

Public RENTAL Board

Annual Report 2008





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Vision and Mission Statements



Vision

To be the leading provider of affordable, quality and appropriate public rental housing 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:

- Undertaking profiling and analysis of existing and potential customers.
- Facilitating the development of affordable, quality and appropriate rental properties to meet the socio economic needs of customers.
- Providing cohesive communities while enhancing commercial openings that can be used to facilitate win – win opportunity for everyone.
- Promoting Public Private Partnership (PPP) for innovative development and funding.
- Working together with service organizations for timely coordination of housing needs of customers.
- Encouraging 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 2008 PRB will undertake to achieve the following objectives:

The Merger of HA and PRB:

- Merger of HA and PRB into a new entity will facilitate new developments of a mixture of low, middle and market rental units.
- A fully re-structured entity that will put HA and PRB on a long term path to commercial operations and not just address the \$10.5 million loans.

The Customer:

- Obtaining a better understanding of the PRB Customer will provide Government with a more precise determination of the rental subsidy and the relationship between 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

1st September 2010

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

Dear Minister

Re: 2008 ANNUAL REPORT

Please find attached the PRB 2008 Annual Report. This report covers the activities of PRB for year ending 31st December 2008.

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 given to financially disadvantaged tenants of PRB and we look forward to a continued partnership with Government in serving the low income earners in the coming years.

Yours sincerely

MOSESE TIKOITOGA

Colonel
Chairman of the Board of Directors



Board Of Directors



Lieutenant Colonel Mosese Tikoitoga

Colonel Tikoitoga currently is the Commissioner Central Division under Ministry of Provincial Development & Multi Ethnic Affairs. He possesses a Masters Degree in Management of Defense Studies from Canberra University and Masters of Philosophy in Defense and Strategies Studies from Madras University in India. During 1988 to 1989 Colonel Tikoitoga was appointed Platoon Commander (P Commd) Third Battalion Fiji Infantry Regiment (3FIR), Seen Active service in Lebanon, Sinai, East Timor and Iraq. He has also served the RFMF as Senior Instructor of the Officers School, Commanding Officer for FTG – Nasinu, Chief Staff Officer for Training and Doctrine RFMF, Chief of Staff for Land Forces. Colonel Tikoitoga has attended local and overseas military courses and attained a number of honors and awards. He is also the Chairman of Housing Authority.



Rosarine Pasepa Langi

Ms Langi consults in the areas of forensic accounting and fraud examination. She has taught and lectured extensively at school and university levels in accounting, auditing, financial management and fraud examination. A former Fiji Intelligence Officer, Fiji Police Major Fraud Unit analyst, accountant and tax auditor. She possesses post graduate qualifications in forensic accounting and management and has over 30 years of work experience at different levels. She is also a Board Member of Housing Authority.



Father Kevin Barr

Father Barr currently is Consultant to People's Community Network, member of the Housing Authority Board and Chairperson of the Wages Councils. He possesses a Degree in Education, Sociology and Anthropology, Theology plus studies in Economic theories and Development. Born Sydney Australia. Ordained a catholic priest in 1961. Father Barr has worked for 15 years in PNG teaching in secondary schools and University of PNG. Has now been in Fiji for the past 30 years – teaching at PRS, PTC and USP for the first ten years. He is also one of the founders of ECREA, founder of Chevalier Hostel and Chevalier Training Centre for underprivileged youth. He is also a Board Member of Housing Authority.



Ratu Josateki Nawalowalo

Apart from being a Board Member for both Housing Authority and Public Rental Board, Ratu Nawalowalo also serves as Board Director for NLTB and member of the National People's Charter Advisory Council. He possesses a degree in Administration and Politics and attended many short courses, seminars, and workshops in Fiji and abroad. He has also served in Executive Management with NLTB and NLDC from 1970 – 1987 and since have been involved as Business Consultation.

Ratu Nawalowalo has been a long serving member and a former Chairman of Kadavu Provincial Council, member of Divisional Development Committee, Former member of Fiji Pine Ltd, Fijian Affairs Board, National Fire Authority, National Council on People's Charter for Change, Peace and Progress.



Lavinia Wainiqolo Padarath

Mrs. Padarath has been a long time community/women activist working to improve the lives of the disadvantaged especially women and children. She has served as a leader of many government and NGOs both in Fiji and abroad. She believes the leadership experience gained through working with these women's groups and others have enriched her life of service to the nation.

A former Cabinet Minister for Women, Culture and Social Welfare. She has also served as a Senator. Mrs Padarath is a New Zealand Registered Nurse by profession, and has worked in our two major hospitals and taught at the Fiji School of Nursing. She joined the United States Peace Corps as Medical Officer for Fiji and Tuvalu and later as Associate Director for Health responsible for the recruitment of health manpower needs for Fiji and Tuvalu on the request of the respective governments.

Later she spent 10 years in the United States working and studying . Mrs Padarath worked as Nurse Clinician at the United Nations Medical Centre in New York.

She studied Human Resources management and specialized in Industrial Relations at the New School for Social Research in New York. She found her experiences as secretary and president of the Fiji Nursing Association and as a trade unionist very beneficial in this field of study. Mrs Padarath later joined the World Federation of Methodist Women as its representative to the United Nations. She returned to Fiji and joined Fiji Nurses Association as General Secretary for a year and entered Politics in 1999.



Chandar Singh

Mr. Singh is a businessman and Director of Senirosi Construction specializing in Civil, Electrical, Plumbing, Construction and Design. Currently he is the Chairman of the Finance, Audit and Risk Management subcommittee at Housing Authority and Public Rental Board. Mr. Singh was a former Senator in Parliament of Fiji. Also a former Town Councilor and Chairman of Finance Committee at Nasinu Municipal Council from 2002 to 2006. He is admired as a Community Leader.



Chairperson's Report



Public Rental Board has continued to house those of the working public in need, while striving to improve organizational performance and meet changing Government expectations.

The present board of directors' term commenced on 1st March, 2008 comprising a mixture of community and capacity building advocates together with business oriented capabilities.

The economic climate that prevailed during 2008 was difficult with job losses in many sectors coupled with the situation faced globally. Its most notable effects on the Board was the slight fall in rental revenue by 2% which contributed to reduction by 3% in collection target compared against 2007.

In my opinion and in the economic circumstances prevailing, overall the Board's trading result was satisfactory. It was also pleasing to see the positive improvement in liquidity and reduction of debt. Positive movement in liquidity was associated with Government funding the demolition works of four storey buildings at Raiwai and Raiwaqa.

It is my pleasure to report also that Public Rental Board for the period under review met around seventy percent of its Corporate Objectives. Improvements will need to be stressed though in the area of re-structure of the balance sheet which impact on a series of other performance targets.

Government plans to undertake merger of the housing sector between Public Rental Board and Housing Authority. This would enable better service delivery under one roof by the two entities. The Ministry for Public Enterprises has undertaken feasibility study and a decision would be made as appropriate.

On behalf of members of Board of Directors and Government being the major stakeholder, I thank management and staff for their hard work and commitment during the year and our trading partners in the community that have enabled us to continue to deal with the ever increasing demand of rental housing in the country. I also 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.

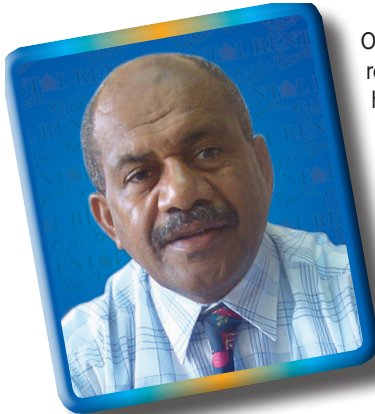
A handwritten signature in blue ink, appearing to read 'Moese Tikoitoga'.

MOESE TIKOITOGA (Colonel)

Chairman of the Board of Directors



Management's Report



Our PRB 2008 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 its late production.

This Annual Report is indicative of the journey we took in terms of achievements for 2008, and brings together information about the full range of activities provided by Public Rental Board.

Public Rental Board is dedicated to the provision of affordable housing and associated support services. Our key role is to develop and manage rented accommodation for working families primarily to help them begin and over time assist them to be graduated to home ownership. We currently manage and maintain 1375 flats over 19 estates located around the country.

Property, Customer Relations and Development Report

1. Rental Revenue

Actual rent charge for year 2008 was computed at \$1,659,467 and market rental charge at \$2,357,782. The Board through its rental collection initiative collected \$1,589,496 against the total collectable rent of \$1,593,088. Actual rent collected over actual rent charged is approximately 96% and approximately 67% over total market rent charge. The total rent collected includes rent for the period, arrears, proceeds from sale of flats and advance rental payments by tenants.

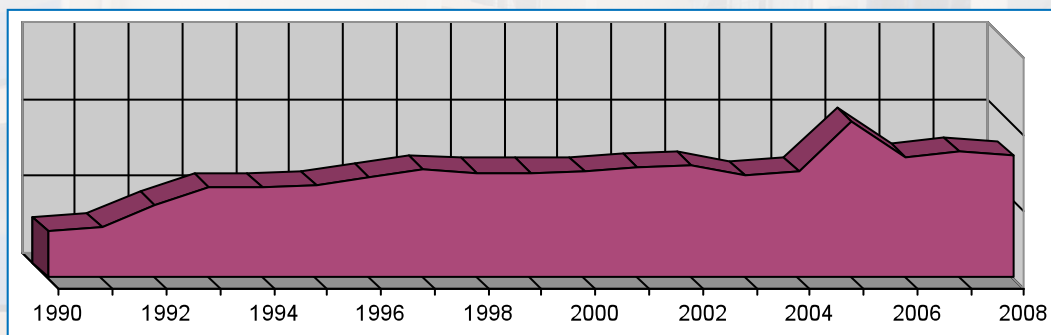
The 2008 social cost (difference between market rent and actual rent) was directly funded by Government from the allocated subsidy grant. Government's contribution towards payment of social cost was approximately \$698,315 for the year under review.

Actual Collections Comparison: 1990 to 2008

Actual Collection

Table 1

1990	\$ 615,000	1997	\$ 1,401,013	2004	\$ 1,392,923
1991	\$ 650,336	1998	\$ 1,370,155	2005	\$ 2,040,905
1992	\$ 954,104	1999	\$ 1,370,155	2006	\$ 1,555,592
1993	\$ 1,174,526	2000	\$ 1,389,168	2007	\$ 1,638,105
1994	\$ 1,187,169	2001	\$ 1,445,754	2008	\$ 1,589,496
1995	\$ 1,200,756	2002	\$ 1,456,199		
1996	\$ 1,301,729	2003	\$ 1,332,285		



2. General Maintenance

Maintenance of flats is very important as rental funds gained are the major contributing source of income for the Board. General maintenance were undertaken in the following estates for 2008.

Table 2

Estates	Contractor	Amount (\$)
Naodamu	Pyare Industries	\$ 99,453.30
Levuka	PRB Maintenance Team	\$ 49,953.36
Kalabu	PRB Maintenance Team	\$ 90,000.00



3. Rent Subsidy

Subsidy assistance is provided to deserving tenants based on tenants' Gross weekly income in accordance with current subsidy allocations criteria. Some 265 financially disadvantaged tenants received a total of \$156,285.23 subsidy assistance in 2008.

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

4. Development and Construction

All major constructions were put on hold for year 2008 due to non-availability of funds. Plans are underway to construct additional 12 units at Savusavu, 57 units at Namaka and 30 units at Kalabu 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.

5. Raiwaqa and Raiwai 4 storey Buildings

The Board successfully vacated all the four storey tenants by offering cash incentives which was funded by the Government. Following normal advertisements and Board approval dismantling of these four storey buildings commenced in third quarter. Total cost of demolition is estimated at \$688,000 which was funded vide Government's relocation programme.

6. Tenancy Management

Table 3

	Valid Tenancies	In-Valid Tenancies	No. of Agreements issued in 2008	No. of Agreements issued on 2007
No. of Tenancies	942	433	771	98

The Board in 2007 changed its tenure of tenancies from 2 years to 3 years hence all tenancies were subject to renewal in the reporting year. This resulted in high number of tenancies issued in 2008.

7. 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 now completed and only two settlements were left at end of reporting year.

Table 4

Estates	No. of Flats on Sale	No. Sold as at 31.12.2008	Balance to be Sold	Selling Price	Market Value for each unit
Grantham Road	72	70	2	Ranging from \$11,606.00 to \$16,800.75	Ranging from \$22,000.00 to \$34,000.00
Kia Street	24	24	Nil	Ranging from \$16,830.00 to \$27,000.00	Ranging from \$16,830.00 to \$27,000.00



Management's Report cont'd

Financial Report

Statement of Financial Performance (Extract)

Table 5

	12 Months Period Ending 31.12.08	12 Months Period Ending 31.12.07 Restated
Total Income	4,864,680	4,249,118
Operating profit before interest expenses % to Total Income	2,185,834 44.93%	2,618,113 61.62 %
Interest Expenses	335,324	645,846
Operating profit after abnormal items & before income tax % to Total Income	1,850,510 38.04%	1,972,267 46.42%
Operating profit after income tax % to Total Income	1,850,510 38.04%	1,972,267 46.42%
Accumulated funds at the beginning of the financial year	(2,339,278)	(4,311,545)
Dividend Payable	-	-
Accumulated funds at the end of the financial year	(488,768)	(2,339,278)

Total Income for the Board increased by approximately 14% compared against the financial year ending 31st December 2007. Increases were reported in government grant revenues particularly from the payment of inherited debts, demolition funds and also from continuing sale of flats at Grantham Road and Kia Street estates.

Net profit for 2008 financial year reduced by approximately 6% compared against the financial year ending 31st December 2007 despite an increase in revenue of approximately 14%. In fact total expenses increased by approximately 32% resulting in lower profits.

Total expenses increased due to the following two main reasons:

1. Commencement of general maintenance in reporting year. The Board did not undertake general maintenance in 2007 due to liquidity problems.
2. Funds received from Government with regard to demolition of four storey buildings were expensed to match the expenses and revenue in reporting year.

Statement of Financial Position (Extract)

Table 6

	12 Months Period Ending 31.12.08	12 Months Period Ending 31.12.07 Restated
Current Asset	3,927,099	3,088,239
Non Current Asset	6,863,948	7,215,606
Total Asset	10,791,047	10,303,845
Current Liabilities	6,040,433	6,542,164
Non Current Liabilities	4,543,572	5,405,149
Total Liabilities	10,584,005	11,947,313
Net Asset	207,042	(1,643,468)
Total Capital & Reserves	207,042	(1,643,468)

For the first time since inception in 1989, PRB reported positive net assets of approximately \$207,000. This is mainly due to the effect of transit to International Finance Reporting Standards (IFRS) in 2007 and also treatment of loan repayments by Government as Government Grant which increased total revenue and net profit hence reduced retained earnings.



Cash Flow

Net cash flow of Public Rental Board for the financial year ending 31st December 2008 was managed efficiently despite the economic situation faced. This was achieved through increased efficiency in rental and arrears collection and grants received from Government for rental subsidy and demolition of four storey buildings. Demolition works did not complete in 2008 hence part of the funds for demolition was not fully utilized at the end of reporting year. The Board also did not apply for additional borrowings due to its inability to secure loans from financial markets given low net assets position and high cost of borrowings.

Financial Ratio Analysis

Liquidity Analysis

Short-term liquidity analysis compares cash resources with cash obligations of the Board.

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

	2008	2007 Restated
Current Asset / Current Liabilities	0.65	0.47

The current ratio indicates that 65% of current liabilities for financial year ending 2008 would be paid off upon liquidating 100% of current asset compared to 47% in year 2007. Under normal circumstances this ratio should be at least 2:1. The Board's current ratio indicates that it lacks adequate cash to meet its short term debts and other obligations. However, there are signs of improvements.

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

	2008	2007 Restated
Average Collection Days	24	34

Average collection days have decreased by 30% in reporting year compared against year 2007. This is mainly due to stringent collection strategies used and continuous follow up with tenants during the year. Acceptable level is generally between 30 – 60 days.

Long-Term Debt and Solvency Analysis

Long-term debt and solvency analysis evaluates the level of risk borne by the Board, changes over time and risk relative to comprehensive investments.

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

	2008	2007 Restated
Total Liabilities / Shareholders Equity	51.1	(7.3)

The debt to equity ratio for financial year ending 2008 has increased compared against 2007 figures and is mainly due to the Fiji National Provident Fund – Housing Authority liability. These loans were transferred at inception date and currently being serviced by the Government.

An acceptable level of the debt to equity (financial leverage) ratio is usually 2:1.

Profitability Analysis

This analysis is concerned with the Board's ability to generate, sustain, and increase profits.

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. It is probably one of the most useful measures of the profitability and efficiency of a firm.

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

	2008	2007 Restated
Return on Assets	20%	25%



Management's Report cont'd

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.

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 / Total Equity

	2008	2007 Restated
Return on Equity	8.9	(1.2)

The year under review managed to report good ROE compared against the same period for the previous year. It is generally accepted that a high return on equity is capable of generating cash internally. The required rate of return on equity from Ministry for Public Enterprises is 10%.

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

	2008	2007 Restated
Profitability Ratio	38%	46%

The profitability ratio decreased for reporting financial year by approximately 17% compared to the same period previous year. This decrease is mainly due to increase in expenses.

Human Resources, Payroll & Administration Report Staff 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 32% of the rental income. However, this percentage of staff cost against rental income would have been more (45%) if market rental were not subsidized by Government. Public Rental Board staff formation is tabled below.

Table 7

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

Training

The Board ensures that relevant training and development of its workers are conducted at all levels of the organization. Performance gaps were identified during the PMS evaluation process in the reporting year and necessary actions taken in terms of trainings (mostly internal) in order to address the gaps. 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.

Table 8

Courses/Conference	Venue/Conductor	No. of Participants
Carpenter General – Class 2	TPAF	1
Supervision	TPAF	3
Purchasing and Resource Management	TPAF	1
Payroll Accounting & The Legality	TPAF	1
Microsoft Certified System (MCSE)		
Engineer Window 2003	Academy of IT	1
CPA Bridging Unit	USQA	1



Management Information System

The Board is currently using the Microsoft® Business Solutions – Navision® (4) as its main database system. All financial records with regard to tenants and other reports are generated using Nav 4. It is a fully integrated system which has enhanced work time and quality and timely information for better decision making.

Modules integrated using Nav 4 is listed as follows:

- Finance & Accounting
- Payroll & Accounting
- Fixed Assets Register
- Rental System (Debtors Subsidiary)
- Creditors System (Creditors Subsidiary)
- Development & Tendering
- Tenants Complaints

Conclusion

It was obvious that the production of this annual report would be delayed.


Having said the above, I acknowledge with appreciation the support given to Public Rental Board by the Minister for Local Government, Urban Development, Housing & Environment, his Permanent Secretary and staff together with other stakeholders who have worked closely with us. Furthermore, the Board of Directors involvement in setting high targets to be achieved by management must also be acknowledged. Lastly but certainly not the least, I must thank every individual staff member for their part in making 2008 a success given audit process requirements of transiting to IFRS in 2007.

We have much to do in the forthcoming year and we look forward to your continuing support in meeting the challenges which lie ahead.

Mesake T Senibulu
GENERAL MANAGER





Public
RENT  **L**
Board

**FINANCIAL
STATEMENTS
FOR
THE YEAR ENDED
31 DECEMBER
2008**



Public Rental Board

Directors' Report

Year Ended 31 December 2008

In accordance with a resolution of the Board of Directors, the Directors herewith submit the balance sheet of the Board as at 31 December 2008, 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 directors of the Board during the year were:

Directors	Appointed
Col. Samuela Saumatua	1-Mar-08
Ratu Josateki Nawalowalo	1-Mar-08
Father Kevin Barr	1-Mar-08
Ms. Lavinia Padarath	1-Mar-08
Mr. Chandar Singh	1-Mar-08
Ms. Rosarine Pasepa Langi	8-May-08

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 \$1,850,510 (2007: \$1,972,267).

Dividends

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

Reserves

The Management 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, adequate allowance has been made for doubtful debts.

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.



Public Rental Board

Directors' Report (Cont'd)

Year Ended 31 December 2008

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.

Events Subsequent To Balance Date

On 10 April 2009, the President of the Republic of Fiji Islands, Ratu Josefa Iloilo abrogated the 1997 Constitution of Fiji and declared a State of Emergency. This situation has created a degree of economic, political and governance uncertainty. Furthermore, the Governor of the Reserve Bank of Fiji announced a number of changes to monetary policies on 15 April 2009. This included a devaluation of the Fiji dollar by 20% with immediate effect

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 5th day of May 2010.

Director

Director



Public Rental Board
Statement By Directors
Year Ended 31 December 2008

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 2008;
- (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 2008;
- (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 2008;
- (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 2008;
- (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 5th day of May 2010.

.....
Director

.....
Director



Independent Audit Report
Public Rental Board Of Fiji
Accounts For The Year Ended 31 December 2008

Scope

I have audited the financial statements of the Public Rental Board of Fiji for the year ended 31 December 2008 in accordance with the Housing Act 1985 (Cap 267), the Housing (Amendment) Decree (1989) and the Public Enterprise Act (1996) 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.

I have conducted an independent audit of these financial statements in order to express an opinion on them.

My audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatements. My audit 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 for the year then ended.

The audit 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 2008 and the results of its operations and its cash flows for the year then ended.

Without qualification to the opinion expressed above, attention is drawn to the following matters:

- (a) There is an unexplained difference of \$29,273 between the depreciation charge in the Income Statement and that in Note 6 to the Accounts.
- (b) The Fixed Assets Register (FAR) includes an amount of \$81,886 which the Board can not assign or trace to any specific asset. This unsubstantiated amount has been carried forward from prior years.

Tevita Bolanavanua
Acting Auditor General

5th day of May 2010.





Public Rental Board
Income statement
Year Ended 31 December 2008

	Notes	2008 \$	2007 Restated \$
Revenue			
Rental Revenue		2,357,782	2,398,461
Other operating income	2	<u>2,495,134</u>	<u>1,805,617</u>
		<u>4,852,916</u>	<u>4,204,078</u>
Expenses			
Amortisation and depreciation expense	6	(357,084)	(361,545)
Employee benefit expense	3	(749,298)	(730,967)
Other operating expenses	4	<u>(1,572,464)</u>	<u>(538,493)</u>
		<u>(2,678,846)</u>	<u>(1,631,005)</u>
Profit from operations		2,174,070	2,573,073
Finance cost	5	<u>(323,560)</u>	<u>(600,806)</u>
Net profit for the year		<u>1,850,510</u>	<u>1,972,267</u>

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



Public Rental Board
Statement of Changes In Equity
Year Ended 31 December 2008

	2008	2007
	\$	Restated \$
Government equity		
Balance at the beginning of the year	695,810	695,810
Additions during the year	0	0
Balance at the end of the year	<u>695,810</u>	<u>695,810</u>
Asset revaluation reserve		
Balance at the beginning of the year	0	0
Additions during the year	0	0
Balance at the end of the year	<u>0</u>	<u>0</u>
Accumulated losses		
Balance at the beginning of the year	(2,339,278)	(4,311,545)
Net profit for the year	1,850,510	1,972,267
Total available for appropriation	<u>(488,768)</u>	<u>(2,339,278)</u>
Dividends paid or proposed	0	0
Balance at the end of the year	<u>(488,768)</u>	<u>(2,339,278)</u>
Total Equity	<u>207,042</u>	<u>(1,643,468)</u>

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



Public Rental Board
Balance Sheet
At 31 December 2008

	Note	2008 \$	2007 Restated \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,861,740	7,213,398
Intangible asset	7	2,208	2,208
		<u>6,863,948</u>	<u>7,215,606</u>
Current assets			
Cash and short term deposits	8	3,735,878	2,514,095
Rent receivables	9	156,424	225,328
Inventories	10	3,673	4,377
Prepayments and other assets	11	31,124	344,439
		<u>3,927,099</u>	<u>3,088,239</u>
TOTAL ASSETS		<u>10,791,047</u>	<u>10,303,845</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		695,810	695,810
Asset revaluation reserve		0	0
Accumulated losses		(488,768)	(2,339,278)
Total equity		<u>207,042</u>	<u>(1,643,468)</u>
Non-current liabilities			
Deferred revenue	12	1,111,316	724,853
Interest bearing debt	13	3,432,256	4,680,296
		<u>4,543,572</u>	<u>5,405,149</u>
Current liabilities			
Trade payables and accruals	14	1,816,367	1,772,195
Interest bearing debt	13	4,079,530	4,596,266
Deferred revenue	12	40,127	40,739
Provisions	15	104,409	132,964
		<u>6,040,433</u>	<u>6,542,164</u>
Total liabilities		<u>10,584,005</u>	<u>11,947,313</u>
TOTAL EQUITY AND LIABILITIES		<u>10,791,047</u>	<u>10,303,845</u>

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

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

Director

Director



Public Rental Board
Statement of Cash Flows
Year Ended 31 December 2008

	Note	2008 Inflows/ (Outflows) \$	2007 Inflows/ (Outflows) \$
Operating activities			
Government grant		2,373,594	908,960
Receipts from customers		1,713,067	1,588,280
Payments to suppliers and employees		(2,539,379)	(1,624,073)
Interest paid		(14,368)	(158,561)
Interest received		11,764	98,231
Cash flows from operating activities		<u>1,544,678</u>	<u>812,837</u>
Investing activities			
Payments for property, plant and equipment		(90,743)	(263,541)
Proceeds on disposal of property, plant and equipment		267,848	76,067
Cash flows from investing activities		<u>177,105</u>	<u>(187,474)</u>
Financing activities			
Repayment of borrowings - P/Notes		(500,000)	0
Cash flows from financing activities		<u>(500,000)</u>	<u>0</u>
Net increase/(decrease) in cash and cash equivalents		1,221,783	625,363
Cash and cash equivalents at the beginning of the year		2,514,095	1,888,732
Cash and cash equivalents at the end of the year	8	<u>3,735,878</u>	<u>2,514,095</u>

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



Public Rental Board

Notes To Financial Statements

Year Ended 31 December 2008

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

The principal activities of the Board are described in Note 18.

1.1 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.

1.2 Statement of compliance

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

1.3 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 2008, the Board had a surplus in net assets of \$207,042 (2007: deficiency of \$1,643,468).

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.

1.4 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 Board’s 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 in 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.



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

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 recognized 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 recognized in income statement as:

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 recognised.

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

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.



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

1.5 Summary of significant accounting policies (cont'd)

c) Impairment of non financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be 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 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.

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.



Public Rental Board

Notes To Financial Statements (cont'd)

Year Ended 31 December 2008

1.5 Summary of significant accounting policies (cont'd)

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 fulfillment 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

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.

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



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

1.5 Summary of significant accounting policies (cont'd)

j) Leased assets - continued

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.



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

	2008	2007
	\$	Restated \$
2. Other operating income		
Government grants	2,322,141	1,679,582
Amortisation of deferred revenue from government grants	42,345	40,739
Gain on sale of property, plant and equipment	89,006	40,092
Other income	41,642	45,204
	<u>2,495,134</u>	<u>1,805,617</u>
3. Employee benefit expense		
Salaries and wages	616,802	648,851
FNPF contributions	60,877	53,057
TPAF levy	7,186	7,145
Others	64,433	21,914
	<u>749,298</u>	<u>730,967</u>
The number of employees at the end of the financial year was 41 (2007: 40)		
4. Other operating expense		
Auditors' remuneration - audit fees	13,500	6,933
Bad and doubtful debts	76,652	55,051
Insurance	10,028	13,177
Repairs and maintenance	341,058	99,818
Others	1,131,226	363,514
	<u>1,572,464</u>	<u>538,493</u>
5. Net financing cost		
Interest income	(11,764)	(45,040)
Interest expense	335,324	645,846
Total costs	<u>323,560</u>	<u>600,806</u>
6. Property, plant and equipment		
Land and Buildings		
Cost:		
At 1 January	14,379,180	14,388,056
Transfer from Work in progress	21,362	58,053
Additions	0	0
Disposals	(102,736)	(66,929)
At 31 December	<u>14,297,806</u>	<u>14,379,180</u>
Depreciation and impairment		
At 1 January	7,971,186	7,714,043
Depreciation charge for the year	315,806	288,097
Disposals	(12,245)	(30,954)
At 31 December	<u>8,274,747</u>	<u>7,971,186</u>
Net book value	<u>6,023,059</u>	<u>6,407,994</u>



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

	2008	2007
	\$	Restated \$
6. Property, plant and equipment - continued		
Office premises		
<i>Cost:</i>		
At 1 January	169,222	169,222
Transfer from Work in progress	0	0
Additions	0	0
Disposals	0	0
At 31 December	169,222	169,222
<i>Depreciation and impairment</i>		
At 1 January	78,678	74,506
Depreciation charge for the year	4,172	4,172
Disposals	0	0
At 31 December	82,850	78,678
Net book value	86,372	90,544
Motor vehicles		
<i>cost:</i>		
At 1 January	219,600	219,600
Transfer from Work in progress	0	0
Additions	47,174	0
Disposals	0	0
At 31 December	266,774	219,600
<i>Depreciation and impairment</i>		
At 1 January	153,441	122,774
Depreciation charge for the year	33,339	30,667
Disposals	0	0
At 31 December	186,780	153,441
Net book value	79,994	66,159
Furniture and fittings		
<i>cost:</i>		
At 1 January	771,460	444,094
Transfer from Work in progress	0	325,448
Additions	7,081	1,918
Disposals	0	0
At 31 December	778,541	771,460
<i>Depreciation and impairment</i>		
At 1 January	386,210	349,167
Depreciation charge for the year	33,490	37,043
Disposals	0	0
At 31 December	419,700	386,210
Net book value	358,841	385,250



Public Rental Board
Notes To Financial Statements (cont'd)
 Year Ended 31 December 2008

	2008	2007
	\$	Restated \$
6. Property, plant and equipment - continued		
Work in progress		
Cost:		
At 1 January	263,451	382,647
Transfer to land and buildings	(21,362)	(382,737)
Additions	71,385	263,541
Disposals	0	0
Net book value	<u>313,474</u>	<u>263,451</u>
Total Net book value	<u><u>6,861,740</u></u>	<u><u>7,213,398</u></u>
7. Intangible asset		
Cost:		
At 1 January 2007	5,546	5,546
Additions	<u>0</u>	<u>0</u>
At 31 December 2008	5,546	5,546
Additions	<u>0</u>	<u>0</u>
At 31 December 2008	5,546	5,546
Less amortisation and impairment:		
At 1 January 2007	0	0
Amortisation	<u>3,338</u>	<u>3,338</u>
At 31 December 2008	3,338	3,338
Amortisation	<u>0</u>	<u>0</u>
At 31 December 2008	<u>3,338</u>	<u>3,338</u>
Net book value:	<u>2,208</u>	<u>2,208</u>
At 31 December 2008	<u><u>2,208</u></u>	<u><u>2,208</u></u>

8. Cash and cash equivalents

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:

Cash	664,878	1,943,095
Short term deposits	<u>3,071,000</u>	<u>571,000</u>
	<u><u>3,735,878</u></u>	<u><u>2,514,095</u></u>

Details of short term deposits as at balance date are as follows:

Bank	Amount (FJD)	Maturity Date	Interest Rate
WBC	1,000,000	4/17/2009	1%
WBC	500,000	3/24/2009	6%
CNB	71,000	3/9/2011	2.75%
CNB	<u>1,500,000</u>	2/10/2009	2.00%
	<u><u>3,071,000</u></u>		



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

	2008	2007 Restated
	\$	\$
9. Rent receivables		
Rent receivable	242,128	384,441
Less provision for Doubtful Debts	85,704	159,113
	<u>156,424</u>	<u>225,328</u>

As at 31 December 2008, rent receivables at nominal value of \$85,704 (2007: \$159,113) were impaired and fully provided for.

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

At 1 January	159,113	104,062
Charge for the year		
Utilised	0	55,051
Unused amount reversed	(73,409)	0
31 December 2008	<u>85,704</u>	<u>159,113</u>

At 31 December, the aging analysis of rent receivables is as follows:

Current	37,198	(10,725)
30- 60 days	(53,693)	(5,810)
61 -90 days	8,502	1,795
> 90 days	250,121	399,181
	<u>242,128</u>	<u>384,441</u>

10. Inventories

Inventories - at cost	<u>3,673</u>	<u>4,377</u>
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11. Prepayments and other assets

Prepayments	20,630	8,329
Interest receivable	3,062	5,938
Sundry receivable	7,432	30,172
Subsidy receivable	0	300,000
	<u>311,124</u>	<u>344,439</u>

In 2007, the Board had accrued for the last quarter's subsidy receivable from government. This amount was later received in 2008.

12. Deferred revenue

Current	40,127	40,739
Non current	1,111,316	724,853
	<u>1,151,443</u>	<u>765,592</u>

Deferred revenue relates to grant received from Government for the construction of the Kaukimoce, Newtown stage 2, Kia Street, Newtown stage 3 and Raiwaqa flats in 1997, community halls at Vakatora in 2005, Vunimoli and Natokowaqa in 2007 and Kalabu in 2008. Revenue is brought to account over the periods necessary to match the related cost of the buildings.



Public Rental Board
Notes To Financial Statements (cont'd)
 Year Ended 31 December 2008

	2008	2007
	\$	Restated \$
13. Interest bearing debt		
<u>Current</u>		
Housing Authority bond	1,014,712	1,014,712
Housing Authority loans	1,264,818	1,281,554
Promissory notes	1,800,000	2,300,000
	<u>4,079,530</u>	<u>4,596,266</u>
<u>Non current</u>		
Housing Authority loans	3,432,256	4,680,296
	<u>7,511,786</u>	<u>9,276,562</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 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.

14. Trade payables and accruals

Trade creditors and accruals	214,210	277,649
Deferred government grant	0	131,356
Rental deposits	277,701	276,166
Credit balances in receivables	713,438	547,140
Unallocated subsidy	611,018	539,884
	<u>1,816,367</u>	<u>1,772,195</u>

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2008 and 31 December 2007 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

On demand - Trade Creditors and Accruals etc	1,538,666	1,364,673
3 to 12 months - Bonds & Promissory Notes	4,079,530	4,727,622
1 to 5 years - Long Term Loans and Rental Deposits	3,709,957	4,956,462
Total	<u>9,328,153</u>	<u>11,048,757</u>

15. Provisions

At 1 January	132,964	136,718
Arising during the year	0	0
Utilised	(28,555)	(3,754)
At 31 December	<u>104,409</u>	<u>132,964</u>



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

2008

2007

Restated

\$

\$

16. Related parties

(a) Identity of related parties

The Board has a related party disclosure with its directors. The Board of Directors in office during the year were:

Mr Samuela Alivereti Saumatua
Ratu Josateki Nawalowalo
Father Kevin Barr
Ms. Lavinia Padarath
Mr. Chandar Singh
Ms. Rosarine Pasepa Langi

(b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2008 with approximate transaction value are summarized as follows:

Board expenses and allowances		17,797	168
Amount owing to the Government for FNPF Bond		1,014,712	1,014,712
Amount owing to the Government for FNPF Loan	(i)	4,697,074	5,961,850
Government grant received to subsidise rental	(ii)	1,000,000	1,000,000

- (i) The Government made the payment on behalf of the Board towards the Housing Authority loans ultimately payable to FNPF of \$1,666,451 (2007: \$1,679,582).
- (ii) The Government grant of \$1,000,000 were directed towards rental subsidy of \$156,285 (2007: \$195,726), compensation for the market rent of \$698,316 (2007: \$700,103). A balance of \$145,399 (2007: \$104,171) remains which may be used for capital expenditure after getting a variation signed by Minister.

(c) Compensation of key management personnel

Short term employee benefits		181,915	198,404
		<u>181,915</u>	<u>198,404</u>



Public Rental Board
Notes To Financial Statements (cont'd)
 Year Ended 31 December 2008

	2008	2007 Restated
	\$	\$
17. Commitments and contingent liabilities		
(a) Capital commitments	0	0
(b) Contingent liabilities	0	0
(c) Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable as follows:		
Not later than one year	39,215	41,529
Later than one year but not later than five years	156,860	166,118
Later than 5 years	2,156,825	2,986,748
	<u>2,352,900</u>	<u>3,194,395</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 \$39,215 (2007: \$37,410).

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, Suva.

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 on 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
2008	+10%	(8,830)
	-10%	8,830
2007	+10%	(12,088)
	-10%	12,088



Public Rental Board

Notes To Financial Statements (cont'd) Year Ended 31 December 2008

2007
\$

20. Financial risk management objectives and policies (continued)

Credit risk

It is the Board's 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. SUBSEQUENT EVENTS

Since the end of the financial year, the Directors are not aware of any circumstances, which would render the values attributed to the entity's financial statements misleading or misstated other than those disclosed below.

- a) Following the Fiji Court of Appeal decision, the President on 10 April 2009, announced that he had abrogated the constitution. At this stage it is too early to assess the impact, if any, the above may have on the entity's operations.
- b) On 15th April 2009, the Fiji dollar was devalued by 20%
- c) A feasibility study has been carried out by the Ministry of Public Enterprises to determine the viability of merging the Public Rental Board and the Housing Authority, the result of which is yet to be tabled by the State.

22. Changes in Accounting Estimates and Errors

The following restatements have been done for the year 2007, in accordance with requirements of IAS 8, Changes in Accounting Estimates and Errors

Rent Receivable

Balance as at 31 December 2007 as per Fiji Accounting Standards as reported in 2007	237,718
Changes in Accounting Errors - [Note (a)]	<u>(12,390)</u>
Restated balances as at 31 December 2007	<u>225,328</u>

Rental Income

Balance as at 31 December 2007 as per Fiji Accounting Standards as reported in 2007	2,410,851
Changes in Accounting Errors - [Note (b)]	<u>(12,390)</u>
Restated balances as at 31 December 2007	<u>2,398,461</u>

Trade Creditors & Accruals

Balance as at 31 December 2007 as per Fiji Accounting Standards as reported in 2007	343,721
Changes in Accounting Errors - [Note (c)]	<u>(66,072)</u>
Restated balances as at 31 December 2007	<u>277,649</u>

Interest Expense

Balance as at 31 December 2007 as per Fiji Accounting Standards as reported in 2007	711,918
Changes in Accounting Errors - [Note (d)]	<u>(66,072)</u>
Restated balances as at 31 December 2007	<u>645,846</u>

- (a) Reversal of bank lodgements not credited, accounted for in the year 2007
- (b) Reversal of bank lodgements not credited, accounted for in the year 2007
- (c) Reversal of incorrect accrual of Interest Expense in the year 2007
- (d) Reversal of incorrect accrual of Interest Expense in the year 2007

