Public RENTAL Board

Contents

Vision and Mission Statements

Vision
To be the leading provider of affordable, quality and appropriate public rental properties for our customers.

Mission Statement
The Public Rental Board will develop and manage the public rental estates within a social environment that is conducive to multiracial & national unity. PRB will achieve this through:

- We undertake profiling and analysis of PRB existing and potential customers.
- We facilitate the development of affordable, quality and appropriate rental properties to meet the socio economic needs of customers.
- We provide cohesive communities while enhancing commercial openings that can be used to facilitate win-win opportunity for everyone.
- We promote Public Private Partnership (PPP) for innovative development and funding.
- We work together with service organizations for timely coordination of housing needs of customers.
- We encourage tenants' participation in education and in beautification of flats and landscaping.

Corporate 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.

Corporate Objectives
During 2007 PRB will undertake to achieve the following objectives:

The Balance Sheet:

- Fully re-structure the balance sheet to put PRB on a long term path to viable commercial operations.

The Customer:

- Profile and redefine the PRB customer and analyse this information co-operatively with other Ministries and NGO's Squatters / HART / PRB / HA as well as Social welfare and poverty alleviation.

  After obtaining a better understanding of the PRB Customer, the PRB will provide Government with a more precise determination of the rental subsidy required and the relationship between the subsidy and the definition and socio economic standing of the range of PRB customers.

Government Grant (Commercial Operations):

- Ensure PRB operates commercially with the understanding that the higher the PRB revenue the more funds are available to meet the low cost housing rental demand.

Rental Property Stock

- Obtain better information and build partnerships with other developers of low cost rental accommodation.

Cost Structure

- Assess current cost structure needs and reduced or re focus on areas of better return on investment.

Letter To The Minister

24th June 2009

Honorable Filipe Bole
Minister for Local Government, Urban Development, Housing and Environment
P O Box 2131
Government Buildings
SUVA

Dear Minister

Re: 2007 ANNUAL REPORT

Please find attached the PRB 2007 Annual Report. This report covers the activities of PRB for year ending 31st December 2007.

The report is in compliance with Section 21 of the Housing Act Cap 267 and should also satisfy one of the Board's KPI's.

We acknowledge Government's commitment in the support to financially disadvantaged tenants of PRB and we look forward for a continued partnership with Government in serving the low income earners in the coming years.

Yours sincerely

(SAMU A. SAUMATUA)
Colonel
Chairman of the Board of Directors

Chairperson's Report

1. The year 2007 was not without its challenges. Operating without a Board of Directors created a dependency on the line Ministry for its guidance on all matters relating to strategic issues. Its financial position has been a handicap and had affected most of its operations. An overview of its achievements and shortfalls are as follows:

   a. Weak Financial Position

   PRB has been disadvantaged with a weak financial position. The balance sheet was in the red to the tune of $1,697,150 at 31.12.07. However, the cash-flow position remained healthy with prudent control of expenditure for the period.

   Despite the challenges the PRB still managed to achieve the collection of 93% of the total rent charged for 1375 flats. This was a positive marker and complemented its effort to maintain a healthy cash flow.

   b. Future Developments

   There was insufficient funds available to the PRB to enable it to proceed with the building of new units planned for Savusavu and Kalabu. Funding constraints has forced the PRB to put these plans on hold. These new units were meant to allow PRB to cope with the current low cost housing (rental) demands.

   c. Evictions from Raiwai/Raiwaqa

   A continuing challenge for the Board was in terms of the safety risks involved in the occupancy of four-storey units at Raiwai and Raiwaqa. There have been mixed success in trying to enforce relocation away from these estates; this will need to be completed by year 2008.

   d. Need for Cross Subsidy

   It is clear to us that to be able to effectively deal with the low income category of the population we cannot forever just concentrate on providing housing as an end to itself. What is needed is a more integrated development approach where the upper and middle income markets are satisfied together with other types of developments that would bring about cross subsidy to rentals charged to targeted low income market customers.

2. On the whole, I would like to thank government for its continuing support in the provision of annual grants of one million dollars with assistance rendered from staff of the line Ministry and other government stakeholders over the year under review. Furthermore, I acknowledge also the work done by the past board of directors in initiating some changes within PRB.

3. In conclusion, I acknowledge the hard work and commitment of the staff, management and our partners in the community that have enabled us to continue to deal with the ever increasing demand of rental housing in the country.

(SAMU A. SAUMATUA)
Colonel
Chairman of the Board of Directors

Management Report

Our PRB 2007 Annual Report sets out what has been achieved during the year under review. Although we would have wanted to get this report out of the way promptly, there have been issues beyond our control that have contributed to the late production of this annual report. It is indicative of achievements in 2007, and brings together information about the full range of activities provided by Public Rental Board.

Property Report

Rental Revenue

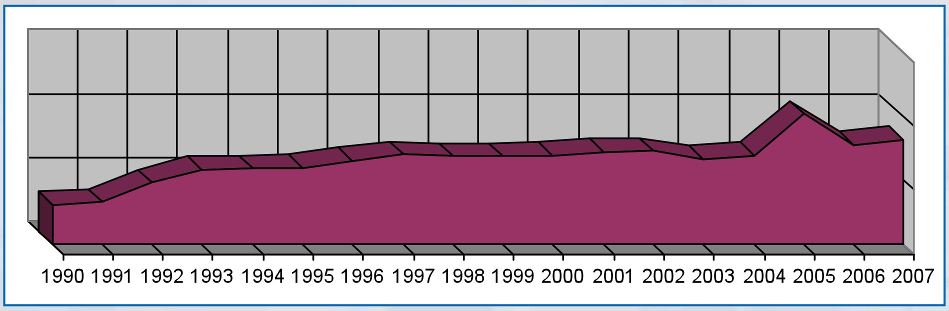
The actual rent charge for year 2007 was computed at $1,710,747 and market rental at $2,410,851. The Board through its rental collection initiative collected $1,638,105 against the total collectable rent of $1,625,209. The actual rent collected over the total rent charge is 96% and 70% over the market rental. The total rent collected includes rent for the period, arrears, proceeds from sale of flats and advance rental payments.

The 2007 market rentals was directly funded by Government from allocated subsidy grant 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 $700,104 for the year under review.

Actual Collections Comparison: 1990 to 2007

ACTUAL COLLECTION

1990	$	615,000	1991	$	650,336	1992	$	954,104
1993	$	1,174,526	1994	$	1,187,169	1995	$	1,200,756
1996	$	1,301,729	1997	$	1,401,013	1998	$	1,370,155
1999	$	1,370,155	2000	$	1,389,168	2001	$	1,445,754
2002	$	1,456,199	2003	$	1,332,285	2004	$	1,392,923
2005	$	2,040,905	2006	$	1,555,592	2007	$	1,638,105



General Maintenance

Maintenance of properties is very important as their rentals is the major contributing source of income for the Board. No general maintenance was carried out in 2007 due to the weak economy condition which resulted in job losses hence low rental income for Public Rental Board and its inability to generate adequate funds internally.

However, at the conclusion of the general maintenance of the last three remaining estates in year 2006 brought about PRB's completion of 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 307 financially disadvantaged tenants received a total of $195,726.04 subsidy assistance in 2007.

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

All major constructions were put on hold for year 2007 due to non-availability of funds. 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, 57 units at Namaka and 30 units at Kalabu in 2008 subject to availability of funds.

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 relationships between the two organizations especially in matters relating to cost cutting measures.

Raiwaqa and Raiwai 4 Storeys

Raiwai and Raiwaqa 4 storey structures continue to pose high risks to tenants who continue to occupy the flats. Out of the total 344 tenants in Raiwai and Raiwaqa 100 flats are yet to be vacated.

The Board in conjunction with Housing Authority in 2006 and early 2007 offered these tenants vacant lots at Waila 3B however only 16 tenants took advantage of this offer. These lots were subsidized by the Government and PRB again subsidized by building a house worth $5,000.00.

The Board again in mid 2007 offered cash incentive ranging from minimum $500.00 to maximum $5,000.00 depending on household income and other criteria. This cash incentive was funded vide Government relocation grant.

Tenancy Management

	Valid Tenancies	In-Valid Tenancies	No. of Agreements issued in 2007	No. of Agreements issued on 2006
No. of Tenancies	941	521	98	139

Sale of Rental Flats

The Board in 2003 and 2004 approved the sale of flats at Grantham Road and Kia Street estates to sitting tenants.

Sale of flats at Grantham road estate has been delayed due to inability of tenants to purchase these flats. Kia Street sale has also been delayed due to problems faced in registering unit titles and as a result the Board in 2006 decided to withdraw sale of the 3-storey flats at Kia Street.

Estates	No. of Flats on Sale	No. Sold as at 31.12.2007	Selling Price	Market Value for each unit
Grantham Road	72	60	Ranging from $11,606.00 to $16,800.75	Ranging from $22,000.00 to $34,000.00
Kai Street	24	22	Ranging from $16,830.00 to $27,000.00	Ranging from $16,830.00 to $27,000.00

Financial Report

Profit & Loss

	12 Months Period Ending 31.12.07	12 Months Period Ending 31.12.06
Total Income	4,216,468	4,153,631
Operating profit before interest expenses % to Total Income	2,585,463 61.32%	2,344,350 56.44%
Interest Expenses	666,878	592,312
Operating profit after abnormal items & before income tax % to Total Income	1,918,585 45.50%	1,752,038 42.18%
Operating profit after income tax % to Total Income	1,918,585 45.50%	1,752,038 42.18%
Accumulated funds at the beginning of the financial year Effective of change in accounting policy Dividend Payable	(4,311,545) - -	(10,360,266) 4,296,638 -
Accumulated funds at the end of the financial year	(2,392,960)	(4,311,545)

Total Income for the Board has increased from $4,153,631 in 2006 to $4,216,468 for the financial year ending 31st December 2007. Increases were reported in rental and government grant revenues particularly from the payment of inherited debts and also the continuing sale of Grantham Road and Kia Street estates.

Net profit for 2007 financial year was $1,918,585. Government's continued support in terms of payment for long term loans inherited from Housing Authority has been a great assistance to the Board. This continued support is required for the survival of Public Rental Board in the long run and as a going concern. Without this support, PRB would not be able to sustain operations and may incur losses as a result of very high interest expenses for these loans. PRB also does not have the required cash to meet these loan repayments.

The 2007 financial report also gave way to the transition to International Financial Reporting Standards (IFRS) with comparative figures for year 2006.

Balance Sheet

	12 Months Period Ending 31.12.07	12 Months Period Ending 31.12.06
Current Asset	3,100,629	2,249,100
Non Current Asset	7,215,606	7,346,903
Total Asset	10,316,235	9,596,003
Current Liabilities	6,608,236	6,741,160
Non Current Liabilities	5,405,149	6,470,578
Total Labilities	12,013,385	13,211,738
Net Asset	**(1,679,150)**	**(3,615,735)**
Total Capital & Reserves	**(1,679,150)**	**(3,615,735)**

There is a declining trend in both Capital & Reserves and Net Assets from PRB's inception to the year under review. This has happened as a result of reporting the FNPF loan repayments by Government as Government Grant in income statement which increases total revenue and net profit hence reducing accumulated losses.

Cash Flow

Net cash flow of Public Rental Board for the financial year ending 31st December 2007 was managed efficiently despite the economy situation and loss of rental through sale of PRB properties at Grantham Road and Kia Street estates. This was achieved through expenditure control and increased efficiency in rental and arrears collection.

All developments and additional borrowings were put on hold because of the low rental payments as a result of downward economy situation and the inability of PRB to secure loans from financial markets at high interest rates.

Financial Ratios

1. **Current Ratio** – Measures short-term debt obligations.

	2007	2006
Current Asset / Current Liabilities	0.47	0.33

The current ratio indicates that 47% of current liabilities for financial year ending 2007 would be paid off upon liquidating 100% of current asset compared to 33% in year 2006. Under normal circumstances this ratio should be at least 2:1. The Board's current ratio indicates that it does not have adequate cash to meet its short term debts and other obligations. However, there are signs of improvements.

2. **Debt to Equity Ratio (financial leverage)** – Measures how much money the Board should safely be able to borrow over long periods of time.

	2007	2006
Total Liabilities / Shareholders Equity	17.3	19.0

The debt to equity ratio for financial year ending 2007 has decreased compared against 2006 figures and is mainly due to payment of Fiji National Provident Fund/Housing Authority liability by government resulting in a decrease in long term loans.

An acceptable level of the debt to equity (financial leverage) ratio is usually 2:1. The high ratio indicates that the Board has borrowed far too much.

3. **Average Collection Period** – Measure of the accounts receivable turnover and cash flow.

	2007	2006
Average Collection Days	40	42

Average collection days have decreased from 42 in 2006 to 40 days in year 2007. This is mainly due to the change in accounting policy to provide provision of all vacated tenants only and also due to strict collection strategies used and continuous follow up with tenants during the year. Acceptable level is generally between 30 – 60 days.

4. **Return on Assets (ROA)** – Measures how much profit is generated on every dollar of assets. This is a strong basis to gauge the asset intensity of the Board.

ROA is calculated using the formula: Earning before Interest & Taxes / Total Assets

	2007	2006
Return on Assets	25%	24%

As a general rule, anything below 5% is more assets intensive whilst anything above 20% is less asset intensive.

The above table indicates that the Board's ROA is less assets intensive. The transition to IFRS has also assisted in improving ROA.

5. **Return on Equity (ROE)** – Measures how much profit is earned in comparison with the total shareholder equity in balance sheet.

ROE is calculated using the formula: Net Profit less Grant / Shareholder's Equity

	2007	2006
Return on Equity	0.34	0.12

It is generally accepted that a high return on equity is capable of generating cash internally. The year under review managed to report good ROE compared against the same period for the previous year.

6. **Profitability Ratio** – Measures the percentage of profit made on income by the Board.

	2007	2006
Profitability Ratio	45.5%	42.2%

The profitability ratio increased for financial year ending 2007 compared to the same period for the previous year. This was achieved because of good control over expenditure which resulted in decrease on overall expenses hence increase in net profit.

Administration Report

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 approximately 30% of the rental income. However, this percentage of staff cost against rental income would have been more (42%) if market rental were not subsidized by Government. Public Rental Board staff formation is tabled below.

Division	No. of Staff
Executive	2
Finance and Administration	9
Property	13
Un-Established	17
Total	**41**

Training

The Board ensured that relevant training and development of workers was conducted at all levels of the organisation. Performance gaps were identified during the evaluation process in the year for staff. 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
Training of Trainers – Module 1	TPAF	1
PC Maintenance	CMTSL	1
Credit Control & Debt Management	TPAF	2
Training of Trainers – Module 2	TPAF	1
Productivity Measurement Awareness	TPAF	5
Productivity Measurement Using Compass Software	TPAF	5
Emergency Response Plan Disaster Focus	TPAF	1
Advanced Networking	CCNA	1

Information Technology

The Board upgraded and implemented a new integrated IT system called Microsoft® Business Solutions – Navision® at a cost of approximately $320,000 in early 2007. Supply and installation were provided by Information System Services (ISS) from Fiji and Direction Software Solutions (DSS) from India.

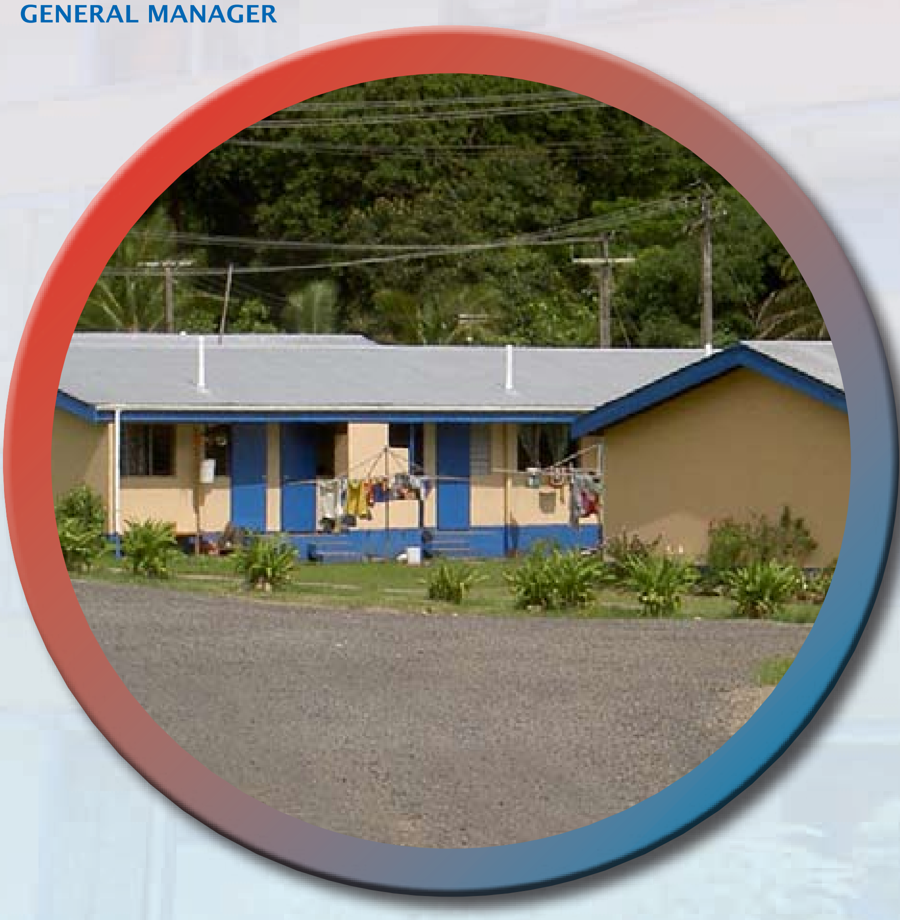
This upgrading has enabled PRB to generate reports directly from database which reduces level of work done manually and enhances the quality of information for better decision making.

Some other associated upgrades include purchase of servers, computers, printers and all necessary software in order for Navision® to operate smoothly without much disruption.

Conclusion

The delay in the production of this annual report has been attributed mainly to the introduction of the new International Accounting Standards (IFRS) which came into effect in 2007. However, having said that, I acknowledge with appreciation the able support of the management team, all members of the staff and the management and staff of the then Ministry for Women and Housing in holding the fort together with me without any Board of Directors in 2007.

Mesake T Senibulu
GENERAL MANAGER



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

Public Rental Board
Directors' Report
Year Ended 31 December 2007

In accordance with a resolution of the Board of Directors, the directors herewith submit the balance sheet of the Board as at 31 December 2007, the related income statement, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors
The Board is without an elected Board of Directors after the previous Board term expired in February 2007.

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.

Results
The operating profit for the year was $1,918,585 (2006: $1,752,038).

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

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

Bad and Doubtful Debts
Prior to the completion of the Board's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts. In the opinion of directors, no provision for doubtful debts is required.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts inadequate to any substantial extent.

Non Current Assets
Prior to the completion of the financial statements of the Board, the directors took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Board. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non current assets in the Board's financial statements misleading.

Unusual Transactions
Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the Board during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Board in the current financial year, other than those reflected in the financial statements.

Public Rental Board
Directors' Report (cont'd)
Year Ended 31 December 2007

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.

Other Circumstances
As at the date of this report:

(i) no charge on the assets of the Board has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the Board could become liable; and

(iii) no contingent liabilities or other liabilities of the Board has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Board to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Board's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Board misleading or inappropriate.

Directors' Benefits
Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the Board or of a related corporation) by reason of a contract made by the Board or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 12th day of February 2009.

Director

Director

Public Rental Board
Statement By Directors
Year Ended 31 December 2007

In accordance with a resolution of the Board of Directors of Public Rental Board, we state that in the opinion of the directors:

(i) the accompanying income statement of the Board is drawn up so as to give a true and fair view of the results of the Board for the year ended 31 December 2007;

(ii) the accompanying statement of changes in equity of the Board is drawn up so as to give a true and fair view of the changes in equity of the Board for the year ended 31 December 2007;

(iii) the accompanying balance sheet of the Board is drawn up so as to give a true and fair view of the state of affairs of the Board as at 31 December 2007;

(iv) the accompanying statement of cash flows of the Board is drawn up so as to give a true and fair view of the cash flows of the Board for the year ended 31 December 2007;

(v) at the date of this statement there are reasonable grounds to believe the Board will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the Board.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 12th day of February 2009.

....	....
Director	**Director**

Independent Audit Report

Scope

I have audited the financial statements of the Public Rental Board in accordance with the provisions of Caption 267 of the Housing Act 1985 and Public Enterprise Act (1996) and 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 and 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 International Financial Reporting 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.

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

Audit opinion

In my opinion, the accompanying financial statements, present fairly the financial position of the Board as at 31 December 2007 and the results of its operations and its cash flows for the year then ended.

....

Eroni Vatuloka
Auditor-General
Suva, Fiji
12 February 2009

AUDITOR-GENERAL
FIJI

Public Rental Board

Income statement

Year Ended 31 December 2007

	Notes	2007 $	2006 $
Revenue			
Rental Revenue		2,410,851	2,267,046
Other operating income	2	1,805,617	1,886,585
		(4,216,468)	**4,153,631**
Expenses			
Amortisation and depreciation expense		(361,545)	(427,217)
Employee benefit expense	3	(730,967)	(622,119)
Other operating expenses	4	(538,493)	(759,945)
Profit from operations		**2,585,463**	**2,344,350**
Finance cost	5	(666,878)	(592,312)
Net profit for the year		**1,918,585**	**1,752,038**

The accompanying notes form an integral part of this Income Statement.

Public Rental Board

Statement of Changes In Equity
Year Ended 31 December 2007

	2007 $	2006 $
Government equity		
Balance at the beginning of the year	695,810	695,810
Additions during the year	-	-
Balance at the end of the year	695,810	695,810
Asset revaluation reserve		
Balance at the beginning of the year	-	3,389,243
Effect of change in accounting policy	-	(3,389,243)
Opening balance restated under IFRS	-	-
Additions during the year	-	-
Balance at the end of the year	-	-
Accumulated losses		
Balance at the beginning of the year	(4,311,545)	(10,360,266)
Effect of change in accounting policy	-	4,296,683
Opening balance restated under IFRS	(4,311,545)	(6,063,583)
Net profit for the year	1,918,585	1,752,038
Total available for appropriation	(2,392,960)	(4,311,545)
Dividends paid or proposed	-	-
Balance at the end of the year	(2,392,960)	(4,311,545)
Total Equity	**(1,697,150)**	**(3,615,735)**

The accompanying notes form an integral part of this statement of changes in equity.

Public Rental Board
Balance Sheet
At 31 December 2007

	Note	2007 $	2006 $
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,213,398	7,343,129
Intangible asset	7	2,208	3,774
		7,215,606	7,346,903
Current assets			
Cash and short term deposits	8	2,514,095	1,888,732
Rent receivables	9	237,718	263,502
Inventories	10	4,377	10,635
Prepayments and other assets	11	344,439	86,231
		3,100,629	2,249,100
TOTAL ASSETS		10,316,235	9,596,003
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		695,810	695,810
Accumulated losses		(2,392,960)	(4,311,545)
Total equity		(1,697,150)	(3,615,735)
Non- current liabilities			
Deferred revenue	12	724,853	708,271
Interest bearing debt	13	4,680,296	5,762,307
		5,405,149	6,470,578
Current liabilities			
Trade payables and accruals	14	1,838,267	1,870,893
Interest bearing debt	13	4,596,266	4,693,422
Deferred revenue	12	40,739	40,127
Provisions	15	132,964	136,718
		6,608,236	6,741,160
Total liabilities		12,013,385	13,211,738
TOTAL EQUITY AND LIABILITIES		**10,316,235**	**9,596,003**

For and on behalf of the board and in accordance with a resolution of the directors.

Director　　　　　　　　Director

The accompanying notes form an integral part of this Balance Sheet.

Public Rental Board
Statement of Cash Flows
For the year ended 31 December 2007

	Note	2007 Inflows/ (Outflows) $	2006 Inflows/ (Outflows) $
Operating activities			
Government grant		908,960	875,000
Receipts from customers		1,588,280	1,517,672
Payments to suppliers and employees		(1,624,073)	(1,512,948)
Interest paid		(158,561)	(165,462)
Interest received		98,231	75,927
Cash flows from operating activities		812,837	790,189
Investing activities			
Payments for property, plant and equipment		(263,541)	(1,322,752)
Proceeds on disposal of property, plant and equipment		76,067	152,924
Cash flows from investing activities		(187,474)	(1,169,828)
Financing activities			
Repayment of borrowings		-	(500,000)
Cash flows from financing activities		-	(500,000)
Net increase/(decrease) in cash and cash		625,363	(879,639)
Cash and cash equivalents at the beginning of the year		1,888,732	2,768,371
Cash and cash equivalents at the end of the year	8	**2,514,095**	**1,888,732**

The accompanying notes form an integral part of the Statement of Cash Flows.

Public Rental Board
Notes to Financial Statements
Year Ended 31 December 2007

1 Corporate Information
The Public Rental Board ("the Board") is a fully owned Government of Fiji entity domiciled in Fiji. The financial statements were authorised for issue in accordance with a resolution of the directors on [date].
The principal activities of the Board are described in Note 18.

1.2 Basis of preparation of the Financial Statements
The financial statements have been prepared on a historical cost basis. The financial statements are presented in Fijian dollars and all values are rounded to the nearest dollar except when otherwise indicated.

Statement of compliance
The financial statements of Public Rental Board have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 2007, the Board had a deficiency in net assets of $1,697,150 (2006: deficiency of $3,615,735).

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.

1.3 Changes in accounting policy and disclosures
For all periods up to and including the year ended 31 December 2007, the Board prepared its financial statements in accordance with Fiji Accounting Standards. These financial statements, for the year ended 31 December 2007 are the first the Board has prepared in accordance with IFRS.

Accordingly, the Board has prepared financial statements which comply with IFRS applicable for periods beginning on or after I January 2007 as described in the accounting policies. In preparing these financial statements, the Board's opening balance sheet was prepared as at I January 2006, the Board's date of transition to IFRS. This note explains the principal adjustments made by the Board in restating its Fiji Accounting Standards balance sheet at I January 2006 and its previously published Fiji Accounting Standards financial statements for the year ended 31 December 2006.

Adoption of these standards did not have any effect on the performance or position of the Board. They did however give rise to additional disclosures, including in some cases, revisions to accounting polices.

Changes to accounting policies as a result of the adoption of IFRS are:
- *IFRS 7 : Financial Instruments: Disclosures*
- *IAS 1 : Presentation of Financial Statements*
- *IAS 16 : Property, plant and equipment*
- *IAS 24 : Related party disclosures*
- *IAS 39 : Financial Instruments: Recognition and measurement*

IFRS 7 Financial Instruments: Disclosures
This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Board's financial instruments and the nature and extent of risks arising from those financial statements. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements
This standard requires the Board to make new disclosures to enable users of the financial statements to evaluate the Board's objectives, policies and processes for managing capital. These new disclosures are shown in Note 20.

IAS 16 Property, Plant and Equipment
Software costs which do not form an integral part of the hardware is recognised as intangible assets in the year of acquisition.

1.3 Changes in accounting policy and disclosures (continued)

IAS 24 Related Party Disclosures
The standard requires that the Board's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The new disclosure included the requirement to disclose the compensation paid to the key management personnel. This is reflected in Note 16.

IAS 39 Financial Instruments: Recognition and measurement
The objective of this Standard is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Requirements for presenting and disclosing information about financial instruments are set out in IFRS 7 Financial Instruments: Disclosures.
The adoption of IFRS also gave rise to additional disclosures and changes in presentation. A reconciliation of the impact of IFRS on the Board is outlined in Note 23.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the Board's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Boards accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments
The Board has entered to commercial property leases. The Board has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of the property and so accounts for the contracts as operating leases.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant task of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of non financial assets
The Board assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

1.5 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in income statement as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Leasehold land	Over period of lease
Building	Over their estimated remaining useful life
Furniture, fittings and equipment	20%
Motor vehicles	20%
Office premises	2.5%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

1.5 Summary of significant accounting policies (continued)

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets for the Board are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangibles assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

c) Impairment of non financial assets

The Board assesses at each reporting date whether there is an indication that an asset maybe impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Board makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement.

d) Rent receivables

Rent receivables are recognised on an accrual basis and are stated at cost less impairment losses (doubtful debts). Gains or losses are recognised in the income statement when the receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written-off as incurred.

e) 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.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.5 Summary of significant accounting policies (continued)

g) Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

h) Provisions

Provisions are recognised when the Board 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 reliable estimate can be made of the amount of the obligation.

Where the Board expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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.

Wages and salaries, sick leave and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Provision for long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Retirement provision

Provision for retirement leave have been calculated on an actuarial basis, based on the present value of expected future entitlements.

j) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Board as a lessee

Finance leases, which transfer to the Board substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Board will obtain ownership by the end of the lease term.

1.5 Summary of significant accounting policies

j) Leased assets (continued)

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Board as a lessor
Leases where the Board does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Taxes

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

l) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

m) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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.

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:

i) 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.

ii) 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.

iii) 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.

n) Net financing cost

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

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

Public Rental Board

Notes to Financial Statements (cont'd)
Year Ended 31 December 2007

		2007 $	2006 $
2.	**Other operating income**		
	Government grants	1,679,582	1,666,451
	Amortisation of deferred revenue from government grants	40,739	39,287
	Gain on sale of property, plant and equipment	40,092	77,899
	Other income	45,204	102,948
		1,805,617	1,886,585
3.	**Employee benefit expense**		
	Salaries and wages	648,851	555,835
	FNPF contributions	53,057	53,538
	TPAF levy	7,145	6,795
	Others	21,914	5,951
		730,967	622,119

The number of employees at the end of the financial year was 40 (2006: 36)

		2007 $	2006 $
4.	**Other operating expense**		
	Auditors' remuneration - audit fees	6,933	6,933
	Bad and doubtful debts	55,051	-
	Insurance	13,177	13,900
	Repairs and maintenance	99,818	371,368
	Others	363,514	367,744
		538,493	759,945
5.	**Net financing cost**		
	Interest income	(45,040)	(97,294)
	Interest expense	711,918	689,606
	Total costs	666,878	592,312
6.	**Property, plant and equipment**		
	<u>Land and Buildings</u>		
	Cost:		
	At 1 January	14,388,056	13,164,330
	Transfer from Work in progress	58,053	1,374,258
	Additions	-	-
	Disposals	(66,929)	(150,532)
	At 31 December	14,379,180	14,388,056
	Depreciation and impairment		
	At 1 January	7,714,043	7,436,618
	Depreciation charge for the year	288,097	352,932
	Disposals	(30,954)	(75,507)
	At 31 December	7,971,186	7,714,043
	Net book value	6,407,994	6,674,013

		Note	2007 $	2006 $
6.	**Property, plant and equipment - continued**			
	Office premises			
	Cost:			
	At 1 January		169,222	169,222
	Additions		-	-
	Disposals		-	
	At 31 December		169,222	169,222
	Depreciation and impairment			
	At 1 January		74,506	70,311
	Depreciation charge for the year		4,172	4,195
	Disposals		-	-
	At 31 December		78,678	74,506
	Net book value		90,544	94,716
	Motor vehicles			
	Cost:			
	At 1 January		219,600	219,600
	Additions		-	-
	Disposals		-	-
	At 31 December		219,600	219,600
	Depreciation and impairment			
	At 1 January		122,774	86,654
	Depreciation charge for the year		30,667	36,120
	Disposals		-	-
	At 31 December		153,441	122,774
	Net book value		66,159	96,826
	Furniture and fittings			
	Cost:			
	At 1 January		444,094	374,416
	Transfer from Work in progress		325,448	-
	Additions		1,918	69,678
	Disposals		-	-
	At 31 December		771,460	444,094
	Depreciation and impairment			
	At 1 January		349,167	316,969
	Depreciation charge for the year		37,043	32,198
	Disposals		-	-
	At 31 December		386,210	349,167
	Net book value		385,250	94,927

		2007 $	2006 $
6.	**Property, plant and equipment - continued**		
	Work in progress		
	Cost:		
	At 1 January	382,647	506,331
	Transfer to land and buildings and Furniture & Fittings	(382,737)	(1,374,258)
	Additions	263,541	1,250,574
	Disposals	-	-
	Net book value	263,451	382,647
	Net book value	7,213,398	7,343,129
7.	**Intangible asset**		
	Cost:		
	At 1 January 2006		3,046
	Additions		2,500
	At 31 December 2006		5,546
	Additions		-
	At 31 December 2007		5,546
	Less amortisation and impairment:		
	At 1 January 2006		-
	Amortisation		1,772
	At 31 December 2006		1,772
	Amortisation		1,566
	At 31 December 2007		3,338
	Net book value:		
	At 31 December 2006		3,774
	At 31 December 2007		2,208

8. Cash and short term deposits

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investment 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:

		2007 $	2006 $
	Cash	1,943,095	317,732
	Short term deposits	571,000	1,571,000
		2,514,095	1,888,732
9.	**Rent receivables**		
	Rent receivable	237,718	263,502

As at 31 December 2007, rent receivables at nominal value of $159,113 (2006: $104,062) were impaired and fully provided for.

Movement in the provision for impairment of receivables were as follows:

	2007 $	2006 $
At 1 January		
Charge for the year	104,062	242,031
Utilised	55,051	-
Unused amount reversed	-	(137,969)
31 December 2006	159,113	104,062

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Notes to Financial Statements (cont'd)
Year Ended 31 December 2007

	2007 $	2006 $
9. Rent receivables - continued		
At 31 December, the ageing analysis of rent receivables is as follows:		
Current	(10,725)	-
30- 60 days	(5,810)	28,657
61 -90 days	1,795	13,154
> 90 days	252,458	221,691
	237,718	263,502
10. Inventories		
Inventories - at cost	4,377	10,635
11. Prepayments and other assets		
Prepayments	8,329	42,967
Interest receivable	5,938	24,491
Sundry receivable	30,172	18,773
Subsidy receivable	300,000	-
	344,439	86,231
12. Deferred revenue		
Current	40,739	40,127
Non current	724,853	708,271
	765,592	748,398

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, community halls at Vakatora and Vunimoli in 2005 and 2007 respectively. Revenue is brought to account over the periods necessary to match the related cost of the buildings.

	2007 $	2006 $
13. Interest bearing debt		
Current		
Housing Authority bond	1,014,712	1,014,712
Housing Authority loans	1,281,554	1,378,710
Promissory notes	2,300,000	2,300,000
	4,596,266	4,693,422
Non current		
Housing Authority loans	4,680,296	5,762,307
	9,276,562	10,455,729

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 payable in bi-annual installment 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 Fiji Islands.

	2007 $	2006 $
14. Trade payables and accruals		
Trade creditors and accruals	343,721	343,171
Deferred government grant	131,356	302,853
Rental deposits	276,166	262,660
Credit balances in receivables	547,140	468,207
Unallocated subsidy	539,884	494,002
	1,838,267	1,870,893

	2007 $	2006 $
14. Trade payables and accruals - continued		
The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2007 and 31 December 2006 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.		
On demand	1,430,745	1,305,380
3 to 12 months	4,727,622	4,996,275
1 to 5 years	4,956,462	6,024,967
Total	11,114,829	12,326,622
15. Provisions		
At I January	136,718	188,679
Arising during the year	-	-
Utilised	(3,754)	(41,283)
Unused amounts reversed	-	(10,678)
At 31 December	132,964	136,718

16. Related parties

(a) Identity of related parties

The Board is without an elected Board of Directors after the previous Board term expired in February 2007.

(b) Transactions with related parties

	2007 $	2006 $
Board expenses and allowances	168	10,506
Amount owing to the Government of Republic of Fiji Islands	1,014,712	1,014,712

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 (2006: $1,666,451).

The grant of $1,000,000 was given by the Government in the 2007 financial year. The grant allocation were directed towards rental subsidy of $195,726 (2006: $240,800), compensation for the market rent of $700,103 (2006: $634,199) having a balance of $104,171 (2006: nil) which may be used for capital expenditure after getting a variation signed by Minister.

(c) Compensation of key management personnel

	2007 $	2006 $
Short term employee benefits	198,404	198,404
	198,404	198,404

17. Commitments and contingent liabilities

	2007 $	2006 $
(a) Capital expenditure commitments	-	190,688
(b) Contingent liabilities	-	-

17. Commitments and contingent liabilities - continued

(c) Operating lease commitments

	2007 $	2006 $
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	41,529	39,801
Later than one year but not later than five years	166,118	159,206
Later than 5 years	2,986,748	2,140,063
	3,194,395	2,339,070

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 $37,410 (2006: $37,158).

18. 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.

19. Registered office

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

20. Financial risk management objectives and policies

The principal financial liabilities comprise interest bearing borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Board's operations. The Board has various financial assets such as trade receivables and cash , which arise directly from its operations.

The main risk arising from the Board's financial statements are interest rate risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Board's exposure to the risk of changes in market interest rates relates primarily to the Board's interest bearing debt. The level of debt is disclosed in Note 13.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase/ decrease in interest rate	Effect on profit before tax
2007	+10%	(12,088)
	-10%	12,088
2006	+10%	(16,547)
	-10%	16,547

Credit risk

It is the Boards policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Board.

21. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Board's financial instrument that are carried on the financial statements.

	Carrying amount		Fair value	
	2007	2006	2007	2006
	$	$	$	$
Financial assets				
Cash	2,514,095	1,888,732	2,514,095	1,888,732
Rent receivables	237,718	263,502	237, 718	263,502
Financial liabilities				
Housing Authority bond	1,014,712	1,014,712	1,014,712	1,014,712
Housing Authority loans	5,961,850	7,141,017	5,961,850	7,141,017
Promissory notes	2,300,000	2,300,000	2,300,000	2,300,000
Trade and other payables	343,721	343,171	343,721	343,171

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets have been calculated using market interest rates.

22. SUBSEQUENT EVENTS

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

23. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO IFRS

RECONCILIATION OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	FAS	Adjustments	IFRS
		$	$	$
Revenue				
Rental Revenue		2,267,046	-	2,267,046
Other operating income	A	1,883,319	3,266	1,886,585
		4,150,365	3,266	4,153,631
Expenses				
Amortisation and depreciation expense		(427,217)	-	(427,217)
Employee benefit expense		(663,402)	41,283	(622,119)
Other operating expenses	B/C	(803,051)	43,106	(759,945)
Profit from operations		2,256,695	87,655	2,344,350
Net financing cost	C	(599,206)	6,894	(592,312)
Net profit for the year		**1,657,489**	**94,549**	**1,752,038**

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Year Ended 31 December 2007

23. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO IFRS - continued

RECONCILIATION OF EQUITY AS AT 1 JANUARY 2006 (date of transition to IFRS)

	Note	FAS $	Adjustments $	IFRS $
ASSETS				
Non-current assets				
Property, plant and equipment	D	6,526,393	(3,046)	6,523,347
Intangible assets	D	-	3,046	3,046
		6,526,393	-	6,526,393
Current assets				
Cash and short term deposits		2,768,371	-	2,768,371
Rent receivables	A	-	260,236	260,236
Inventories	E	2,824	1,253	4,077
Prepayments and other assets		39,808	-	39,808
		2,811,003	261,489	3,072,492
TOTAL ASSETS		9,337,396	261,489	9,598,885
EQUITY AND LIABILITIES				
Capital and reserves				
Government equity		695,810	-	695,810
Asset revaluation reserve	F	3,389,243	(3,389,243)	-
Accumulated losses	G	(10,360,266)	4,296,683	(6,063,583)
Total equity		(6,275,213)	907,440	(5,367,773)
Non- current liabilities				
Deferred revenue		721,278	-	721,278
Interest bearing debt		7,135,223	-	7,135,223
		7,856,501	-	7,856,501
Current liabilities				
Trade payables and accruals		1,962,366	-	1,962,366
Interest bearing debt		4,919,825	-	4,919,825
Deferred revenue		39,287	-	39,287
Provisions	B	834,630	(645,951)	188,679
		7,756,108	(645,951)	7,110,157
Total liabilities		15,612,609	(645,951)	14,966,658
TOTAL EQUITY AND LIABILITIES		**9,337,396**	**261,489**	**9,598,885**

23. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO IFRS - continued

RECONCILIATION OF EQUITY AS AT 31 DECEMBER 2006

	Note	FAS	Adjustments	IFRS
		$	$	$
ASSETS				
Non-current assets				
Property, plant and equipment	D	7,346,903	(3,774)	7,343,129
Intangible assets	D	-	3,774	3,774
		7,346,903	-	7,346,903
Current assets				
Cash and short term deposits		1,888,732	-	1,888,732
Rent receivables	A	-	263,502	263,502
Inventories	E	9,382	1,253	10,635
Prepayments and other assets		86,231	-	86,231
		1,984,345	264,755	2,249,100
TOTAL ASSETS		9,331,248	264,755	9,596,003
EQUITY AND LIABILITIES				
Capital and reserves				
Government equity		695,810	-	695,810
Asset revaluation reserve	F	3,389,243	(3,389,243)	-
Accumulated losses	G	(8,702,777)	4,391,232	(4,311,545)
Total equity		(4,617,724)	1,001,989	(3,615,735)
Non- current liabilities				
Deferred revenue		708,151	120	708,271
Interest bearing debt		5,762,307	-	5,762,307
		6,470,458	120	6,470,578
Current liabilities				
Trade payables and accruals		1,871,013	(120)	1,870,893
Interest bearing debt		4,693,422	-	4,693,422
Deferred revenue		40,127	-	40,127
Provisions	B	873,952	(737,234)	136,718
		7,478,514	(737,354)	6,741,160
Total liabilities		13,948,972	(737,234)	13,211,738
TOTAL EQUITY AND LIABILITIES		9,331,248	264,755	9,596,003

23. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO IFRS - continued

NOTES TO THE RECONCILIATION OF EQUITY AS AT 1 JANUARY 2006 and 31 DECEMBER 2006

A General provision for doubtful debts

General provision for doubtful debts was reversed to retained earnings and adjustment was made to the 2006 income statement as IFRS does not permit recognition of losses that are expected to arise as a result of future events. Reversal of general provision for doubtful debts.

B Provision for self insurance

The Board set aside $50,000 per annum to cover against any potential losses or damages to its properties not covered under external insurance. Under IFRS, the provision for self insurance was reversed as it did not meet the recognition criteria of a liability.

Under IFRS, the calculation of long service leave and retirement provision takes the time value of money into consideration.

C Financing charges

Bank charges reclassified from financing charges to other operating expenses.

D Property, plant and equipment

Under Fiji Accounting Standards, the Board included software costs not integral to computer hardware as part of property, plant and equipment. This has now been classified as intangible assets and amortised over their useful lives.

Asset revaluation and general reserve have been transferred to retained earnings on the election of the deemed cost approach on adoption of IFRS.

E Provision for stock obsolescence

General provision on stock obsolescence reversed to accumulated losses on transition as IAS 2: Inventories any provision for stock obsolescence created should be specific and supportable rather than a general provision.

F Asset revaluation reserve

Under Fiji Accounting Standards, the Board included software costs not integral to computer hardware as part of property, plant and equipment. This has now been classified as intangible assets and amortised over their useful lives.

G Accumulated losses

Included in the adjustment to retained earnings is adjustment for long service leave and provision for retirement leave, provision for doubtful debts, stock obsolescence and provision for self insurance to retained earnings.