



Public
RENTAL **L**
Board

Annual Report 2006





Contents

Vision and Mission Statements	2
Letter to the Minister	3
Board Members	4
Chairperson's Report	6
Management Report	8
Financials	13
Directors Report	14
Independent Auditor Report	15
Income Statement	16
Statement of Changes in Equity	17
Balance Sheet	18
Statement of Cashflows	19
Notes	20



Vision and Mission Statements

Vision

To provide affordable and quality rental accommodation to our customers.

Mission statement

We provide affordable rental accommodation of high quality.
We promote the building of cohesive communities within our estates.

Corporate values PRB's shared values

Care

We respect each other and show concern for one another's well being.
We have trust and confidence in one another's ability.
We value and appreciate each other as corporate citizens caring for the welfare of the community.

Learning

We believe in lifelong learning. We upgrade our skills and knowledge so that we can give our best to PRB.

Innovation

We seek new and creative ideas to improve our products and services. We consciously implement productivity improvements in all areas of our work for a viable organisation.

Quality

Our customers are foremost in our minds. We strive for the highest professional standards, delivering our products and services that satisfy our customers.

Teamwork

We believe in working as a team and helping each other to overcome difficulties and achieve common goals.

Coprorate objectives

- To plan, develop and upgrade housing estates to meet the needs of the population.
- To provide quality service in the allocation and management of PRB properties.
- To implement Government housing policies and programmes that foster cohesive communities.
- To build a learning organisation that inspires creativity and develops staff to give their best.
- To foster rental tenancy on a transitional basis.
- To improve resource utilisation by investing in viable opportunities.

Letter To The Minister

xxxxxx 2006

The Honourable Colonel Pio Wong
Minister for Local Government, Housing, Squatter Settlements
Eiiviitwunent
PO Box 2131
Government Buildings
SUVA

Dear Honourable Minister

Re: 2005 ANNUAL REPORT

The Annual report of Public Rental Board for the year ended 31st December 2005 is presented herewith as required by section 21 of the Housing Act Cap 267.

As with previous reports, the Board acknowledges Government's commitment in meeting the social cost of taking care of the financially disadvantaged tenants through the payment of annual rent subsidy grant.

The Board looks forward to working in close partnership with Government in the construction of new rental units in the coming years.

The Members of the Board also extend their appreciation for the opportunity afforded in the delivery of rental flat service to low-income earners.

Yours Sincerely



Dr. Akanisi Tabualevu
Chairperson





Board Members



Dr. AKANISI TABUALEVU (CHAIRPERSON)

Appointed to the board in February 2005.

Dr. Tabualevu is currently the Head of School of Humanities at the University of the South Pacific.



Ms. Kiri Naigulevu

Appointed to the Board in February 2005.

Ms. Naigulevu is a Tutor/Lecturer for School of Commerce at the Fiji Institute of Technology.



Mr. Frederic Archari

Appointed to the Board in February 2005.

Mr. Archari is a retired Senior civil servant who is currently a Referee at the Small Claims Tribunal.



Mr. Alipate Naiorosui

Appointed to the Board in February 2005.
Mr. Naiorosui is the Chief Executive Officer for Housing Authority.



Mr. Netani Vosa

Appointed to the Board in July 1993.
Mr. Vosa is the Manager for Debt and Cashflow Management Unit for the Ministry for Finance and National Planning.



Ms. Emele Duituturaga

Appointed to the Board in May 2006.
Ms. Duituturaga is the Chief Executive Officer for the Ministry of Women, Social Welfare and Housing.



Ms. Ana Naivakasoro

Appointed to the Board in February 2005.
Ms. Naivakasoro is the Manager Public Enterprises for Ministry of Public Enterprises and Public Sector Reform.



Chairperson's Report



The Public Rental Board (PRB) which was established in 1989 under the Housing (Amendment) Decree No.12 was mandated to provide affordable rental accommodation to low income earners on a transitional basis. Since its establishment, the Board has endeavored to perform its functions with internal savings as well as grant provided by the government. In spite of the financial challenges it faces, with the committed efforts of the Board and staff members, PRB had been able to achieve its goals and social obligations.

In relation to the overall performance of the Board in 2006, it was both a challenging and productive year. Some notable achievements were made as a result of the collaborative effort of the Board members and staff. In June, the Hon. Prime Minister, Laisenia Qarase opened twenty seven (27) one bedroom flats at Kia Street in Raiwai. Although the completion of these flats was delayed, when finally completed, they were the best accommodation that PRB has ever built in terms of plan and style. Further developments are being planned for Nadi, Savusavu and Kalabo in Nasinu where an additional ninety nine (99) flats will be built on availability of funds.

While providing accommodation to low income earners, the Board has also been able to acquire some profit. In 2005 the profit was \$1,860,897 and 2006, it was \$1,657,489. The Board is grateful to the government for the subsidy it provides to the tenants and the payment of the principal and interests in its current financial obligations to Fiji National Provident Fund.

However, as a commercial statutory authority, under Public Enterprise Act, PRB is clearly technically insolvent due to the FNPF debt inherited from Housing Authority. There is a need for PRB to restructure its balance sheet if it is to provide the 10% return on assets required by Public Enterprise Act. The Board is hopeful that government will actually resolve our problem.

It has to be acknowledged that PRB operates in a complex environment and thus the need to know its clients and to have a clear and visionary corporate plan. The Board members and staff were fully involved and participated actively in the preparation of the plan, thus maximizing ownership to the process and plan. As a consequence, a master plan was drawn up as a road map to the building projects we envisage will meet the demands of rental housing.

We have a number of challenges we are confronted with and the main one is the relocation of the tenants in the Raiwai and Raiwaqa four-storey buildings. A research was carried out in 2005 to determine the actual financial situation of those living in the four storey buildings. The findings from the research were the basis in which we have made our four relocation options. For the relocation process, we are working in close collaboration with the Housing Authority, our line Ministry and HART and for this project we would require financial support from government.

Another challenge is to ensure that PRB does not only have a competent and skilled staff, but committed and has a sense of ownership to the organization. The implementation of the Performance Management System in 2005 was to ensure that the staff members are focused, committed and performing in areas of responsibilities assigned to them. In line with this is the staff development programme of upgrading qualifications and skills. On the other hand, we are developing some major policies which would provide some clear direction to staffing. One of these policies is the Human Resource Development policy which was implemented starting from 2006.

The implementation of the integrated management information system in 2006 will greatly enhance our work in terms of planning and decision making and in particular, strengthening credit management and recovery procedures.

In conclusion, I sincerely thank the government for the grant provided yearly to support our work. I commend the Board members, and staff for the hard work and the dedication in which they had performed their tasks. I also acknowledge with gratitude the support from the line Ministry, the Ministry of Public Enterprise, the Ministry of Finance, the Housing Authority, other sections of the government, private firms and numerous organizations and individuals who have assisted us in our work.

I am positive that 2007 will be another year of success and the Board will achieve many of its objectives.

Vinaka vakalevu.



Akanisi Kedrayate- Tabualevu (Dr).



Management Report



As Public Rental Board strives to meet rental housing demands, we were able to in year 2006, see the completion and allocation of 27 brand new one-bedroom flats at Kia Street estate. This new project has taken on board improvement in construction style and presentation compared to other past construction designs of the Board. However, because of funding constraints, this may be the last of construction for sometime unless assistance is provided from outside sources.

A robust and integrated management information system was also implemented in the year that has scope for making better decisions with up to date information, provision of readily available information at all levels of the organization, improved record keeping, transparency and accountability. On the whole, the new MIS will be another notch to reinforce better work processes within the organization.

For a number of years, the Board has been attempting to completely vacate 4-storey buildings at Raiwai and Raiwaqa. A highlight in 2006 was that the Board has been successful in completely relocating tenants away from two blocks at Raiwai. This action was taken to stress that the Board is firm on its relocation decision and also confirm to tenants of risks involved in their continuing occupation of flats.

Dealing with arrears (both active and vacated arrears) continues to pose challenges to management and staff especially as we look at innovative ideas to deal with 'problem tenants'. Active arrears increased by approximately 3% in December 2006 as compared to the same period in 2005. Vacated arrears on the other hand reduced by 20% in December 2006 compared to the same period in 2005. Initiation for further reduction of active and vacated arrears through debts write-off and collections will see more improvement in this area. The slow reduction in active arrears is due mainly to non payments of Grantham road rental estate tenants and the western division wherein strategies had put in place to improve further and meet targets.

Following the assistance provided by consultant in preparing the 2006 corporate plan, Management facilitated a similar workshop to prepare the 2007 – 2011 Corporate Plan document. This workshop was attended by board members and staff of PRB.

Property

Rental Revenue

The actual rent charge for year 2006 was computed at \$1,632,847 and market rental at \$2,267,046. The Board through its rental collection initiative collected \$1,517,672 against the total collectable rent of \$1,551,204.65. The actual rent collected over the total rent charge is 93% and 67% over the market rental. The total rent collected includes rent for the period, arrears and advance rent payments.

The 2006 market rentals was again paid by Government through social cost, and over the ensuing years, the Board would like to see that tenants make contributions in this regard. Government's contribution towards payment of social cost was \$634,199.30 for the year under review.

General Maintenance

For year 2006, general maintenance was carried out in the following estates.

Estates	No of Flats	Total cost	Contractor
Vakatora	61	\$128,450	Prem's Construction
Golf Link	24	\$58,940	Prem's Construction

General upgrading works at the above estates is part of a seven-year maintenance program adopted in year 2000 by the Board. The completion of the 2006 general maintenance at Vakatora and Golf Link rental estates completes the first cycle of the general maintenance program.

Rent Subsidy

Subsidy assistance is allocated to deserving tenants based on tenants' Gross weekly income in accordance with current subsidy allocations criteria. Some 446 financially disadvantaged tenants received a total of \$240,800.70 subsidy assistance in 2006 which is a shortfall by \$125,000 from the agreement made with Government.



Allocations criteria

- Income Range \$0 to \$64, Tenant pays rate of 5% weekly HI Level
- Income Range \$65 to \$80, Tenant pays rate of 10% weekly HI Level
- Income Range \$81 to \$100, Tenant pays rate of 15% weekly HI Level
- Income Range \$101 to \$125, Tenant pays rate of 20% weekly HI Level
- Income Range \$126 to \$150, Tenant pays rate of 25% weekly HI Level

Development and Construction

Construction of additional rental flats saw the completion of 27 one bedroom flats at Kia street Raiwai in July 2006. The project was fully funded in-house at a cost of \$1.4m. The Board embarks on realizing its core business of development of rental flats to meet the increasing market demand. Plans are underway to further construct additional 12 units at Savusavu in 2007, 57 units at Namaka and 30 units at Kalabu in 2008.

Land acquisition will continue to be the Board's major task for some years as it works with land providers for suitable building sites. In conjunction with development work done by Housing Authority, the Board is liaising very closely with its management for possible PRB sites on all their new sites. This arrangement will go a long way in fostering relationship between the two organizations especially in cost cutting measures that will be involved.

Raiwaqa and Raiwai 4 storeys

Raiwai and Raiwaqa 4 storey structures continue to pose a high risk to tenants who continue to occupy the flats. Out of the total 344 tenants in Raiwai and Raiwaqa only 100 tenants have so far vacated the flats 84 at Raiwai and 16 at Raiwaqa.

Blocks 4 and 5 at Raiwai were completely vacated in 2006 and are ready for demolition.



Financial

Profit & Loss

	12 Months Period Ending 31.12.06	12 Months Period Ending 31.12.05
Total Income	4,247,659	4,351,316
Operating profit before interest expenses <i>% to Total Income</i>	2,353,989 55.42%	2,490,816 57.24%
Interest Expenses	696,500	629,920
Operating profit after abnormal items & before income tax <i>% to Total Income</i>	1,657,489 39.02%	1,860,897 42.77%
Operating profit after income tax <i>% to Total Income</i>	1,657,489 39.02%	1,860,897 42.77%
Accumulated funds at the beginning of the financial year	(10,360,266)	(12,221,163)
Dividend Payable	-	-
Accumulated funds at the end of the financial year	(8,702,777)	(10,360,266)

Total Income for the Board has decreased from \$4,351,316 to \$4,247,659 for the financial year 2006. This decrease is due to a reduction of government subsidy grant and also not being able to sell entire Grantham Road and Kia Street estates. Net profit for financial year ending 2006 is \$1,657,489. Government's continued support in terms of payment for long term loans inherited from Housing Authority has been a great assistance for the Board. Without this support, PRB would have incurred huge losses as a result of very high interest expenses for these loans. PRB also does not have the required cash to meet these loan payments.

Balance Sheet

	12 Months period ending 31.12.06	12 Months period ending 31.12.05
Current Asset	1,984,345	2,811,003
Non Current Asset	7,346,903	6,526,393
Total Asset	9,331,248	9,337,396
Current Liabilities	7,478,514	7,756,108
Non Current Liabilities	6,470,458	7,856,501
Total Liabilities	13,948,972	15,612,609
Net Asset	(4,617,724)	(6,275,213)
Total Capital & Reserves	(4,617,724)	(6,275,213)

There is a declining trend for both Negative Capital & Reserves and Negative Assets that the Board inherited at its inception. This is as a result of treating FPNF loan repayment by Government as Government Grant in income statement hence reducing accumulated losses and also through better operating performance.

Cash Flow

Net cash flow for PRB was well maintained for the period under review despite the economy being faced with low liquidity and high cost of borrowings. This was achieved by controlling expenditure and increased efficiency in rental and arrears collection.

There was no additional borrowing done as all developments were put on hold. The construction of 27 rental units at a cost of \$1.4m at Kia Street estate was funded internally through savings. Other minor capital expenditure and major general maintenance were also financed from Public Rental Board's own resources.



Financial Ratios

1. Current Ratio = Measures short-term solvency of the Board.

	2006	2005
Current Asset / Current Liabilities	0.27	0.36

The current ratio indicates that 27% of current liabilities would be paid off upon liquidating 100% of current asset. This ratio has decreased due to decrease in investments (current assets) as these were used to redeem the promissory notes liability and other capital expenditures.

2. Debt to Total Asset = Measures the percentage of total funds that have been provided by creditors.

	2006	2005
Total debt / Total Asset	1.49	1.67

The debt to asset ratios has decreased mainly due to payment of Fiji National Provident Fund/Housing Authority liability resulting in a decrease in long term loans. Increase in net assets as a result of new development has also improved this ratio.

3. Average Collection Period = Measure of the accounts receivable turnover.

	2006	2005
Average Collection Days	82	84

Average collection days have decreased from 84 to 82 days. This is mainly due to strict collection strategies used and continuous follow up with tenants during the year.

4. Return on Total Asset = Measures the return on total investment in the Board.

	2006	2005
Return on Total Asset	25.2%	27.9%

The return on investment has decreased due to the decrease in net profit for the year and total assets which resulted from a decrease in market rental grant by Government and decrease in investments.

5. Profitability Ratio = Measures the percentage of profit made on income by the Board.

	2006	2005
Profitability Ratio	39.02%	42.77%

The profitability ratio has decreased through decrease in market rental grant by Government and also not being able to sell the entire Grantham Road and Kia Street estates.

Administration

Personnel

Public Rental Board's personnel are divided into two categories of Established and Permanent Un-Established Staff. Staff costs continue to be a major expense for the Board. This comprises 29 % of the rental income. However, this percentage of staff cost against rental income would have been more (41%) if market rental



were not subsidized by Government. Established staff formation is tabled below.

Division	No. of Staff
Executive	2
Finance and Administration	9
Property	12
Un-Established	13
Total	36

Training

The Board ensured that relevant training and development of workers was conducted at all levels of the organisation. In addition to in-house training and workshops, employees also attended work related short courses conducted by various training institutions. Tabled below is a summary of external training attended by employees.

Courses/Conference	Venue/Conductor	No. of Participants
Microsoft Certification for Windows XP Professional	TPAF	1
How to Develop Effective Managerial Skills	Turn Bull & Maggs Partners	5
Purchasing & Resource Management	TPAF	2
Developing Leadership Capabilities Workshop	Fiji Employees Federation	2
Industrial Relations	TPAF	1
OHS Module I & II	TPAF	4
Benchmarking Workshop	TPAF	5
Women in Society – Rights and Responsibilities	Women Crisis Centre	9
Fire Drills/ Evacuation In-House	Fiji National Fire Authority	28
Effective Staff Induction	TPAF	1
Linking Wages to Productivity	TPAF	1

Conclusions

In the absence of a Board from December 2006, Board matters were referred to the line Ministry.

In line with PMS agreement with the Union, PRB made a payment to staff amounting to a total of \$ 16,650 as part of its implementation.

Amid the December 5th event, all staff of Public Rental Board chose to celebrate Christmas with a difference by reaching out through visitation to HART and the Samabula Old People's Home with gifts and lunch to occupants.

Talks commenced for the merger of Housing Authority and Public Rental Board to streamline operations however, whilst waiting, there are pressing issues to be considered like perhaps, inviting government to take over PRB debts the net result of which would allow the Board to approach financial institutions for loan so that we could continue building homes to meet demands.

We have come thus far with support of stakeholders and I would like to record my most sincere thanks to the following: chairlady and members of the past board for direction setting, management and staff for their support, government for continuing financial support, chairpersons, committee members and families of PRB estates and other stakeholders for every assistance rendered in the year.

Mesake T Senibulu
GENERAL MANAGER



Public
RENTAL 
Board

**FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006**

Public Rental Board Directors' report

The directors present their report together with the financial statements of the Public Rental Board (the "Board") for the year ended 31 December 2006 and the auditors' report thereon.

Directors

The directors of the Board during the year are:

Director	Appointed	Served Until
Dr Akanisi Tabualevu (Chairperson)	February 2005	February 2007
Ms Emele Duituturaga	May 2006	February 2007
Mr Netani Vosa	July 2003	February 2007
Mr Frederic Archari	February 2005	February 2007
Mr Alipate Naiorosui	February 2005	February 2007
Mrs Kiri Naigulevu	February 2005	May 2006
Mrs Ana Naivakasoro	February 2005	February 2007

State of affairs

In the opinion of the directors, the accompanying balance sheet and statement of changes in equity give a true and fair view of the state of affairs of the Board as at 31 December 2006 and the accompanying income statement and statement of cash flows gives a true and fair view of the results of the Board and its cash flows for the year then ended.

Principal activities

The principal activities of the Board during the course of the financial year were providing public rental housing to low income earners, estate services and building projects. There were no significant changes in the nature of activities of the Board during the year.

Operating results

The operating profit for the year was \$1,657,489 (2005: \$1,860,897).

Reserves

The directors recommend that no amounts be transferred to or from reserves.

Dividends

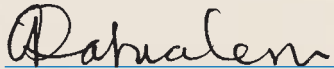
The directors recommend that no dividends be declared or paid for the year.

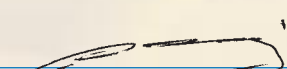
Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board, in subsequent financial years.

Dated at Suva this 31 day of May 2007.

Signed in accordance with a resolution of the directors.

Director 

Director 

Public Rental Board

Accounts for the year ended 31 December 2006

Independent Auditor Report

SCOPE

I have audited the financial statements of the Public Rental Board in accordance with the provisions of the Housing Act (1985), the Public Enterprise Act (1996) and the Housing (Amendment) Decree (1989) in the manner so required and section 13 of the Audit Act. The Board is responsible for the preparation and presentation of the financial statements and the information they contain. My responsibility is to express an opinion on these financial statements based on my audit.

My audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Fiji Accounting Standards and statutory requirements so as to present a view which is consistent with my understanding of the Board's financial position, the results of its operations and its cash flows for the year then ended.

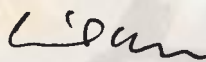
The audit opinion has been expressed in this report has been formed on this basis.

Qualification

Property, Plant and Equipment of the Board have not been revalued in accordance with Fiji Accounting Standard (FAS) 16 *Property, Plant and Equipment*. The last revaluation was carried out in 1983.

Audit Opinion

In my opinion, except for the effects on the financial statements of the matters referred to in the qualification paragraph, the accompanying financial statements give a true and fair view of the financial position of the Board as of 31 December 2006, and of the results of its operations and its cash flows for the year then ended.



Eroni Vatuloka
Auditor-General
Suva, Fiji Islands
31 May 2007



Public Rental Board

Income statement

For the year ended 31 December 2006

	Note	2006 \$	2005 \$
Income			
Rental revenue		2,267,046	2,177,120
Other operating income	2	1,883,319	2,106,680
Total operating income		<u>4,150,365</u>	<u>4,283,800</u>
Expenses			
Depreciation		(427,217)	(426,282)
Staff costs	3	(663,402)	(681,694)
Other operating expenses	4	(803,051)	(691,885)
Profit from operations		<u>2,256,695</u>	<u>2,483,939</u>
Net financing costs	5	(599,206)	(623,042)
Net profit from ordinary activities		<u>1,657,489</u>	<u>1,860,897</u>
Net profit for the year		<u>1,657,489</u>	<u>1,860,897</u>

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 29.

Public Rental Board
Statement of changes in equity
For the year ended 31 December 2006


	2006 \$	2005 \$
Government equity		
Balance at beginning of year	695,810	695,810
Transfers (to)/from government equity	-	-
Balance at end of year	<u>695,810</u>	<u>695,810</u>
Asset revaluation reserve		
Balance at beginning of year	3,389,243	3,389,243
Transfers (to)/from retained profits	-	-
Balance at end of year	<u>3,389,243</u>	<u>3,389,243</u>
Accumulated losses		
Balance at beginning of year	(10,360,266)	(12,221,163)
Net profit for the year	<u>1,657,489</u>	<u>1,860,897</u>
Total available for appropriation	(8,702,777)	(10,360,266)
Dividends paid or provided	-	-
Balance at end of year	<u>(8,702,777)</u>	<u>(10,360,266)</u>
Total capital and reserves	<u>(4,617,724)</u>	<u>(6,275,213)</u>

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 29.

Public Rental Board
Balance sheet
As at 31 December 2006

	Note	2006 \$	2005 \$
Current assets			
Cash		317,732	468,017
Receivables	6	-	-
Inventories	7	9,382	2,824
Investments	8	1,571,000	2,300,354
Other assets	9	86,231	39,808
Total current assets		<u>1,984,345</u>	<u>2,811,003</u>
Non-current assets			
Property, plant and equipment	10	7,346,903	6,526,393
Total non-current assets		<u>7,346,903</u>	<u>6,526,393</u>
Total assets		<u>9,331,248</u>	<u>9,337,396</u>
Current liabilities			
Creditors	11	1,871,013	1,962,366
Deferred revenue	12	40,127	39,287
Borrowings	13	4,693,422	4,919,825
Provisions	14	700,000	650,000
Employee entitlement		173,952	184,630
Total current liabilities		<u>7,478,514</u>	<u>7,756,108</u>
Non-current liabilities			
Deferred revenue	12	708,151	721,278
Borrowings	13	5,762,307	7,135,223
Total non-current liabilities		<u>6,470,458</u>	<u>7,856,501</u>
Total liabilities		<u>13,948,972</u>	<u>15,612,609</u>
Net liabilities		<u>(4,617,724)</u>	<u>(6,275,213)</u>
Capital and reserves			
Government equity		695,810	695,810
Asset revaluation reserve	15(a)	3,389,243	3,389,243
Accumulated losses		(8,702,777)	(10,360,266)
(Deficiency) in capital and reserves		<u>(4,617,724)</u>	<u>(6,275,213)</u>
Commitments and contingent liabilities	16		

Signed for and on behalf of the Board.

Director 

Director 

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 29.

Public Rental Board
Statement of cash flows
For the year ended 31 December 2006

	Note	2006 \$	2005 \$
Operating activities			
Government grant		875,000	1,000,000
Receipts from customers		1,517,672	1,404,589
Payments to suppliers and employees		(1,512,948)	(1,462,137)
Interest paid		(165,462)	(61,206)
Interest received		75,927	67,610
Cash flows from operating activities		<u>790,189</u>	<u>948,856</u>
Investing activities			
Payments for property, plant and equipment		(1,322,752)	(2,112,669)
Proceeds on disposal of property, plant and equipment		152,924	702,790
Cash flows from investing activities		<u>(1,169,828)</u>	<u>(1,409,879)</u>
Financing activities			
Repayment of borrowings – P/Notes		(500,000)	-
Cash flows from financing activities		<u>(500,000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(879,639)	(461,023)
Cash and cash equivalents at the beginning of the year		2,768,371	3,229,394
Cash and cash equivalents at the end of the year	17	<u><u>1,888,732</u></u>	<u><u>2,768,371</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 29.

Public Rental Board

Notes to and forming part of the financial statements For the year ended 31 December 2006

1. Statement of significant accounting policies

The Public Rental Board ("the Board") is a fully owned Government of Fiji entity domiciled in Fiji. The financial statements were authorised for issue by the directors on 31st May 2007.

The significant accounting policies which have been adopted in the preparation of these financial statements are:

(a) Statement of compliance

The financial statements of the Board have been drawn up in accordance with the accounting standards and disclosure requirements of the Fiji Institute of Accountants.

(b) Basis of preparation

The financial statements are presented in Fiji dollars, rounded to the nearest dollar. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non current assets.

The accounting policies have been consistently applied by the Board and except where there is a change in accounting policy, are consistent with those used in prior years.

(c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 31 December 2006, the Board had a deficiency in net assets of \$4,617,724 (2005: deficiency of \$6,275,213).

Borrowings of the Board that are utilised to fund its ongoing operations are guaranteed by the Government of Fiji and on this basis, the Board is satisfied that it will continue as a going concern and will be able to realise its assets and discharge its liabilities in the normal course of business.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the classification of liabilities that may be necessary if the Board is unable to continue as a going concern.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and cash at bank and short term deposits.

(e) Income tax

The Board is exempt from income tax under Section 26 of the Housing Act (Cap. 267) and the Housing (Amendment) Decree No.12 (1989).

Public Rental Board

Notes to and forming part of the financial statements For the year ended 31 December 2006

1. Statement of significant accounting policies (continued)

(f) Inventories

Inventories include items held for general repairs and maintenance of the Board's properties and are valued at the lower of cost and net realisable value. Cost has been determined on the basis of the "first-in-first-out" principle and includes expenditure incurred in acquiring the inventories and bringing it to its existing condition and location. Provision for inventory obsolescence is created for obsolete inventory items.

(g) Property, plant and equipment

Items of property, plant and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method of depreciation, except where stated otherwise.

The annual depreciation rates used for each class of asset are as follows:

Leasehold land	over period of lease
Buildings	over their estimated remaining useful life
Furniture, fittings & equipment	20%
Motor vehicles	20%
Office premises	2.5%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the results for the period.

Capital work in progress is stated at cost and is not depreciated.

(h) Provision for self insurance

The Board has a policy of setting aside \$50,000 per annum for self insurance to cover against any potential losses or damages to its properties not covered under external insurance.

(i) Employee entitlements

Employee entitlements relating to wages, salaries, annual leave, sick leave, long service leave and retirement benefit represents the amount which the Board has a present obligation to pay resulting from the employees' services provided up to balance date. Current employee remuneration rates are used to calculate the provisions.

(j) Creditors and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services rendered. Creditors and accruals are stated at cost.

Public Rental Board

Notes to and forming part of the financial statements
For the year ended 31 December 2006

1. Statement of significant accounting policies (continued)

(k) Rent receivables

Rent receivables are recognised on an accrual basis and are stated at cost less impairment losses (doubtful debts). A provision for doubtful debts is brought to account for all rents that are outstanding at balance date.

(l) Investments

Investments comprise of term deposits with the intent of being held to maturity. The term deposits are recorded at cost and interest receivable is brought to account on an accrual basis.

(m) Borrowings

Loans are brought to account at the gross value of their outstanding balance. Promissory notes that have been issued by the Board are recorded at face value with an interest accrual raised at year-end. Borrowing costs are expensed in the period they are incurred.

(n) Revenue

(i) Rental income

Rental income represents income from providing and managing the Board's properties to low income earning families. Rental income is recognised on an accrual basis.

(ii) Government grant

The Government provides an annual grant to the Board to subsidise rental payments for tenants. Any grants that are not utilised at year end are shown as a liability until such time as they are applied. The Government grant takes the following forms:

Social cost grant

Fund received from Government are applied to subsidise the social cost that is incurred by the Board in levying rental below market rates. The amount is recognised directly in the income statement as revenue when the grant is received.

Rent subsidy grant

Fund received from Government to subsidy the rental charges levied by the Board to tenants. The grant is allocated to specific tenant rental accounts on a progressive basis on the level of income earned by tenants.

Deferred grant

Any other government grant is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Board will comply with the conditions attaching to it. Grants that compensate the Board for the cost of an asset are recognised in the income statement as revenue on a systematic basis over the useful life of the asset.

Public Rental Board

Notes to and forming part of the financial statements For the year ended 31 December 2006

1. Statement of significant accounting policies (continued)

(o) **Operating leases**

Payments made under operating leases are recognised in the income statement in equal installments over the accounting periods covered by the lease terms.

(p) **Comparatives**

Where necessary, amounts relating to prior years have been re-classified to facilitate comparison and achieve consistency in disclosure with current financial year amounts.

(q) **Impairment**

The carrying amounts of the assets, other than inventories, are reviewed at each balance sheet date, to determine whether there is an indication of impairment. If any such indication exist, the assets recoverable amounts are estimated at each balance date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating amount exceeds its recoverable amount. All impairment losses are recognised in the income statement.

(r) **Net financing costs**

Net financing costs comprise of bank charges, interest received and interest paid and payable on borrowings and are recognised in the income statement.

2. Other operating income

	2006 \$	2005 \$
Government grants	1,666,451	1,666,451
Amortisation of deferred revenue from government grants	39,287	39,287
Gain on sale of fixed assets	77,899	308,242
Other income	99,682	92,700
	<u>1,883,319</u>	<u>2,106,680</u>

3. Staff costs

Salaries and wages	597,118	618,751
FNPF expenses	53,538	48,642
FNTC levy	6,795	6,703
Other	5,951	7,598
	<u>663,402</u>	<u>681,694</u>

The number of employees at the end of the financial year was 36 (2005: 40).

Public Rental Board

Notes to and forming part of the financial statements
For the year ended 31 December 2006

	2006 \$	2005 \$
4. Other operating expenses		
Auditors' remuneration – audit fees	6,933	7,988
Bad and doubtful debts	-	40,013
Insurance	63,900	64,414
Repairs and maintenance	371,368	212,878
Other	360,850	366,592
	<u>803,051</u>	<u>691,885</u>
5. Net financing costs		
Interest income	(97,294)	(67,515)
Interest expense	696,500	690,557
	<u>599,206</u>	<u>623,042</u>
6. Receivables		
Rent receivable	367,564	502,267
Provision for doubtful debts	(367,564)	(502,267)
	<u>-</u>	<u>-</u>
7. Inventories		
Inventories – at cost	10,635	4,077
Provision for stock obsolescence	(1,253)	(1,253)
	<u>9,382</u>	<u>2,824</u>
8. Investments		
Short-term deposits	<u>1,571,000</u>	<u>2,300,354</u>
9. Other assets		
Prepayments	42,967	19,362
Interest receivable	24,491	3,124
Sundry receivables	18,773	17,322
	<u>86,231</u>	<u>39,808</u>

Public Rental Board

Notes to and forming part of the financial statements
For the year ended 31 December 2006

10. Property, plant and equipment

	Land and buildings \$	Office premises \$	Motor vehicles \$	Furniture & fittings \$	Work in progress \$	Total \$
Cost						
Balance at 1 January 2006	13,164,330	169,222	219,600	377,462	506,331	14,436,945
Transfers in/(out)	1,374,258	-	-	-	(1,374,258)	-
Additions	-	-	-	72,178	1,250,574	1,322,752
Disposals	(150,532)	-	-	-	-	(150,532)
Balance at 31 December 2006	14,388,056	169,222	219,600	449,640	382,647	15,609,165
Depreciation						
Balance at 1 January 2006	7,436,618	70,311	86,654	316,969	-	7,910,552
Depreciation charge for the year	352,932	4,195	36,120	33,970	-	427,217
Disposals during the year	(75,507)	-	-	-	-	(75,507)
Balance at 31 December 2006	7,714,043	74,506	122,774	350,939	-	8,262,262
Carrying amount						
At 1 January 2006	5,727,712	98,911	132,946	60,493	506,331	6,526,393
At 31 December 2006	6,674,013	94,716	96,826	98,701	382,647	7,346,903

11. Creditors

	2006 \$	2005 \$
Credit balances in receivables	468,207	363,341
Rental deposits	262,660	336,978
Trade creditors and accruals	343,171	349,994
Deferred government grant	302,973	371,315
Unallocated subsidy	494,002	540,738
	<u>1,871,013</u>	<u>1,962,366</u>

Public Rental Board

Notes to and forming part of the financial statements
For the year ended 31 December 2006

	2006 \$	2005 \$
12. Deferred revenue		
Current		
Deferred revenue	40,127	39,287
Non-current		
Deferred revenue	708,151	721,278
	<u>748,278</u>	<u>760,565</u>

Deferred revenue relates to grant received from the Government for the construction of the Kaukimoce, Newtown stage 2, Kia Street, Newtown stage 3 and Raiwaqa flats in 1997. Revenue is brought to account over the periods necessary to match the related cost of the buildings.

13. Borrowings

Current

Housing Authority bond	18	1,014,712	1,014,712
Housing Authority loans		1,378,710	1,105,113
Promissory notes		2,300,000	2,800,000
		<u>4,693,422</u>	<u>4,919,825</u>

Non-current

Housing Authority loans		5,762,307	7,135,223
		<u>10,455,729</u>	<u>12,055,048</u>

The promissory notes are guaranteed by the Government of the Republic of Fiji Islands under the Public Rental Board Guarantee Decree No.8, 1990.

The term loans owing to Housing Authority but ultimately to the Fiji National Provident Fund (FNPF), are guaranteed by the Government of the Republic of Fiji Islands under the Public Rental Board Loan Guarantee Decree No. 9 (1990). The term loans were transferred from the Housing Authority in 1989 and are repayable in bi-annual instalments over twenty years, including interest between 7.095% and 8.375%.

The Housing Authority bond is due and payable to the Government of the Republic of the Fiji Islands.

14. Provisions

Self insurance		700,000	650,000
		<u>700,000</u>	<u>650,000</u>

Public Rental Board

Notes to and forming part of the financial statements
For the year ended 31 December 2006

15. Capital and reserves

(a) Reserves

The asset revaluation reserve represents the excess of the total value of property, plant and equipment resulting from the independent revaluation of Housing Authority assets carried out in 1983 and carried forward upon transfer of these assets to the Board in 1989.

(b) Dividends

The directors recommend that no dividends be declared or paid for the year.

16. Commitments and contingent liabilities

(a) Capital expenditure commitments

(b) Contingent liabilities

(c) Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year

Later than one year but not later than five years

Later than five years

	2006 \$	2005 \$
(a) Capital expenditure commitments	190,688	-
(b) Contingent liabilities	-	-
(c) Operating lease commitments		
Not later than one year	39,801	39,303
Later than one year but not later than five years	159,206	138,109
Later than five years	2,140,063	2,159,479
	<u>2,339,070</u>	<u>2,336,891</u>

The Board has various lease commitments for leasehold land. The leases typically run for a period of between sixteen and ninety nine years. It is not certain whether the land leases will offer an option of renewal after maturity. The annual lease rentals recognised as an expense in the income statement amount to \$37,158 (2005: \$37,003).

Public Rental Board

Notes to and forming part of the financial statements For the year ended 31 December 2006

17. Notes to the statement of cash flows

Reconciliation of cash

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Note	2006 \$	2005 \$
Cash		317,732	468,017
Investments	8	1,571,000	2,300,354
		<u>1,888,732</u>	<u>2,768,371</u>

18. Related parties

(a) Identity of related parties

The Board has a controlling related party relationship with its directors. The directors of the Board in office at the date of this report are:

Director	Appointed	Served Until
Dr Akanisi Tabualevu (Chairperson)	February 2005	February 2007
Ms Emele Duituturaga	May 2006	February 2007
Mr Netani Vosa	July 2003	February 2007
Mr Frederic Archari	February 2005	February 2007
Mr Alipate Naioresui	February 2005	February 2007
Mrs Kiri Naigulevu	February 2005	May 2006
Mrs Ana Naivakasoro	February 2005	February 2007

(b) Transactions with related parties

	2006 \$	2005 \$
Board expenses and allowance	<u>10,506</u>	<u>14,973</u>

Public Rental Board

Notes to and forming part of the financial statements

For the year ended 31 December 2006

	2006	2005
	\$	\$
(b) Transactions with related parties (continued)		
Amount owing to the Government of Republic of the Fiji Islands	<u>1,014,712</u>	<u>1,014,712</u>

The Government of the Republic of the Fiji Islands made the payment on behalf of the Board towards the Housing Authority loans ultimately payable to FNPf of \$1,666,451 (2005: 1,666,451).

The grant of \$875,000 was given by the Government in the 2006 financial year. The grant allocation were directed towards rental subsidy of \$240,800 (2005: \$134,657), compensation for the market rent of \$634,199 (2005: \$690,043) and nil for capital expenditure (2005: \$175,300).

19. Principal activities

The principal activities of the Board during the course of the financial year were providing public rental housing to low income earners, estate services and building projects. There were no significant changes in the nature of activities of the Board during the year.

20. Registered office

The Board's head office is located at 132 Grantham Road, Raiwaqa.



PUBLIC RENTAL BOARD

MAIN OFFICE: 132 Grantham road, Raiwaqa
P.O. Box 5275, Raiwaqa

TELEPHONE: + 679 338 7787

FAX: + 679 337 0105

E-MAIL: prbsuva@connect.com.fj