

Public  
**RENT**  **L**  
Board



**2017** Annual Report



# TABLE OF CONTENTS

01 Vision and Mission

02 Corporate Objectives

03 Letter to the Minister

04 Board Members

05 Chairman's Report

06 General Manager's Report

16 Financial Reports

## OUR VISION

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

## OUR MISSION

The Public Rental Board will achieve its vision through:

- Facilitating the development of affordable and quality rental housing to meet the socio economic needs of customers.
- Maintaining efficient and effective customer service to meet customer expectation.
- Maintaining and enhancing flats to Public Rental Board standards.
- Empowering customers through innovative public relations and community building.
- Providing cohesive communities while enhancing openings that can be used to facilitate win – win opportunity for everyone.
- Undertaking profiling and analysis of existing and potential customers.
- Promoting innovative development and funding.
- Promoting migration to homeownership.

## **CORPORATE OBJECTIVES**

### **Re-profiling**

Re-profiling of customers in order to obtain a better understanding of PRB customers.  
Provide Government with a more precise determination of rental subsidy and Non Commercial Obligation (NCO).  
Definition and assertion of the socio-economic standing of income range of PRB customers.  
Encourage homeownership for customers earning above \$317 weekly household combined income.

### **Rent Review**

Equitable distribution of subsidy and social cost (non-commercial obligation) compensated by Government.  
Maintain rentals at viable level.  
Increase income.

### **Government Grant**

Continue assisting financially disadvantaged tenants.  
Building more flats that are affordable to customers.  
Subsidy on construction costs.  
Rental subsidy requested to Government to make rental affordable to customers.

### **Rental Property Stock versus Demand**

Better information and viable partnerships with other developers of low cost rental accommodation to meet demand.  
Plan and construct at least 100 flats per annum.  
Determine economic rental at different income levels and establish demand.

### **PRB's Revenue and Cost Structure**

PRB recognises that its current cost structure needs to be reduced.

### **Socio Economic Obligation**

Reduce squatter settlements.  
Promote healthy living.  
House urban workforce.  
Housing tenants in export finance and import substitute industries.

## LETTER TO THE MINISTER

22<sup>nd</sup> March 2019

Hon Premila Devi Kumar  
Minister for Industry, Trade, Tourism, Local Government, Housing and  
Community Development  
P O Box 2131  
Government Buildings  
SUVA

Dear Hon Minister

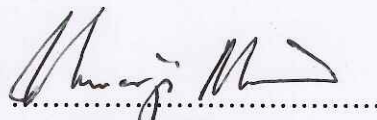
### **Re: 2017 ANNUAL REPORT**

Please find attached the PRB 2017 Annual Report. This report incorporates details of the operations and activities of PRB for year ending 31<sup>st</sup> December 2017.

The annual 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 the 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,



**Mr Umarji Musa**  
Acting Board Chairman

## BOARD MEMBERS



### **Umarji Musa- Acting Board Chair**

Mr. Musa holds a Bachelor of Arts degree in Economics and a number of professional credentials. He joined Fiji Development Bank in 1974 and retired in 2010 after serving 36 years. He has had a distinguished career, having held the position of General Manager in the Bank's Lending Operations for 21 consecutive years prior to his retirement. Mr. Musa was appointed as PRB Director in September 2010 and brings across extensive experience in Banking, Financial Analysis, Project Finance, Agricultural Credit and managing large scale, complex and diverse projects. Currently, he practices as an independent Business and Finance Consultant and also serves on a number of Boards.



### **Craig Strong – Board Member**

Appointed to the Board in May 2016. Mr Strong holds a Bachelor's Degree in Business Studies from Massey University in New Zealand with other professional credentials and is the General Manager for Pacific Agencies Fiji Limited. With an extensive commercial and shipping background, Mr Strong is also a member of various business councils between Fiji and a few regional countries and is a board member in various organizations in Fiji.



### **Roveen Permal – Board Director**

Appointed to the Board in May 2016. Mr Permal holds a Bachelor's Degree in Civil Engineering from the University of New South Wales in Australia. Currently Mr Permal is a Senior Civil Engineer at HLK Jacob Limited with extensive background in structural engineering, construction engineering and project management. He is a member of the Institute of Engineers of both Fiji and Australia.



### **Nesbitt Hazelman – Board Director**

Appointed to the Board in May 2016, Mr Hazelman holds a Post-Graduate Certificate in Human Resource Management from Australian Training and Quality College, a Bachelor of Arts with double majors in Management and Sociology and a Diploma in Industrial Relations and Personnel Management from the University of the South Pacific. He has over 31 years of experience in Human Resources, Industrials Relations and Executive Management. He is the current Chief Executive Officer of the Fiji Commerce Employers Federation.

## CHAIRMAN'S REPORT



It gives me great pleasure to deliver the Chairman's report for the year 2017.

The provision of quality and affordable rental flats to low income earners will continue to be a major focus for the Public Rental Board. Through the support of Government, PRB will continue to fulfill its mission and objectives to accommodate the housing needs of those in waitlist.

2017, was yet another year of accomplishment with the completion of the ongoing projects at Naqere consisting of 32 one-bedroom and 16 two-bedroom flats, thus increasing PRB's total number of flats to 1602. Furthermore, PRB will be undertaking another development projects in 2018 in Simla, Lautoka, consisting of 36 one-bedroom flats and this project costing \$3.6 million is fully funded by government.

Through the concept of Public Private Partnership (PPP) program PRB intends to accelerate development of affordable rental flats for low income earners around Fiji in meeting the increasing demand and promoting governments objectives in providing affordable rental housing.

Having almost 900 waitlist applicants, PRB intends to increase its rental portfolio by building appropriate rental flats in the near future with upcoming projects in collaboration with the relevant funding authorities under the PPP scheme. The projects identified are in Davuilevu, Tavakubu, Newtown and Votua. This is also in line with governments vision to ensure that every Fijian has access to a decent and affordable housing. The Board also has collaborated with Housing Authority in migrating transitional tenants to home ownership scheme to free up more flats for new entrants.

In relation to the overall performance of Public Rental Board in 2017, it was both challenging and a productive year. While providing accommodation to low income earners, the Board has also been able to achieve a reasonable profit. In 2017 Board recorded an adjusted profit of \$851,204 compared to \$1,749,504 in 2016, the decline is attributed to the adjustment of \$220,697 loss in fluctuation of foreign exchange rate in 2017 against a gain of \$714,524 in 2016 for Exim bank loan of \$9 million taken for Raiwai housing project.

On behalf of the Board members, I thank the management and staff for preserving the mission and vision and achieving the deliverables of the Board. I also take this opportunity to thank Government for its continued support in the provision of annual subsidy grant with assistance rendered from the Line Ministry, Local Authorities and Business communities.

Finally, I wish to convey my sincere thanks to all the Board members, for the support and valuable contributions during the year.

A handwritten signature in black ink, appearing to read 'Umarji Musa'. The signature is written in a cursive style.

.....  
Mr Umarji Musa  
Acting Board Chairman

## GENERAL MANAGER'S REPORT



As the Acting General Manager of Public Rental Board, it is my pleasure to present the Annual Report for the financial year ending 2017.

Year 2017 was a positive and eventful year for Public Rental Board (PRB) achieving several milestones. Significant efforts were placed to promote accountability within the business which strengthened our performance, ensured continuous improvements promoting -agility in responding to customer needs. We strengthened our core businesses during the year through innovative service delivery, community engagements, partnerships and integration of Human Services which allowed PRB to continue enhancing the tenant

experience in supporting the Board's ongoing role of providing affordable, quality and appropriate rental housing for all Fijians.

The Board is committed to promote and sustain Community Developments in its estates. Estate meetings, promoting community awareness and Estate beautification took place in all of our Estates bringing the youth groups, women groups and estate committees together.

PRB building projects at Savusavu 48 units and Kalabu 36 units commenced construction in 2014 are substantially completed these units will give shelter to 84 new families.

Incorporated in the Report is a brief highlight of the activities undertaken by the Board in 2017;

- Reduce waitlisted applications
- Corporate Governance
- Rent Revenue/Rent Subsidy and Rental Flats
- General Maintenance & New Development
- Financial Highlights
- Financial Ratios and Analysis
- Human Resource and Administration Report

I take this opportunity to express my heartfelt appreciation to the Board of Directors, Management and Staff of Public Rental Board for all their efforts in bringing PRB this far re-assuring Tenants and Stakeholders that we shall always endure to meet their expectations. We will continue to focus on improving and fine-tuning our services towards our customers to ensure we respond to their needs effectively and efficiently.



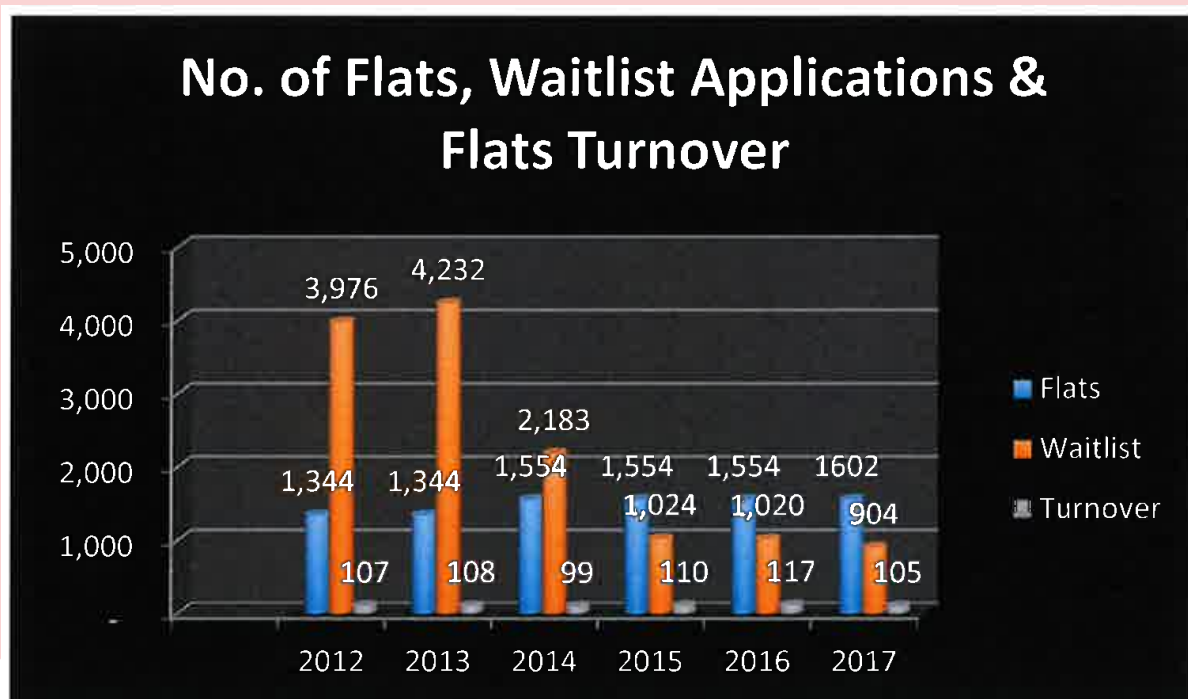
## 1. Reduce waitlisted applications

PRB has had its own challenges in meeting the demand for rental flats. We have never been able to catch up with waitlisted applications registered with the Board. Exorbitant construction cost has not assisted PRB in fulfilling the ever-increasing demand. PRB currently has 1602 flats rented out against a waitlist demand of 904 applications. PRB's rental flats are located in 30 estates around the country.

Given the current trend of flat turnover, the board is continuously networking with housing stakeholders in an effort to increase the flat turnover and reduce the waitlist at the same time increase the number of flats. Simla housing project comprising of 36 units is expected to commence by early next year.

A six - year comparison on the number of flats available for renting against the waitlist and the turnover of flats is presented in the graph below.

The waitlist in the graph below, decreased in 2017 due to tenants who had graduated to home ownership or applicants who had withdrawn their interest.



## 2. Corporate Governance

The Board of Directors and Management are responsible for corporate governance and remain committed to upholding high standards of integrity and transparency. The Board continues to further strengthen its Corporate Governance.

### Role of the Board

The role of the Board is to assume accountability for the success of Public Rental Board by taking responsibility for the organization's directions in order to meet the objective of increasing stakeholder value.

PRB in collaboration with Housing Authority is moving towards innovative solutions in meeting the demand for low cost rental housing, facilitate and promote transitional housing to its tenants.

## Meetings of the Board

The regular business of the Board during its meetings cover business and strategic matters, governance and compliance, Management reports, financial report and the overall performance of PRB.

The current Board members were appointed in May 2016 and their attendance at Board meetings during the financial year under review is tabled below:

Director	Number of Meetings Conducted	Number of Meetings Attended	Apologies Received
Mr. Umarji Musa	14	14	0
Mr. Roveen Permal	14	14	0
Mr. Nesbitt Hazelman	14	12	2
Mr. Craig Strong	14	11	3

The Board met on 14 occasions for its regular meetings and Special Board Meeting during the year under review. Mr. Craig Strong resigned in September 2017.

### 3. Rental Revenue on Rental Flats

PRB charged rent of \$ 3,933,428 in the reporting year. The total rent collected includes rent for the period, arrears payments, and advance rental payments by tenants. The total collection against rent charged as of 2017 was \$ 3,056,665 or approximately 78%.

Table 1 shows the actual collection amount for 8 years.

Rental Collections Comparison: 2010 to 2017

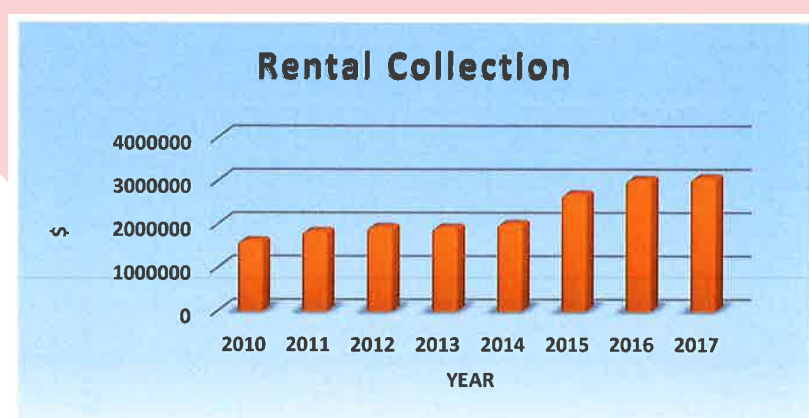


Table 1

RENTAL COLLECTION	
2010	\$ 1,606,895
2011	\$ 1,823,235
2012	\$ 1,921,375
2013	\$ 1,912,632
2014	\$ 1,998,859
2015	\$ 2,683,635
2016	\$ 3,018,657
2017	\$ 3,056,665

### 4. General Maintenance

PRB continued the third round of general maintenance program in the year 2017. The third round of general maintenance program commenced in year 2016. PRB undertakes general improvements and upgrading of its facilities such as tiling wet and living areas, grills, placement of ceiling, overall painting, changing of waste lines from galvanized to PVC, improvements on the external interior works and repairs.

Financially disadvantaged tenants are assisted with subsidy according to the 2016 allocation criteria. General maintenance is essentially important for PRB because revenue from rental is the major contributing source of income for the Board apart from rental subsidy from government. General maintenance undertaken in 2017 were in the following estates as presented in Table 2.

Table 2- Major General Maintenance

Estates	Contractor	No. of Units	Budget (\$)	Expenditure (\$ (2017)
Charles Street Estate	In-house Maintenance Team	94	\$200,000.00	\$117,507

Total Repair & Maintenance cost for 2017 was \$284,147 which is approximately 7.25% of Rental Income.

### 5. Distribution of Rental Subsidy

Subsidy is allocated to tenants based on their household Weekly Gross Income (WGI) in accordance with the 2016 subsidy allocation criteria. Some 797 financially disadvantaged tenants received a total of \$883,967 subsidy assistance in 2017. Rental subsidy assistance is calculated taking the difference between the actual rent charge and the tenant contribution.

The 2010 subsidy allocation criteria was reviewed in 2016. Subsidy is allocated according to the subsidy agreement between the Ministry of Housing and the Board. The 2016 subsidy criteria is as follows:

#### 2016 Subsidy Criteria

	Income Range	Criteria	Comments
1	HH Weekly Gross Income \$0 – \$100 less 8% FNPF	5% of Income	Tenant Contribution = 5% of WGI or \$5 as minimum
2	HH Weekly Gross Income \$101 – \$125 less 8% FNPF	8% of Income	Tenant Contribution = 8% of WGI
3	HH Weekly Gross Income \$126 – \$150 less 8% FNPF	11% of Income	Tenant Contribution = 11% of WGI
4	HH Weekly Gross Income \$151 – \$175 less 8% FNPF	14% of Income	Tenant Contribution = 14% of WGI
5	HH Weekly Gross Income \$176 – \$200 less 8% FNPF	17% of Income	Tenant Contribution = 17% of WGI
6	HH Weekly Gross Income \$201 – \$250 less 8% FNPF	20 % of Income	Tenant Contribution = 20% of WGI

#### Social Cost

The 2017 social cost (difference between market rent and actual rent) was directly funded by Government through the government grant. Government's contribution towards payment of social cost was approximately \$98,990 for the reporting year.

## 6. New Developments and Construction

### 6.1. Kalabu Housing Project

Government provided a grant of \$1.5 million in the 2014 National Budget and a further grant of \$741,344 in the 2015 National Budget. Construction started in June 2014 for 36 one-bedroom units at Kalabu. This project has been delayed due to extra works in taking the foundation down about 4 meters to the solid and construction of a retaining wall approximately 8 meters in height to stabilize the rear embankment apart from other contributing factors. This project is anticipated to complete in 2018.

### 6.2. Savusavu Housing Project

Government provided a grant of \$500,000 in the 2014 National Budget and a further \$3.34 million in the 2015 National Budget for Savusavu project. Construction commenced in March 2015 comprising of 32 one bedroom and 16 two-bedroom flats; total of 48 flats. This project was completed in December 2017.

### 6.3. Simla Housing Project

Government provided a partial grant of \$1,299,109 in the 2016/2017 National Budget for Simla project. The project comprises of 36 one-bedroom flats. The project is anticipated to commence in 2018. A further grant of \$2,347,761 will be provided in 2018/2019 budget.

## 7. Tenancy Management

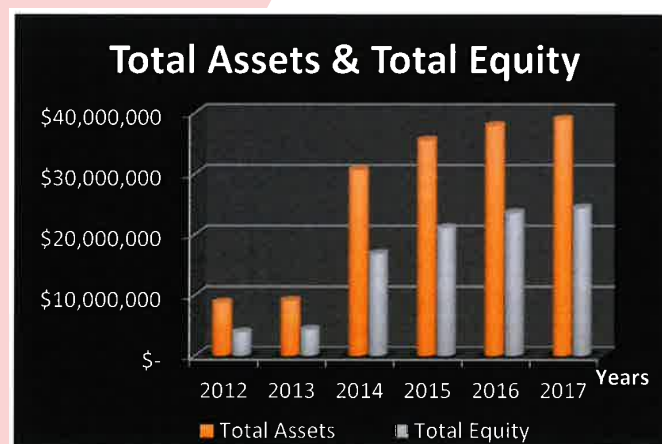
The Board has a three-year tenancy agreement with the tenants. PRB undertakes Household Income survey (HHI) after which tenancy agreements are renewed.

Table 3

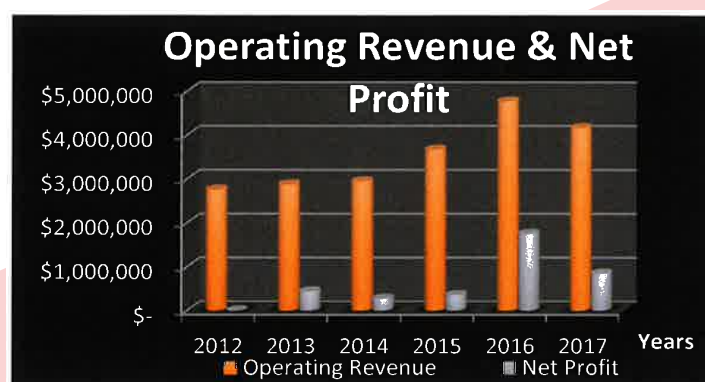
	No. of flats	Valid Tenancies	Tenancies In-Valid for renewal	No. of Agreements issued in 2017	No. of Agreements issued in 2016
No. of Tenancies	1602	1395	207	321	370

## 8. Financial Highlights

TOTAL ASSETS & SHAREHOLDER'S FUNDS		
Years	Total Assets	Total SH Funds
2012	8,746,018	3,889,559
2013	9,076,368	4,330,386
2014	30,618,946	16,790,770
2015	35,434,598	21,078,972
2016	37,857,045	23,497,661
2017	38,874,656	24,348,865



OPERATING REVENUE & NET PROFIT		
Years	Operating	Net Profit
2012	2,752,632	8,565
2013	2,872,738	440,827
2014	2,942,694	277,949
2015	3,665,560	359,943
2016	4,760,863	1,749,504
2017	4,160,886	851,204



Net profit reduced by 51% due to loss in fluctuation of foreign exchange rate in 2017 compared to a gain in 2016.

RETURN ON INVESTMENT & ASSETS		
Years	ROE	ROA
2012	0.2%	0.1%
2013	11%	5%
2014	3%	1%
2015	2%	1%
2016	8%	5%
2017	4%	2%



## 9. Financial Report

### Statement of Comprehensive Income (Extract)

	12 Months period ending 31.12.17	12 Months period ending 31.12.16
Total Income	4,160,886	4,760,863
Total Expenses	(2,983,768)	(2,866,504)
Operating profit before interest expenses	1,177,118	1,894,358
<i>Operating profit % to Total Income</i>	<i>28.29%</i>	<i>39.79%</i>
Finance Cost	325,914	144,854
Net profit for the years	851,204	1,749,504
<i>Net Profit % to Total Income</i>	<i>20.46%</i>	<i>36.75%</i>
Other comprehensive income	-	-
Total comprehensive income for the year	851,204	1,749,504
<i>% to Total Income</i>	<i>20.46%</i>	<i>36.75%</i>

Total Income reported as at 31st December 2017 decreased by approximately 12.60% compared against the same period last year. There was a foreign exchange gain of \$714,524 in 2016 thus the Total Income is lower in 2017.

Total comprehensive surplus (net profits) for year 2017 decreased by \$898,300 and approximately 51%% compared against the same period last year. Total expenses increased by approximately 9.91%. The increase in expenses were noted for staff cost, finance cost due to fluctuation of foreign exchange rate and utilities/Council/ Insurance and Professional fees.

#### Statement of Financial Position (Extract)

	<b>12 Months period ending 31.12.17</b>	<b>12 Months period ending 31.12.16</b>
Non Current Asset	36,293,948	35,282,550
Current Asset	2,580,708	2,574,495
<b>Total Asset</b>	<b>38,874,656</b>	<b>37,857,045</b>
Total Equity	24,348,865	23,497,661
Non Current Liabilities	11,715,761	10,975,913
Current Liabilities	2,810,030	3,383,471
Total Liabilities	14,525,791	14,359,384
<b>Total Equity and Liabilities</b>	<b>38,874,656</b>	<b>37,857,045</b>

Non-Current assets increased by approximately 2.87% taking into consideration the two capital projects under construction at Kalabu (Nasinu) & Naqere (Savusavu). Current Assets increased by approximately 0.24%. Total equity increased by approximately 3.62%.

#### Cash Flow

Net cash flow for the financial year ending 31st December 2017 was managed efficiently.

### 10. Financial Ratio Analysis

#### Liquidity & Activity Analysis

Liquidity analysis measures the adequacy of the Board's cash resources to meet its near-term cash obligations.

Activity analysis evaluates revenue and output generated by the Board's assets.

#### I. Current Ratio

	2017	2016
Current Asset / Current Liabilities	0.92	0.76

II. **Average No. of Days Receivables Outstanding** – Measures the effectiveness of the Board’s credit policies and indicates the level of investment in receivables needed to maintain a desired rental income level.

	2017	2016
Average No. of Days Receivables Outstanding	5	9

Average collection days decreased in the reporting year compared against the same period last year. The percentage of rental arrears against rental revenue for the year 2017 is 3.49% and 2016 was 4.03%.

#### Long-Term Debt and Solvency Analysis

This examines the Board’s capital structure, including the mix of financing sources and the ability of PRB to satisfy its longer-term debt and investment obligations.

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

	2017	2016
Total Debt / Total Equity	0.61	0.64

The debt to equity ratio for financial year ending 2017 decreased compared against same period last year. This is mainly due to Government Grant reported in Equity.

#### Profitability Analysis

Measures the income of the Board relative to revenue and invested capital.

IV. **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 management’s ability and efficiency in using the Board’s assets to generate (operating) profits.

ROA is calculated using the formula:  $\text{Net Profit} / \text{Average Total Assets}$

	2017	2016
Return on Assets	2.22%	4.77%

As a general rule, anything below 5% is more assets intensive whilst anything above 20% is less asset intensive. The Board’s ROA is more asset intensive.

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

ROE is calculated using the formula:  $\text{Net Profit} / \text{Average Total Equity}$

	2017	2016
Return on Equity	3.56%	7.85%

ROE decreased by approximately 4.29% 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 ratio under the Public Enterprise Act is 10%.

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

	2017	2016
Profitability Ratio	20.45%	36.75%

The profitability ratio decreased for reporting financial year by approximately 16.30% compared to the same period in the previous year. The decreased is associated to decrease in other income and increase in finance cost compared to last year.

**11. Human Resources, Payroll & Administration Report**

**Staff Personnel**

Public Rental Board's personnel are divided into two categories of Established and Permanent Un-Established Staff. Salaries and wages continue to be a major expense for the Board. This comprises approximately 21.38% of the total revenue in the current year. This percentage is high but is expected to reduce through economy of scale and close monitoring by the Board.

Public Rental Board staff and cost in the financial year is provided as follows:

DIVISION	No. of Staff	DIVISION	Salaries & wages as a % of rental income
Executive	Nil (Vacant)	Administration Staff	15.38%
Finance & Administration	10	Maintenance Staff	6.0%
Property	15		
Un-Established	16		
Total	41		

**Training**

Training and development has been an ongoing challenge for the Board as it pursues the alignment of knowledge, skills and attitude of its workforce to new methods.

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 Performance Management System's evaluation process in the reporting year and necessary actions are taken in terms of training (mostly internal) in order to address these gaps. In addition to in-house training and workshops, employees also attended work related short courses conducted by various training institutions.

**Market Salary Adjustment and Performance Management System (PMS)**

Currently all staff are paid in accordance to the market salary rates implemented in 2012. Job Evaluation was carried out in 2017.



## 12. Information & Communication Technology

The board had approved an upgrade of PRB's Internet link (IPVPN). It has been increased from 2MB to 7 MB. Internet performance has improved drastically.

The board had also approved the purchase of a server UPS which is used to power all our servers and network equipment's during power outages.

Due to the increased number of users and historical transactions in our Navision system, the server hardware needs to be upgraded to make provision for future storage and memory, thus optimizing performance issues. This has been identified and is planned to be carried out in 2018.

## 13. Acknowledgement

The Fijian Government has invested heavily in the development of quality and affordable rental flats for low to middle income earners. PRB is aware of the level of accountability expected as we deliver the Government objective for all Fijians to have decent housing by year 2020. I would like to assure all readers that PRB will continue to deliver more rental flats around the country that are affordable with the financial assistance from Government.

On behalf of the Management Team, I wish to take this opportunity to thank all Managers, Team Leaders and staff members for the hard work, perseverance, commitment and support in achieving the current results. I also acknowledge our valued tenants, private sector and key stakeholders for their invaluable support throughout the year.

Finally, I would like to acknowledge and express my sincere appreciation to the Board of Directors and members of the Ministry of Housing, Ministry of Finance, and the Ministry of Public Enterprises for their valuable contributions, leadership, and dedication in steering the organization through the challenges and ensuring that satisfactory growth is achieved. And we look forward to their continued support in the years to come.



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Pat Veu  
Acting General Manager

## OFFICE OF THE AUDITOR GENERAL

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File: 1283

10 December 2018

Mr. Patrick Veu  
Acting General Manager  
Public Rental Board  
**RAIWAI**

Dear Mr. Veu

**PUBLIC RENTAL BOARD  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

Enclosed is the audited accounts of Public Rental Board for the year ending 31 December 2017. The accounts are being re-issued for signing by the directors after amendment made to the draft audit report. You will note that the qualification is now downgraded to Emphasis of Matter following receipt of confirmation from Ministry of Economy.

Please return the signed accounts at your earliest to facilitate the issue of independent audit report on them.

A draft copy of the amended audit report is also enclosed for your perusal.

We look forward for your cooperation and should you require any clarifications, please do not hesitate to contact the undersigned on telephone 3309032 ext 393207.

Yours sincerely

Dineshwar Prasad  
for **AUDITOR-GENERAL**

Encl.

**PUBLIC RENTAL BOARD**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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CONTENTS

Directors' Report .....	18-19
Statement by Directors .....	20
Independent Auditor's Report .....	21-22
Statement of Comprehensive Income .....	23
Statement of Changes in Equity .....	24
Statement of Financial Position .....	25
Statement of Cash Flows .....	26
Notes to the Financial Statement .....	27-42

## **PUBLIC RENTAL BOARD**

### **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2017**

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In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of the Board as at 31 December 2017, the related statement of comprehensive income, 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 financial year and up until the date of this report are:

<i>Directors</i>	<i>Appointed</i>	<i>Served Until</i>
Mr. Umarji Musa	May-16	On going
Mr. Roveen Permal	May-16	On going
Mr. Nesbitt Hazelman	May-16	On going
Mr. Craig Strong	May-16	Sep-17

#### **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 \$851,204 (2016 (restated):\$1,749,504)

#### **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 actions had been taken in relation to writing-off bad debts. In the opinion of the Directors, the provision for doubtful debts is adequate.

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.

**PUBLIC RENTAL BOARD  
DIRECTORS' REPORT (Continued)  
YEAR ENDED 31 DECEMBER 2017**

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**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**

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.

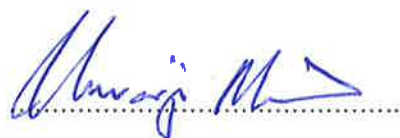
As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Board's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Board misleading or inappropriate.

**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 10<sup>th</sup> day of Jan 2018/9



*Asst* Chairman



Director

**PUBLIC RENTAL BOARD  
STATEMENT BY DIRECTORS  
YEAR ENDED 31 DECEMBER 2017**

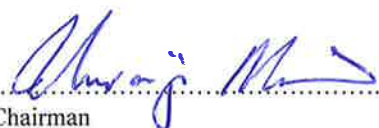
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In accordance with a resolution of the Board of Directors of Public Rental Board, we state that in the opinion of the Directors:

- (i) the accompanying statement of comprehensive income 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 2017;
- (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 2017;
- (iii) the accompanying statement of financial position 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 2017;
- (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 2017;
- (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 10<sup>th</sup> day of Jan 2018

  
Act Chairman

  
Director

# OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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## INDEPENDENT AUDITOR'S REPORT

### PUBLIC RENTAL BOARD

I have audited the financial statements of Public Rental Board (Board), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly the financial position of the Board as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis of Opinion

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Public Rental Board in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

Without qualifying the audit opinion I draw attention to the following matter:

Included in the Statement of Financial Position and Note 14 of the Financial Statements is Interest Bearing Debt disclosed as Housing Authority bond amounting to \$1,014,712. Government of Fiji had settled this loan and the Board is obliged to re-imburse the amount to the Government. Ministry of Economy is in the process of assessing the amount to be paid by the Board. Management of the Board believes that the amount recorded in the financial statements is correct amount payable to the Government.

### Responsibilities of the Management and Directors for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management intend to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Board's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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


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

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

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Housing Act 1985 and the Public Enterprise Act 1996, in my opinion:

- a) proper books of account have been kept by the Board, so far as it appears from my examination of those books;
- b) the accompanying financial statements:
  - the financial statements are in agreement with the books of account; and
  - to the best of my information and according to the explanations given to me, give the information required by the Housing Act 1985 and the Public Enterprise Act 1996.

  
Ajay Nand  
**AUDITOR-GENERAL**



Suva, Fiji  
15 January, 2019



**PUBLIC RENTAL BOARD  
STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$ (Restated)
<b>Revenue</b>			
Rental revenue		3,921,080	3,882,818
Other operating income	2	239,806	878,045
		<u>4,160,886</u>	<u>4,760,863</u>
<b>Expenses</b>			
Amortisation and depreciation expense		(798,129)	(733,631)
Employee benefit expense	3	(1,121,369)	(983,479)
Other operating expenses	4	(1,064,270)	(1,149,394)
		<u>(2,983,768)</u>	<u>(2,866,504)</u>
<b>Profit from operations</b>		1,177,118	1,894,358
Finance cost	5	(325,914)	(144,854)
<b>Net profit for the year</b>		<u>851,204</u>	<u>1,749,504</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u><u>851,204</u></u>	<u><u>1,749,504</u></u>

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

**PUBLIC RENTAL BOARD  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$ (Restated)
<b>Government equity</b>		
Balance at the beginning of the year	20,692,166	20,692,166
Additions during the year	-	-
Balance at the end of the year	<u>20,692,166</u>	<u>20,692,166</u>
<b>Accumulated Profit</b>		
Balance at the beginning of the year	2,805,495	386,806
Adjustment to correct an error	23	669,185
	<u>2,805,495</u>	<u>1,055,991</u>
Net profit for the year	851,204	1,749,504
Total available for appropriation	<u>3,656,699</u>	<u>2,805,495</u>
Dividends paid or proposed	-	-
Balance at the end of the year	<u>3,656,699</u>	<u>2,805,495</u>
Total Equity	<u><u>24,348,865</u></u>	<u><u>23,497,661</u></u>

*The accompanying notes form an integral part of this Statement of Changes in Equity.*

**PUBLIC RENTAL BOARD  
STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2017**

	Notes	2017 \$	2016 \$ (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	33,112,556	31,837,928
Intangible asset	7	233,300	298,729
Investments	8	2,948,092	3,145,893
		<u>36,293,948</u>	<u>35,282,550</u>
<b>Current assets</b>			
Cash and short term deposits	9	2,425,336	2,436,265
Rent receivables	10	77,809	99,500
Inventories	11	8,606	1,306
Prepayments and other assets	12	68,957	37,424
		<u>2,580,708</u>	<u>2,574,495</u>
<b>TOTAL ASSETS</b>		<b><u>38,874,656</u></b>	<b><u>37,857,045</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Government equity		20,692,166	20,692,166
Accumulated profit / (losses)		3,656,699	2,805,495
<b>Total equity</b>		<u>24,348,865</u>	<u>23,497,661</u>
<b>Non-current liabilities</b>			
Deferred revenue	13	1,870,513	636,946
Interest bearing debt	14	9,845,248	10,338,967
		<u>11,715,761</u>	<u>10,975,913</u>
<b>Current liabilities</b>			
Trade payables and accruals	15	1,585,342	2,199,296
Interest bearing debt	14	1,014,712	1,014,712
Deferred revenue	13	61,583	57,625
Employee entitlements	16	148,393	111,838
		<u>2,810,030</u>	<u>3,383,471</u>
<b>Total liabilities</b>		<u>14,525,791</u>	<u>14,359,384</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>38,874,656</u></b>	<b><u>37,857,045</u></b>

*The accompanying notes form an integral part of this Statement of Financial Position.*

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

*Act*  .....  
Chairman

 .....  
Director

**PUBLIC RENTAL BOARD  
STATEMENT OF CASH FLOWS  
YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$ Inflows/ (Outflows)	2016 \$ Inflows/ (Outflows) (Restated)
<b>Operating activities</b>			
Receipts from customers		4,062,266	3,967,283
Payments to suppliers and employees		(3,020,624)	(2,555,178)
Interest paid		(206,382)	(229,538)
Interest received		101,165	84,683
<b>Cash flows from operating activities</b>		<u>936,425</u>	<u>1,267,250</u>
<b>Investing activities</b>			
Payments for property, plant and equipment		(2,008,043)	(1,799,132)
Proceeds from sale of assets		57,500	-
Proceeds/(Payments) for Investments net		197,800	(168,309)
<b>Cash flows from investing activities</b>		<u>(1,752,743)</u>	<u>(1,967,441)</u>
<b>Financing activities</b>			
Proceeds of Government Grant		1,299,109	-
Repayments of borrowings		(493,720)	(740,108)
<b>Cash flows from financing activities</b>		<u>805,389</u>	<u>(740,108)</u>
Net decrease in cash and cash equivalents		(10,929)	(1,440,299)
Cash and cash equivalents at the beginning of the year		2,436,265	3,876,564
<b>Cash and cash equivalents at the end of the year</b>	9	<u>2,425,336</u>	<u>2,436,265</u>

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

**1.0 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 10/1/19.

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.

**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.

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.

*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.

**1.2 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.

**Judgements**

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.

**1.2 Significant accounting judgments, estimates and assumptions (continued)**

**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.

**1.3 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 profit or loss 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 profit or loss in the year the asset is recognised.

The asset's 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 profit or loss in the year in which the expenditure is incurred.

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

**1.3 Summary of significant accounting policies (continued)**

**b) Intangible assets - continued**

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 profit or loss 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 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 profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written-off as incurred.

**PUBLIC RENTAL BOARD**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEAR ENDED 31 DECEMBER 2017**

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**1.3 Summary of significant accounting policies (continued)**

**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.

**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 profit or loss 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*



**1.3 Summary of significant accounting policies**

**i) Employee entitlements (continued)**

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, as at end of the reporting period.

**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 profit or loss.

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 profit or loss 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.

**1.3 Summary of significant accounting policies**

**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 profit or loss as revenue when the grant is received.

**ii) Rent subsidy grant**

Fund received from Government to subsidise 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 statement of financial position 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 profit or loss 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 profit or loss.

**PUBLIC RENTAL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$ (Restated)
<b>2. Other operating income</b>		
Amortisation of deferred revenue from government grants	61,583	61,583
Taxi base income	18,980	18,410
Community income	33,945	29,990
Doubtful debts	69	2,124
Maintenance income	6,882	7,133
Bill board income	31,607	28,691
Market stall fees	1,340	1,590
Gain on sale of property, plant and equipment	57,500	-
Miscellaneous income	27,900	14,000
Foreign Exchange Gain	-	714,524
	<u>239,806</u>	<u>878,045</u>
<b>3. Employee benefit expense</b>		
Salaries and wages	865,069	800,871
FNPF contributions	87,265	78,618
FNU levy	12,892	7,938
Personnel expenses	156,143	96,052
	<u>1,121,369</u>	<u>983,479</u>
The number of employees at the end of the financial year was 45 (2016:45)		
<b>4. Other operating expense</b>		
Auditors' remuneration - audit fees	8,000	10,000
Bad and doubtful debts	10,317	19,447
Insurance	80,116	58,504
Repairs and maintenance	284,147	428,485
Professional services	75,357	9,284
Motor vehicle	50,601	58,294
Utilities and councils	268,883	262,001
Office and administration	229,216	249,984
Board expense	30,431	21,195
Bank charges	6,989	6,340
Advertising and promotions	20,213	25,859
	<u>1,064,270</u>	<u>1,149,393</u>
<b>5. Net financing cost</b>		
Interest income	(101,165)	(84,684)
Interest expense	206,382	229,538
Exchange rate fluctuation	220,697	-
Total costs	<u>325,914</u>	<u>144,854</u>

**PUBLIC RENTAL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$ (Restated)
<b>6. Property, plant and equipment</b>		
<b><u>Land and Buildings</u></b>		
<i>Cost:</i>		
At 1 January	37,691,681	37,691,681
Additions	-	-
Disposals	-	-
At 31 December	37,691,681	37,691,681
 <i>Depreciation and impairment</i>		
At 1 January	11,122,304	10,497,459
Depreciation charge for the year	624,846	624,846
Disposals	-	-
At 31 December	11,747,150	11,122,304
 Net book value	25,944,531	26,569,377
 <b><u>Office premises</u></b>		
<i>Cost:</i>		
At 1 January	171,071	171,071
Additions	-	-
Disposals	-	-
At 31 December	171,071	171,071
 <i>Depreciation and impairment</i>		
At 1 January	113,973	112,545
Depreciation charge for the year	1,428	1,428
Disposals	-	-
At 31 December	115,401	113,973
 Net book value	55,670	57,098

**PUBLIC RENTAL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$ (Restated)
<b>6. Property, plant and equipment - continued</b>		
<b><u>Motor vehicles</u></b>		
<i>Cost:</i>		
At 1 January	822,637	682,837
Additions	82,500	139,800
Disposals	-	-
At 31 December	<u>905,137</u>	<u>822,637</u>
 <i>Depreciation and impairment</i>		
At 1 January	652,975	640,611
Depreciation charge for the year	51,098	12,364
Disposals	-	-
At 31 December	<u>704,073</u>	<u>652,975</u>
 Net book value	<u>201,064</u>	<u>169,662</u>
 <b><u>Furniture and fittings</u></b>		
<i>Cost:</i>		
At 1 January	772,539	764,694
Additions	14,178	7,845
Disposals	-	-
At 31 December	<u>786,717</u>	<u>772,539</u>
 <i>Depreciation and impairment</i>		
At 1 January	620,808	569,548
Depreciation charge for the year	48,138	51,259
Disposals/Additions	-	-
At 31 December	<u>668,946</u>	<u>620,807</u>
 Net book value	<u>117,771</u>	<u>151,733</u>
 <b><u>Work in progress</u></b>		
<i>Cost:</i>		
At 1 January	4,890,062	3,573,052
Transfer to land and buildings	-	-
Additions	1,903,458	1,317,010
Disposals	-	-
Net book value	<u>6,793,520</u>	<u>4,890,062</u>
 Net book value	<u><u>33,112,556</u></u>	<u><u>31,837,929</u></u>

The additions to Work in Progress includes the Savusavu and Kalabu Low Cost Housing Projects.

**PUBLIC RENTAL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	\$	\$
<b>7. Intangible asset</b>		<b>(Restated)</b>
Cost		
At 1 January	674,638	340,097
Additions	7,189	334,541
Disposals	-	-
At 31 December	<u>681,827</u>	<u>674,638</u>
Less amortisation and impairment:		
At 1 January	375,909	332,175
Amortisation	72,618	43,734
Disposals/Addition	-	-
At 31 December	<u>448,527</u>	<u>375,909</u>
Net book value	<u>233,300</u>	<u>298,729</u>

**8. Investments**  
Non Current

Term Deposits with an interest rate between 3% to 4% on 6 months to 5 year term are held at the various financial institutions. The term deposits are as follows:

	2017	2016
	\$	\$
Bred Bank	2,050,000	2,050,000
Kontiki Finance	802,199	-
Bank of South Pacific	95,893	95,893
Westpac Banking Corporation	-	1,000,000
	<u>2,948,092</u>	<u>3,145,893</u>

**9. Cash**

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 statement of financial position as follows:

Cash	<u>2,425,336</u>	<u>2,436,265</u>
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**10. Rent receivables**

Rent receivable	107,534	127,997
Less provision for Doubtful Debts	29,725	28,497
	<u>77,809</u>	<u>99,500</u>

As at 31 December 2017 rent receivables at nominal value of \$107,534 (2016: \$127,997) were examined for impairment and \$29,725 (2016 : \$28,497.00) were provided for.

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

At 1 January	28,497	24,858
Charge for the year	11,545	20,880
Utilised	(9,089)	(13,802)
Unused amount reversed	(1,228)	(3,439)
At 31 December	<u>29,725</u>	<u>28,497</u>

**PUBLIC RENTAL BOARD**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$ (Restated)
<b>10. Rent receivables - continued</b>		
At 31 December, the ageing analysis of rent receivables is as follows:		
Current	25,199	47,922
30- 60 days	26,589	25,372
61 -90 days	5,139	11,675
> 90 days	50,607	43,028
	<u>107,534</u>	<u>127,997</u>
<b>11. Inventories</b>		
Inventories - at cost	<u>8,606</u>	<u>1,306</u>
Inventories consists of items purchased and kept in stock for maintenance of flats.		
<b>12. Prepayments and other assets</b>		
Prepayments	32,137	11,001
Interest receivable	17,330	15,974
Sundry receivable	9,679	1,355
Subsidy receivable	570	570
Security deposit -FEA	9,241	8,526
	<u>68,957</u>	<u>37,425</u>
<b>13. Deferred revenue</b>		
Opening Balance	694,570	756,152
Less Amortisation transferred to revenue	61,583	61,583
Add Capital grant - Simla	1,299,109	-
	<u>1,932,096</u>	<u>694,569</u>
Current	61,583	57,625
Non current	<u>1,870,513</u>	<u>636,945</u>
	<u>1,932,096</u>	<u>694,570</u>
Deferred revenue relates to grant received from the Government for the construction of the Kaukimoce, Newtown stage 2, Kia Street, Newtown stage 3 and Raiwaqa flats in 1997, community halls at Vakatora in 2005, Vunimoli and Natokowaqa in 2008 and Kalabu in 2009. Revenue is brought to account over the periods necessary to match the related cost of the buildings. Government grant for Simla received in 2017 has been added to Deferred Income (IAS20).		
<b>14. Interest bearing debt</b>		
<u>Current</u>		
Housing Authority bond	1,014,712	1,014,712
<u>Non current</u>		
Borrowings- Long Term	<u>9,845,248</u>	<u>10,338,967</u>
	<u>10,859,960</u>	<u>11,353,679</u>

- (i) The long term loan borrowed by the Ministry of Finance from the EXIM Bank of China, is guaranteed by the Government of the Republic of Fiji. The term loan was borrowed by the Ministry of Finance in 2010 and is payable in bi-annual instalment over fifteen years at a interest rate of 2%. Grace period has expired and Loan repayments commenced in year 2016.
- (ii) The Housing Authority bond is due and payable to the Government of the Republic of Fiji.

**PUBLIC RENTAL BOARD  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31 DECEMBER 2017**

	2017 (\$)	2016 (\$) (Restated)
<b>15. Trade payables and accruals</b>		
Trade creditors and accruals	370,965	1,072,137
Consultancy	24,569	7,510
Rental deposits	325,710	309,146
Credit balances in receivables	440,436	423,184
Unallocated subsidy	423,662	387,320
	<u>1,585,342</u>	<u>2,199,296</u>

Credit balances in receivables is represented by advance rent. The Board keeps advance rent of 4 weeks to cater for future payments in case of any default in payment by the tenants. Few tenants pay additional rent and request for refund whenever there is financial need where PRB reconciles the accounts and refunds genuine credit balances on case by case basis. Additional subsidy in account is usually reversed and tenants are advised to reduce deduction or payments of tenants contribution accordingly.

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2017 and 31 December 2016 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

On demand	1,235,063	1,882,640
3 to 12 months	1,039,281	1,022,222
1 to 5 years	10,170,958	10,648,113
Total	<u>12,445,302</u>	<u>13,552,975</u>

<b>16. Employee Entitlements</b>		
At 1 January	111,838	266,916
Arising during the year	73,730	63,122
Utilised	(37,175)	-
Unused amounts reversed	-	(218,200)
At 31 December	<u>148,393</u>	<u>111,838</u>

**17. 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:

	<i>Appointed</i>	<i>Served Until</i>
Mr. Umarji Musa - Acting Chairman	May-16	On going
Mr. Roveen Permal	May-16	On going
Mr. Nesbitt Hazelman	May-16	On going
Mr. Craig Strong	May-16	Nov-17

**(b) Transactions with related parties**

Transactions with related parties during the year ended 31 December 2017 with approximate transaction value are summarised as follows:

Board expenses and allowances	30,431	21,195
Amount owing to the Government for Housing Authority Bond	1,014,712	1,014,712
Government grant received to subsidise rental	1,001,980	876,450



**PUBLIC RENTAL BOARD  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31 DECEMBER 2017**

**17. Related parties (Cont'd)**

**(b) Transactions with related parties (Cont'd)**

- (i) The government grant of \$1,001,980.00 received in 2017 and the balance of \$44,557.57 from 2016 were distributed as rental subsidy amounting to \$98,2956.82 (2016: \$771,630.00) and compensation of the market rent amounting to \$98,990.00 (2015: \$85,497.50). The balance of \$63,580.75 (2016: \$44,557.57) would be distributed in 2018.
- (ii) The Board received Government Grant for the Kalabu Housing Project of \$0.00 in 2016 (2015: \$741,344). Initial capital invested was \$250 and Interest income in 2017 equates to \$34.68 (2016: \$164.40). Total utilisation in 2017 equates to \$212,658.95 (2016: \$139,359.52). The Project has been taken over from the Contractor by PRB inhouse team from 2017 and will be estimated to complete by 2018.
- (iii) The Board received Government Grant for the Naqere, Savusavu Housing Project of \$0.00 in 2016 (2015: \$3,372,171). Initial capital invested was \$250 and Interest income in 2017 equates to \$1136.36 (2016: \$2,264.00). Total utilisation in 2016 equates to \$904,656.89 (2016: \$1,350861.01) and the balance of \$714,809.51 (2016: \$1,617,605.04) would be utilised at completion of the project in 2018.

	2017 (\$)	2016 (\$)
<b>(c) Compensation of key management personnel</b>		
Short term employee benefits	122,597	158,512
	<u>122,597</u>	<u>158,512</u>

**18. Commitments and contingent liabilities**

<b>(a) Capital expenditure commitments</b>	<u>3,646,870</u>	<u>1,796,387</u>
Capital expenditure commitments relates to approved grant for Simla Housing		
<b>(b) Contingent liabilities</b>	<u>-</u>	<u>-</u>
<b>(c) Operating lease commitments</b>		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	29,558	34,515
Later than one year but not later than five years	118,233	138,061
Later than 5 years	<u>1,731,232</u>	<u>1,999,695</u>
	<u>1,879,023</u>	<u>2,172,271</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 \$29,558.00 (2016: \$34,515).

**19. Principal activities**

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

**PUBLIC RENTAL BOARD  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31 DECEMBER 2017**

**20. Registered office**

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

**21. 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 interest rate on income ranges from 2% to 4% and is reviewed when required by the board.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2017	2016
	\$	\$
		(Restated)
Cash and cash equivalents	2,425,336	2,436,265
Trade and other receivables	176,491	165,422
Held-to-maturity investments	2,948,092	3,145,893
	5,549,919	5,747,580

**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. CORRECTION OF AN ERROR**

- a) As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated (IAS8).

The error has been corrected by restating each of the affected financial statement line items for the current year.

**PUBLIC RENTAL BOARD  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31 DECEMBER 2017**

**23. CORRECTION OF AN ERROR - cont'd**

	<b>Balance Before Adjustments 2017</b>	<b>Adjustments</b>	<b>Final Balance 2017</b>
<b><u>Statement of Financial Position</u></b>			
<b><u>Current Liabilities</u></b>			
Employee Entitlement	330,038	(218,200)	111,838
Trade payables and Accruals	2,190,981	(605,641)	1,585,340

The adjustment of \$823,841 in the Accumulated profits is a result of the prior year Provision for employee entitlements of \$218,200 and accruals of \$605,641. The provisions for prior years were reversed and the provisions for 2017 were recorded. The board estimated and accrued management fees and interest for EXIM bank payment after receiving a letter for payment from Ministry of Economy in 2016. The payments were completed in 2017 therefore the over accruals were reversed accordingly.

- b) Depreciation for Building -Raiwai/Raiwaqa has been reversed from 2016 to 2017 and will be written off next year as the building has been demolished. (IAS8).

	<b>Previously Reported 2016</b>	<b>Adjustments</b>	<b>Restated 2,016</b>
<b>Property, plant and equipment</b>			
<b><u>Land &amp; Building</u></b>			
<i>Cost:</i>			
At 31 December	35,108,188	(109,307)	34,998,881
<b><u>Depreciation and impairment</u></b>			
At 31 December	11,134,879	(120,286)	11,014,593
Net book value	23,973,309	10,979	23,984,288

- b (ii) There has been revaluation of EXIM loan due to of fluctuation of exchange rate during repayments. Board borrowed \$9m loan from EXIM Bank for which repayments for Principal were started in 2016. Due to fluctuation of exchange rate the Principal value for the loan increased by \$2,079,076 in prior years. The fluctuation of the exchange rate, has been accounted for in accumulated earnings for comparative as per IAS21 and in PPE as per IAS23. PPE was adjusted by \$2,692,800 while the Retained Earnings has been adjusted by \$100,800 as Exchange Rate Loss and \$53,856 as depreciation on adjustment to PPE. The revaluation amount were confirmed by Ministry of Economy. The changes made were as follows:

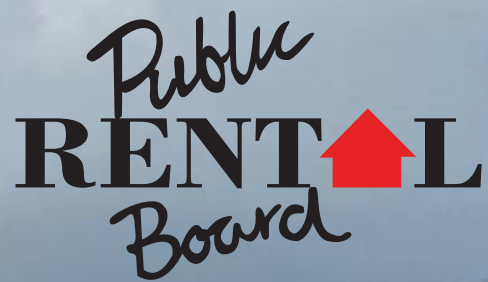
**PUBLIC RENTAL BOARD  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
YEAR ENDED 31 DECEMBER 2017**

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**23. CORRECTION OF AN ERROR - cont'd**

	<b>Balance after adjustment from b(i) 2016</b>	<b>Adjustments</b>	<b>Restated Balance 2016</b>
<b><u>Land &amp; Building</u></b>			
Cost at 31 Dec 2016	34,998,881	2,692,800	37,691,682
	<b>Previously Reported 2016</b>	<b>Adjust - Exchange Rate (b(ii))</b>	<b>Adjustment Provision and Accruals (a)</b>
			<b>Restated Balance 2016</b>
<b><u>Equity</u></b>			
Accumulated Profit	386,806	(154,656)	823,841
			669,185
<b><u>Other Income</u></b>			
Foreign Exchange Gain	-	714,524	-
			714,524
	<b>Balance After Adjustment 22b(i) 2016</b>	<b>Adjustment b(ii)</b>	<b>Restated Balance 2016</b>
<b><u>Depreciation and impairment</u></b>			
At 1 January	10,443,603	53,856	10,497,459
Depreciation charge for the year	570,989	53,856	624,845
Disposals	-	-	-
At 31 December	11,014,593	107,712	11,122,305





Public  
**RENTAL**  
Board



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