	**1 008 360**	1 162 744	**1 008 360**	1 162 744
	1 622 552	**1 586 110**	**1 622 552**	**1 586 110**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

12. Loans and advances to customers (continued)

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
12.3 Allowance for impairment of advances – IFRS 9				
Stage 1 and 2	**26 019**	-	**26 019**	-
Stage 3	**45 422**	-	**45 422**	-
	71 441	-	**71 441**	-
Credit impairment for loans and advances – IAS 39				
At the beginning of the year	-	55 638	-	55 638
Impairment charge for the year	-	5 830	-	5 830
Impairment reversal for the year	-	(4 464)	-	(4 464)
Suspended interest	-	18 724	-	18 724
	-	75 728	-	75 728
Impairment losses charge per statement of comprehensive income:				
Reversal of impairment for the year	**5 581**	(1 366)	**5 581**	(1 366)
Charge to statement of comprehensive income	**5 581**	(1 366)	**5 581**	(1 366)

13. Business combinations

On the 2 December 2011 the Society acquired shares at 100% in Relief Financial Services, a newly incorporated company for the administration of a micro lending business based in Eswatini. There was no goodwill, which arose due to the acquisition of the wholly owned subsidiary, as the consideration made for the investment was equal to the share capital required to see off the business. A cash consideration of E 8 million was paid for the investment.

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14. Property, plant and equipment

Group	**2019**			2018		
	Cost/ Revaluation	**Accumulated Depreciation**	**Net Book Value**	Cost/ Revaluation	Accumulated Depreciation	Net Book Value
	E'000	**E'000**	**E'000**	E'000	E'000	E'000
Freehold land and buildings	**103 619**	**-**	**103 619**	103 482	-	103 482
Computer equipment	**64 778**	**(33 247)**	**31 531**	45 057	(28 000)	17 057
Motor vehicles	**4 279**	**(1 895)**	**2 384**	4 557	(1 722)	2 835
Office equipment, furniture and fittings	**22 488**	**(11 185)**	**11 303**	19 344	(9 737)	9 607
Leasehold	**8 330**	**(4 021)**	**4 309**	5 963	(3 441)	2 522
Assets under construction	**35 224**	**-**	**35 224**	9 749	-	9 749
Total	**238 718**	**(50 348)**	**188 370**	188 152	(42 900)	145 252

Society	**2019**			2018		
	Cost/ Revaluation	**Accumulated Depreciation**	**Net Book Value**	Cost/ Revaluation	Accumulated Depreciation	Net Book Value
	E'000	**E'000**	**E'000**	E'000	E'000	E'000
Freehold land and buildings	**103 619**	**-**	**103 619**	103 482	-	103 482
Computer equipment	**64 778**	**(33 247)**	**31 531**	44 939	(27 882)	17 057
Motor vehicles	**4 279**	**(1 895)**	**2 384**	4 558	(1 723)	2 835
Office equipment, furniture and fittings	**22 234**	**(10 964)**	**11 270**	19 211	(9 640)	9 571
Leasehold	**8 330**	**(4 021)**	**4 309**	5 962	(3 440)	2 522
Assets under construction	**35 224**	**-**	**35 224**	9 749	-	9 749
Total	**238 464**	**(50 127)**	**188 337**	187 901	(42 685)	145 216

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for the year ended 31 March 2019

14. Property, plant and equipment (continued)

14.1 Movement in property, plant and equipment for 31 March 2019

Group	Net Book Value 2018	Transfer/ Disposal	Revaluation/ Additions	Depreciation Depreciation	Net Book Value 2019
	E'000	E'000	E'000	E'000	E'000
Freehold land and buildings	103 482	-	137	-	103 619
ehold land and buildings					
Computer equipment	17 057	-	19 841	(5 367)	31 531
Motor vehicles	2 835	(380)	374	(445)	2 384
Office equipment, furniture and fittings	9 607	-	3 023	(1 327)	11 303
Leasehold	2 522	-	2 368	(581)	4 309
Assets under construction	9 749	(5 751)	31 226	-	35 224
Total	145 252	(6 131)	56 969	(7 720)	188 370

Society	Net Book Value 2018	Transfer/ Disposal	Revaluation/ Additions	Depreciation Depreciation	Net Book Value 2019
	E'000	E'000	E'000	E'000	E'000
Freehold land and buildings	103 482	-	137	-	103 619
ehold land and buildings					
Computer equipment	17 057	-	19 841	(5 367)	31 531
Motor vehicles	2 835	(380)	374	(445)	2 384
Office equipment, furniture and fittings	9 571	-	3 023	(1 324)	11 270
Leasehold	2 522	-	2 368	(581)	4 309
Assets under construction	9 749	(5 751)	31 226	-	35 224
Total	145 216	(6 131)	56 969	(7 717)	188 337

14. Property, plant and equipment (continued)

14.2 Movement in property, plant and equipment for 31 March 2018

Group	Net Book Value 2017 E'000	Transfer/ Disposal E'000	Revaluation/ Additions E'000	Depreciation Depreciation E'000	Net Book Value 2018 E'000
Freehold land and buildings	96 835	-	6 647	-	103 482
ehold land and buildings					
Computer equipment	15 455	-	5 427	(3 825)	17 057
Motor vehicles	2 217	-	1 079	(461)	2 835
Office equipment, furniture and fittings	8 956	-	1 843	(1 192)	9 607
Leasehold	2 492	-	330	(300)	2 522
Assets under construction	5 780	(531)	4 500	-	9 749
Total	131 735	(531)	19 826	(5 778)	145 252

Society	Net Book Value 2017 E'000	Transfer/ Disposal E'000	Revaluation/ Additions E'000	Depreciation Depreciation E'000	Net Book Value 2018 E'000
Freehold land and buildings	96 835	-	6 647	-	103 482
ehold land and buildings					
Computer equipment	15 455	-	5 427	(3 825)	17 057
Motor vehicles	2 217	-	1 079	(461)	2 835
Office equipment, furniture and fittings	8 906	-	1 843	(1 178)	9 571
Leasehold	2 492	-	330	(300)	2 522
Assets under construction	5 780	(531)	4 500	-	9 749
Total	131 685	(531)	19 826	(5 764)	145 216

Included in the entity's property, plant and equipment are assets with zero net book values which are still being used by the entity. Summarised details of these assets are as follows:

	Group		**Society**	
	2019	2018	**2019**	2018
	E'000	E'000	E'000	E'000
Cost	**31 204**	20 948	**31 039**	20 948
Accumulated depreciation	**(31 204)**	(20 948)	**(31 039)**	(20 948)
	-	-	-	-

Land and buildings were revalued as at 31 March 2016 by an independent valuer based on estimated fair saleable values as determined from market based evidence.

If the land and buildings were stated at cost, the carrying amount would be **E42.6 million** (2018: E43.6 million).

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	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	E'000	E'000
15. Deferred income tax				
Deferred income taxes are calculated in full on all Temporary differences under the liability method using a Principal tax rate of 27.5% (2018: 27.5%).				
The movement on the net deferred income tax account is as follows:				
At the beginning of the year	**858**	878	**858**	878
Income tax (charge)/ credit (Note 9)	**415**	(20)	**415**	(20)
At the end of year	**1 273**	858	**1 273**	858
The analysis of the above amounts is as follows:				
Provision for leave pay	**1 273**	858	**1 273**	858
Prepaid expenses	**-**	-	**-**	-
At the end of year	**1 273**	858	**1 273**	858
16. Permanent shares				
Issued and fully paid	**979 873**	883 472	**979 873**	883 472

These shares are issued from time to time at the discretion
of the Society's Board of Directors.

Redemption of the shares, at their cumulative value including dividends earned, is at the discretion of the Society's Board of Directors. The holder of permanent shares may only request that shares be redeemed after the expiry of 30 months from the date of issue and this redemption is subject to a further six month's notice.

Dividends on the permanent shares are payable only out of and subject to available profits.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	E'000	E'000
17. Reserves				
Asset revaluation reserve (17.1)	**53 074**	53 074	**53 074**	53 074
Statutory reserve (17.2)	**43 197**	38 573	**43 015**	38 449
Other reserve (17.3)	**387 023**	345 412	**385 364**	344 266
General credit risk reserve (17.4)	**32 674**	14 745	**32 674**	14 745
Total reserves	**515 968**	451 804	**514 127**	450 534

17.1 Asset revaluation reserve

The asset revaluation reserve resulted from the revaluation of land and buildings by two independent valuators, Swaziland Realty Consultants and Ngwenya Wonfor at 31 March 2016.

Reconciliation of opening and closing value				
At the beginning of the year	**53 074**	53 074	**53 074**	53 074
Movement in revaluation reserve	**-**	-	**-**	-
At end of year	**53 074**	53 074	**53 074**	53 074

This reserve will be transferred directly to retained earnings in equity when the related assets are disposed.

17.2 Statutory reserve

At the end of each financial year, the Society is required in terms of Section 39 of the Building Societies Act of 1962 to transfer an amount of not less than 10% of the net profit into the statutory reserve fund.

Reconciliation of opening and closing value				
At the beginning of the year	**38 573**	35 246	**38 449**	35 158
Movement in statutory reserve	**4 624**	3 327	**4 566**	3 291
At end of year	**43 197**	38 573	**43 015**	38 449
Movement in statutory reserve can be analysed as follows:				
Net profit for the year	**102 211**	84 651	**101 640**	84 285
Dividends declared (net of tax)	**(56 723)**	(50 124)	**(56 723)**	(50 124)
Transfer to general credit risk reserve	**747**	(1 254)	**747**	(1 254)
	46 235	33 273	**45 664**	32 907
Transfer to statutory reserve (at 10%)	**4 624**	3 327	**4 566**	3 291

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for the year ended 31 March 2019

17. Reserves (continued)

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
17.3 Other reserve				
At the end of each financial year, the amount of retained income remaining after effecting the transfer to statutory reserve and transfer to general credit risk reserve is transferred to other reserve to provide against risks the Society may be exposed to.				
Reconciliation of open and closing value				
At beginning of the year	**345 412**	315 466	**344 266**	314 650
Movement in other reserve	**41 611**	29 946	**41 098**	29 616
At end of year	**387 023**	345 412	**385 364**	344 266
17.4 General credit risk reserve				
This is a provision calculated for regulatory purposes in accordance with circular 8, which states that the Society has to transfer to non-distributable reserves 1% of the balance of loans and advances.				
Reconciliation of open and closing value				
At beginning of the year	**15 597**	13 491	**15 597**	13 491
Movement in general credit risk reserve	**17 077**	1 254	**17 077**	1 254
	32 674	14 745	**32 674**	14 745

The general credit risk reserve has been created and maintained to eliminate the possible short fall in impairment provision/losses.

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	E'000	E'000
18. Fixed and savings deposits				
Call deposits	**297 744**	119 930	**297 744**	119 930
Fixed deposits	**27 247**	131 200	**38 927**	142 258
Savings deposits	**741 420**	672 564	**741 420**	672 564
	1 066 411	923 694	**1 078 091**	934 752

18.1 Maturity and interest rates

Fixed deposits

The deposit period ranges from three months to two years, with fixed interest rates ranging from 2.95% - 3.95% (2018: 3.75% -5.15%) during the year.

Savings deposits

Savings deposits are repayable on demand, with interest rates varying per product ranging between 1.75% - 3.91% (2018: 2% - 4.95%) during the year.

Call deposits

Call deposits are repayable on demand. Interest rates are linked to prime rate.

18.2 Maturity analysis

	Group 2019	Group 2018	Society 2019	Society 2018
Demand to 6 months	**1 056 449**	911 712	**1 068 129**	922 770
Between 6 months and 1 year	**8 964**	9 325	**8 964**	9 325
Between 1 and 5 years	**998**	2 657	**998**	2 657
	1 066 411	923 694	**1 078 091**	934 752

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		Group		Society	
		2019	2018	**2019**	2018
		E'000	E'000	E'000	E'000
19.	**Subscription shares**				
	Subscription shares	39 897	35 635	39 897	35 635

19.1 Maturity and interest rates

The investment period ranges from 1 to 3 years.

The interest rates on the subscription shares are variable. The interest rates ranged from 2.50% - 3.25% (2018: 2.75% - 3.75%) during the year.

		Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
19.2	***Maturity analysis***				
	Demand to 6 months	**26 392**	25 165	**26 392**	25 165
	Between 6 months and 1 year	**8 471**	6 062	**8 471**	6 062
	Between 1 year to 5 years	**5 034**	4 408	**5 034**	4 408
		39 897	35 635	**39 897**	35 635
20.	**Financial Investments**				
	Sovereign	**215 936**	175 582	**215 936**	175 582
	Banking	**60 270**	-	**60 270**	-
	Mutual funds and unit linked investments	**52 216**	52 211	**52 216**	52 211
	Gross debt financial investments measured at amortised cost	**328 422**	227 793	**328 422**	227 793

NOTES TO THE FINANCIAL STATEMENTS (continued)
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	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	E'000	E'000
20.1 Maturity and interest rate				

The investment period is 3 years and 5 years. The interest rate on the bonds ranges from 8.75 % - 9.5%.

20.2 Maturity analysis

	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Demand to 6 months	**108 468**	87 841	**108 468**	87 841
Between 6 months to 1 year	**-**	20 000	**-**	20 000
Between 1 year to 5 years	**219 954**	119 952	**219 954**	119 952
	328 422	227 793	**328 422**	227 793

21. Other liabilities and accruals

	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Accrued interest	**8 303**	7 901	**8 874**	8 327
Accrued dividends	**15 020**	14 518	**15 020**	14 518
Other creditors	**127 391**	35 340	**127 386**	35 340
	150 714	57 759	**151 280**	58 185

22. Provisions

	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Provision for leave pay (note 22.1)	**4 630**	3 122	**4 630**	3 122
Provision for annual bonuses (note 22.2)	**1 226**	1 086	**1 226**	1 086
	5 856	4 208	**5 856**	4 208

22.1 Provision for leave pay

The leave pay provision relates to vested leave pay to which employees are entitled. The provision arises as employees render services that increase their entitlement to future compensated leave. The provision is utilised when employees, who are entitled to leave pay, leave the employment of the Society or when earned entitlement is utilised

22.2 Provision for annual bonuses

Annual bonus is paid at the discretion of the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

	Group		Society	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
23. Current income tax				
Opening balance (asset)/liability	**(7 344)**	(2 982)	**(7 400)**	(3 037)
Income tax charge for the year (note 9.4)	**17 552**	13 076	**17 469**	12 938
Tax refunds	**-**	-	**-**	-
Closing balance	**4 994**	7 344	**5 050**	7 400
Tax paid	**15 202**	17 438	**15 119**	17 301
24. Contingent liabilities and other commitments				
Commitment on mortgage advances approved but not paid out	**57 187**	38 055	**57 187**	38 055

Any expenditure is normally financed from cash generated from normal business operations.

25. Related party disclosures

The following transactions were carried out with related parties

a) Key management compensation

Key management includes directors (executive and non executive), members of the executive committee and other senior management. The compensation paid or payable for key management employee is shown below:

	Group 2019 E'000	Group 2018 E'000	Society 2019 E'000	Society 2018 E'000
Executive directors and key management:				
Short-term employee benefits	**17 192**	16 476	**17 192**	16 476
	17 192	16 476	**17 192**	16 476
Non-executive directors:				
Fees for services as directors	**684**	574	**643**	523
Total compensation paid to key management personnel	**17 876**	17 050	**17 835**	16 999

NOTES TO THE FINANCIAL STATEMENTS (continued)
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25. Related party disclosures (continued)

b) Loans to related parties

	Group		**Society**	
	2019	2018	**2019**	2018
	E'000	E'000	**E'000**	E'000
Directors' and key management's loans- secured by mortgages:				
Balances at beginning of the year	**11 560**	16 966	**11 560**	16 966
Loans advanced during the year	**1 361**	2 864	**1 361**	2 864
Loan repayment received	**(3 677)**	(9 825)	**(3 677)**	(9 825)
Interest and other charges	**390**	1 555	**390**	1 555
Balances at end of year	**9 634**	11 560	**9 634**	11 560

The loans secured by mortgages are based on terms ranging between five and twenty five years and are repaid by equal monthly repayments of capital and interest. Interest rates are based on normal staff rates.

Deposits made with the Society by key management personnel:

Swaziland Building Society shares	**3 796**	3 803	**3 796**	3 803
Fixed and savings deposits	**6 667**	5 658	**6 667**	5 658
	10 463	9 461	**10 463**	9 461

c) Loans to subsidiary

Relief Financial Services	**-**	-	**2 426**	2 213
	-	-	**2 426**	2 213

The receivables from related parties arise mainly from purchases made by the Society on behalf of the subsidiary. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties. The loans to subsidiary are included in the other assets and accrued income balance.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

26. Classification of Assets and Liabilities

Accounting classifications and fair values of assets and liabilities

All financial assets and liabilities have been classified according to their measurement category as per IAS 39 with disclosure of the fair value being provided for those items.

Group	**Amortised cost**	**Fair value through other comprehensive income**		**Total Carrying amount**
		Equity instruments	**Debt instrument**	**E'000**
2019				
Assets				
Cash and cash equivalent	**590 460**	-	-	**590 460**
Loans and advances	**1 622 552**	-	-	**1 622 552**
Other assets and accrued income	**4 224**	-	-	**4 224**
Financial investments	**328 422**	-	-	**328 422**
Total assets	**2 545 658**	-	-	**2 545 658**
Liabilities				
Fixed and savings deposits	**1 066 411**	-	-	**1 066 411**
Subscription shares	**39 897**	-	-	**39 897**
Other liabilities and accruals	**150 714**	-	-	**150 714**
Total Liabilities	**1 257 022**	-	-	**1 257 022**

Group	Amortised cost	Fair value through other comprehensive income			Total Carrying amount
		Equity instruments	Debt instrument	Other non Financial assets / liabilities	E'000
2018					
Assets					
Cash and cash equivalent	374 837	-	-	-	374 837
Loans and advances	1 586 110	-	-	-	1 586 110
Other assets and accrued income	7 139	-	-	-	7 139
Financial investments	227 793	-	-	-	227 793
Total assets	2 195 879	-	-	-	2 195 879
Liabilities					
Fixed and savings deposits	923 694	-	-	-	923 694
Subscription shares	35 635	-	-	-	35 635
Other liabilities and accruals	57 759	-	-	-	57 759
Total Liabilities	1 017 088		-		1 017 088

26. Classification of assets and liabilities (continued)

Society		**Fair value through other comprehensive income**			
	Amortised cost	**Equity instruments**	**Debt instrument**	**Other non Financial assets / liabilities**	**Total Carrying amount E'000**
2019					
Assets					
Cash and cash equivalent	**590 450**	-	-	-	**590 450**
Loans and advances	**1 622 552**	-	-	-	**1 622 552**
Other assets and accrued income	**6 616**	-	-	-	**6 616**
Financial investments	**328 422**	-	-	-	**328 422**
Total assets	**2 548 040**	-	-	-	**2 548 040**
Liabilities					
Fixed and savings deposits	**1 078 091**	-	-	-	**1 078 091**
Subscription shares	**39 897**	-	-	-	**39 897**
Other liabilities and accruals	**151 280**	-	-	-	**151 280**
Total Liabilities	**1 269 268**	-	-	-	**1 269 268**

Society		Fair value through other comprehensive income			
	Amortised cost	Equity instruments	Debt instrument	Other non Financial assets liabilities	Total Carrying amount E'000
2018					
Assets					
Cash and cash equivalent	374 819	-	-	-	374 819
Loans and advances	1 586 110	-	-	-	1 586 110
Other financial assets	9 351	-	-	-	9 351
Financial investments	227 793	-	-	-	227 793
Total assets	2 198 073	-	-	-	2 198 073
Liabilities					
Fixed and savings deposits	934 752	-	-	-	934 752
Subscription shares	35 635	-	-	-	35 635
Other liabilities and accruals	58 185	-	-	-	58 185
Total Liabilities	1 028 572	-	-	-	1 028 572

27. Financial risk management

27.1 Credit risk

Financial assets that potentially subject the Society to concentrations of credit risk consist principally of cash and cash equivalents and loans and advances. Cash is placed with reputable financial institutions.

Credit risk is the risk of loss arising from counterparty default. Credit risk may arise directly from normal lending activities while indirect credit risk may arise from issuing guarantees and similar undertakings.

Some lending of the Swaziland Building Society is conducted by the Board of Directors, through an internal credit committee, which evaluates all applications and supporting motivations, including credit references for applicants. Such a committee has standard requirements to look for in loan applications and approves loans using established limits. Large loans require the approval of the board who also use set criteria to evaluate qualification, viability and conformity with Society lending policies. Debt rescheduling as well as re-advances are subjected to a similar evaluation process before approval.

27.1.1 Credit quality of financial instruments

Exposure to non-performing loans is mitigated by limiting mortgage loans to 95% of the valuation on developed property and 80% of the valuation on undeveloped land. The Society also has schemes where repayments are deducted at source. In addition, customers whose loans are past-due are not granted further loans unless their financial position indicates that there is no further risk of default. Additionally, all applicants for loans are vetted through the ITC.

The Society uses internal ratings for the performance of financial assets. Financial assets that have a rating of 'pass' are performing well. Financial assets that have a 'special-mention' rating require attention of management but are not considered to be impaired. This is in line with the Central Bank ratings.

The table below shows the credit quality of the financial assets held by the Society.

Group	**Pass**	**Special-mention**	**Total performing**	**Impaired**	**Total**	**Security on impaired Loans**	**Net Impaired Loans**
2019							
	E'000	**E'000**	**E'000**	**E'000**	**E'000**	**E'000**	**E'000**
Cash and balances with Central Bank	**54 490**	**-**	**54 490**	**-**	**54 490**	**-**	**-**
Balances with financial institutions	**494 488**	**-**	**494 488**	**-**	**494 488**	**-**	**-**
Loans and advances	**1 204 732**	**217 076**	**1 421 808**	**271 332**	**1 693 140**	**290 568**	**-**
Residential mortgage loans	**672 490**	**98 913**	**771 403**	**208 503**	**979 906**	**215 485**	**-**
Commercial mortgage loans	**98 359**	**4 427**	**102 786**	**43 465**	**146 251**	**75 083**	**-**
Non-mortgage loans	**433 883**	**113 736**	**547 619**	**19 364**	**566 983**	**-**	**-**
Total recognised financial assets	**1 753 710**	**217 076**	**1 970 786**	**271 332**	**2 242 118**	**290 568**	**-**

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27. Financial risk management (continued)

***27.1.1 Credit quality of financial instruments** (continued)*

Group 2018	Pass	Special-mention	Total Performing	Impaired	Total	Security on impaired Loans	Net Impaired Loans
	E'000	E'000	E'000	E'000	E'000	E'000	E'000
Cash and balances with Central Bank	38 826	-	38 826	-	38 826	-	-
Balances with financial institutions	292 436	-	292 436	-	292 436	-	-
Loans and advances	1 358 635	86 456	1 445 091	216 747	1 661 838	163 398	-
Residential mortgage loans	812 790	45 780	858 570	164 039	1 022 609	132 826	-
Commercial mortgage loans	97 404	7 709	105 113	24 920	130 033	30 572	-
Non-mortgage loans	448 441	32 967	481 408	27 788	509 196	-	-
Total recognised financial assets	1 689 897	86 456	1 776 353	216 747	1 993 100	163 398	-

Society 2019	**Pass**	**Special-mention**	**Total performing**	**Impaired**	**Total**	**Security on impaired Loans**	**Net Impaired Loans**
	E'000	**E'000**	**E'000**	**E'000**	**E'000**	**E'000**	**E'000**
Cash and balances with Central Bank	**54 490**	**-**	**54 490**	**-**	**54 490**	**-**	**-**
Balances with financial institutions	**494 478**	**-**	**494 478**	**-**	**494 478**	**-**	**-**
Loans and advances	**1 204 732**	**217 076**	**1 421 808**	**271 332**	**1 693 140**	**290 568**	**-**
Residential mortgage loans	**672 490**	**98 913**	**771 403**	**208 503**	**979 906**	**215 485**	**-**
Commercial mortgage loans	**98 359**	**4 427**	**102 786**	**43 465**	**146 251**	**75 083**	**-**
Non-mortgage loans	**433 883**	**113 736**	**547 619**	**19 364**	**566 983**	**-**	**-**
Total recognised financial assets	**1 753 700**	**217 076**	**1 970 776**	**271 332**	**2 242 108**	**290 568**	**-**

Society 2018	Pass	Special-mention	Total performing	Impaired	Total	Security on impaired Loans	Net Impaired Loans
	E'000	E'000	E'000	E'000	E'000	E'000	E'000
Cash and balances with Central Bank	38 826	-	38 826	-	38 826	-	-
Balances with financial institutions	292 436	-	292 436	-	292 436	-	-
Loans and advances	1 358 635	86 456	1 445 091	216 747	1 661 838	163 398	-
Residential mortgage loans	812 790	45 780	858 570	164 039	1 022 609	132 826	-
Commercial mortgage loans	97 404	7 709	105 113	24 920	130 033	30 572	-
Non-mortgage loans	448 441	32 967	481 408	27 788	509 196	-	-
Total recognised financial assets	1 689 897	86 456	1 776 353	216 747	1 993 100	163 398	-

27. Financial risk management (continued)

27.1.2 Age analysis of past due but not impaired financial assets

The table below shows the aging of the past due financial assets which are not considered to be impaired.

Group	**1 – 2**	**2 – 3**	
	Months	**Months**	**Total**
2019	**E'000**	**E'000**	**E'000**
Loans and advances			
Residential mortgage loans	**672 490**	**98 913**	**771 403**
Commercial mortgage loans	**98 359**	**4 427**	**102 786**
Non-mortgage loans	**433 883**	**113 736**	**547 619**
	1 204 732	**217 076**	**1 421 808**

Group	1 – 2	2 – 3	
	Months	Months	Total
2018	E'000	E'000	E'000
Loans and advances			
Residential mortgage loans	812 790	45 780	858 570
Commercial mortgage loans	97 404	7 709	105 113
Non-mortgage loans	448 441	32 967	481 408
	1 358 635	86 456	1 445 091

Society	**1 – 2**	**2 – 3**	
	Months	**Months**	**Total**
2019	**E'000**	**E'000**	**E'000**
Loans and advances			
Residential mortgage loans	**672 490**	**98 913**	**771 403**
Commercial mortgage loans	**98 359**	**4 427**	**102 786**
Non-mortgage loans	**433 883**	**113 736**	**547 619**
	1 204 732	**217 076**	**1 421 808**

Society	1 – 2	2 – 3	
	Months	Months	Total
2018	E'000	E'000	E'000
Loans and advances			
Residential mortgage loans	812 790	45 780	858 570
Commercial mortgage loans	97 404	7 709	105 113
Non-mortgage loans	448 441	32 967	481 408
	1 358 635	86 456	1 445 091

27. Financial risk management (continued)

27.1.3 Concentration of credit risk

The Society, over the years, has introduced more products to its portfolio to ensure that their credit risk is not concentrated on one product type (i.e. mortgage loans).

The table below summarises the concentration of credit risk by product type:

	Group		**Society**	
	2019	2018	**2019**	2018
	%	%	**%**	%
Residential mortgage loans	**58**	60	**58**	60
Commercial mortgage loans	**9**	9	**9**	9
Non-mortgage loans	**33**	31	**33**	31
Guaranteed loans	**-**	1	**-**	1
Staff car loans	**-**	-	**-**	-
Staff personal loans	**-**	-	**-**	-
Rural home loans	**9**	9	**9**	9
Short loans	**9**	8	**9**	8
Other	**15**	13	**15**	13
Total net loans and advances	**100**	100	**100**	100

27. Financial risk management (continued)

27.2 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Society aims at maintaining flexibility in funding by encouraging customers to place more deposits with the Society through offering competitive interest rates on fixed, savings and share deposits, and the reduction of service charges.

The table below shows the maturities of the Society's financial assets and liabilities and the ability of the Society to cover its financial liabilities as and when they become due and payable.

Group **2019**	**On demand and 6 months** **E'000**	**6 – 12 Months** **E'000**	**1 – 5 ears** **E'000**	**Over 5 years** **E'000**	**Non-rate Sensitive** **E'000**	**Total** **E'000**
Assets						
Cash and cash equivalents	**590 460**	**-**	**-**	**-**	**-**	**590 460**
Loans and advances	**69 673**	**29 925**	**514 594**	**1 008 360**	**-**	1 622 552
Property, Plant and Equipment	**-**	**-**	**-**	**-**	**188 370**	**188 370**
Deferred income tax asset	**-**	**-**	**-**	**-**	**1 273**	**1 273**
Financial investments	**108 468**	**-**	**219 954**	**-**	**-**	**328 422**
Other assets	**22 648**	**-**	**-**	**-**	**-**	**22 648**
Current income tax asset	**4 994**	**-**	**-**	**-**	**-**	**4 994**
Total assets	**796 243**	**29 925**	**734 548**	1 008 360	**189 643**	**2 758 719**
Liabilities						
Subscription shares	**26 392**	**8 471**	**5 034**	**-**	**-**	**39 897**
Permanent shares	**-**	**-**	**-**	**-**	**979 873**	**979 873**
Asset revaluation reserve	**-**	**-**	**-**	**-**	**53 074**	**53 074**
Statutory reserve	**-**	**-**	**-**	**-**	**43 197**	**43 197**
Other Reserve	**-**	**-**	**-**	**-**	**387 023**	**387 023**
General credit risk reserve	**-**	**-**	**-**	**-**	**32 674**	**32 674**
Fixed and Saving deposits	**1 056 449**	**8 964**	**998**	**-**	**-**	**1 066 411**
Other Liabilities and accruals	**150 714**	**-**	**-**	**-**	**-**	**150 714**
Provisions	**5 856**	**-**	**-**	**-**	**-**	**5 856**
Total liabilities	**1 239 411**	**17 435**	**6 032**	**-**	**1 495 841**	**2 758 719**
Liquidity gap	**(443 168)**	**12 490**	**728 516**	**1 008 360**	**(1 306 198)**	**-**
Cumulative liquidity gap analysis	**(443 168)**	**(430 678)**	**297 838**	**1 306 198**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

27. Financial risk management (continued)

***27.2 Liquidity risk** (continued)*

Group 2018	On demand and 6 months E'000	6 – 12 Months E'000	1 – 5 Years E'000	Over 5 years E'000	Non-rate Sensitive E'000	Total E'000
Assets						
Cash and cash equivalents	374 837	-	-	-	-	374 837
Loans and advances	38 089	10 456	374 821	1 162 744	-	1 586 110
Property, Plant and Equipment	-	-	-	-	145 252	145 252
Deferred income tax asset	-	-	-	-	858	858
Financial investments	87 841	20 000	119 952	-	-	227 793
Other assets	14 378	-	-	-	-	14 378
Current income tax asset	7 344	-	-	-	-	7 344
Total assets	522 489	30 456	494 773	1 162 744	146 110	2 356 572
Liabilities						
Subscription shares	25 165	6 062	4 408	-	-	35 635
Permanent shares	-	-	-	-	883 472	883 472
Asset revaluation reserve	-	-	-	-	53 074	53 074
Statutory reserve	-	-	-	-	38 573	38 573
Other Reserve	-	-	-	-	345 412	345 412
General credit risk reserve	-	-	-	-	14 745	14 745
Fixed and Saving deposits	911 712	9 325	2 657	-	-	923 694
Other Liabilities and accruals	57 759	-	-	-	-	57 759
Provisions	4 208	-	-	-	-	4 208
Total liabilities	998 844	15 387	7 065	-	1 335 276	2 356 572
Liquidity gap	(476 355)	15 069	487 708	1 162 744	(1 189 166)	-
Cumulative liquidity gap analysis	(476 355)	(461 286)	26 422	1 189 166	-	-

27. Financial risk management (continued)

***27.2 Liquidity risk** (continued)*

Society	On demand and 6 months	6 – 12 Months	1 – 5 Year	Over 5 years	Non-rate Sensitive	Total
2019	**E'000**	**E'000**	**E'000**	**E'000**	**E'000**	**E'000**
Assets						
Cash and cash equivalents	590 450	-	-	-	-	590 450
Loans and advances	69 673	29 925	514 594	1 008 360	-	1 622 552
Property, Plant and Equipment	-	-	-	-	188 337	188 337
Deferred income tax asset	-	-	-	-	1 273	1 273
Financial investments	108 468	-	219 954	-	-	328 422
Other assets	25 040	-	-	-	-	25 040
Current income tax asset	5 050	-	-	-	-	5 050
Investment in subsidiary	-	-	-	-	8 000	8 000
Total assets	798 681	29 925	734 548	1 008 360	197 610	2 769 124
Liabilities						
Subscription shares	26 392	8 471	5 034	-	-	39 897
Permanent shares	-	-	-	-	979 873	979 873
Asset revaluation reserve	-	-	-	-	53 074	53 074
Statutory reserve	-	-	-	-	43 015	43 015
Other Reserve	-	-	-	-	385 364	385 364
General credit risk reserve	-	-	-	-	32 674	32 674
Fixed and Saving deposits	1 068 129	8 964	998	-	-	1 078 091
Other Liabilities and accruals	151 280	-	-	-	-	151 280
Provisions	5 856	-	-	-	-	5 856
Total liabilities	1 251 657	17 435	6 032	-	1 494 000	2 769 124
Liquidity gap	(452 976)	12 490	728 516	1 008 360	(1 296 390)	-
Cumulative liquidity gap analysis	(452 976)	(440 486)	288 030	1 296 390	-	-

27. Financial risk management (continued)

***27.2 Liquidity risk** (continued)*

Society	On demand and 6 months	6 – 12 Months	1 – 5 Years	Over 5 years	Non-rate Sensitive	Total
2018	E'000	E'000	E'000	E'000	E'000	E'000
Assets						
Cash and cash equivalents	374 819	-	-	-	-	374 819
Loans and advances	38 089	10 456	374 821	1 162 744	-	1 586 110
Property, Plant and Equipment	-	-	-	-	145 216	145 216
Deferred income tax asset	-	-	-	-	858	858
Investment in subsidiary	-	-	-	-	8 000	8 000
Financial investments	87 841	20 000	119 952	-	-	227 793
Other assets	16 590	-	-	-	-	16 590
Current income tax asset	7 400	-	-	-	-	7 400
Total assets	524 739	30 456	494 773	1 162 744	154 074	2 366 786
Liabilities						
Subscription shares	25 165	6 062	4 408	-	-	35 635
Permanent shares	-	-	-	-	883 472	883 472
Asset revaluation reserve	-	-	-	-	53 074	53 074
Statutory reserve	-	-	-	-	38 449	38 449
Other Reserve	-	-	-	-	344 266	344 266
General credit risk reserve	-	-	-	-	14 745	14 745
Fixed and Saving deposits	922 770	9 325	2 657	-	-	934 752
Other Liabilities and accruals	58 185	-	-	-	-	58 185
Provisions	4 208	-	-	-	-	4 208
	1 010 328	15 387	7 065	-	1 334 006	2 366 786
Liquidity gap	(485 589)	15 069	487 708	1 162 744	(1 179 932)	-
Cumulative liquidity gap analysis	(485 589)	(470 520)	17 188	1 179 932	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2019

27. Financial risk management (continued)

27.3 Foreign exchange risk

The Society operates in Eswatini and therefore has no significant exposure to foreign exchange risk.

27.4 Cash flow interest rate risk

As the Society has significant interest-bearing assets and liabilities, the Society's income and operating cash flows are substantially dependent to changes in market interest rates.

The Society's interest rates risk arises from fixed and savings deposits, Swaziland Building Society share deposits, and long-term borrowings. The fixed and savings deposits, and share deposits issued at variable interest rates expose the Society to the interest rate risk. Borrowings issued at fixed rates expose the Society to fair value interest rate risk.

The table below shows the effect of a 50 basis points increase or decrease in the interest rates on the Statement of comprehensive income and equity related accounts.

	Group				**Society**			
	2019		2018		**2019**		2018	
	50 basis points increase E'000	**50 basis points decrease E'000**	50 basis points increase E'000	50 basis points decrease E'000	**50 basis points increase E'000**	**50 basis points decrease E'000**	50 basis points increase E'000	50 basis points decrease E'000
Interest income:								
Mortgage lending	**5 631**	**(5 631)**	5 763	(5 763)	**5 631**	**(5 631)**	5 763	(5 763)
Non-mortgage lending	**2 765**	**(2 765)**	2 545	(2 545)	**2 765**	**(2 765)**	2 545	(2 545)
	8 396	**(8 396)**	8 308	(8 308)	**8 396**	**(8 396)**	8 308	(8 308)
Interest expense:								
Fixed and savings deposits	**5 075**	**(5 075)**	4 618	(4 618)	**5 075**	**(5 075)**	4 673	(4 673)
Swaziland Building Society Share deposits	**199**	**(199)**	178	(178)	**199**	**(199)**	178	(178)
	5 274	**(5 274)**	4 796	(4 796)	**5 274**	**(5 274)**	4 851	(4 851)
Impact on net interest income	**3 122**	**(3 122)**	3 512	(3 512)	**3 122**	**(3 122)**	3 457	(3 457)

27. Financial risk management (continued)

27.5 Capital risk management

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

27.6 Fair value estimation

Effective 1 January 2009, the Society adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 March 2019, the Society did not have any financial instruments measured at fair value determined at any of the three level

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