


Annual Report 2015

Parliamentary Paper **Number 72 of 2016**

**“Bringing
places,
and people
together”**

Public
RENT  **L**
Board




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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

1. 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.

2. Rent Review

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

3. 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.

4. 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 1,000 flats per annum.
- Determine economic rental at different income levels and establish demand.

5. PRB's Revenue and Cost Structure

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

6. 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



21 June 2016

Hon Parveen Kumar Bala
Minister for Local Government, Housing and Environment
P O Box 2131
Government Buildings
SUVA

Dear Hon Minister

Re: 2015 ANNUAL REPORT

Please find attached the PRB 2015 Annual Report. This report incorporates details of the operations and activities of PRB for year ending 31st December 2015.

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,

A handwritten signature in black ink, appearing to read "Umarji Musa", written over a dotted line.

Mr Umarji Musa
Acting Board Chairman

Board Members



Narendra Prasad

Mr. Prasad was appointed as Chairman of the Board of Directors on 16 January 2014 for a term of 2 years. Mr. Prasad was employed with the Fiji National University as the Director Finance and Human Resources at the Nasinu Campus. He was also a former CEO for Housing Authority Fiji. A wealth of experience in accounting, human resources, administration, operational, governance and the housing industry. He resigned in February 2015.



Samuela Namosimalua

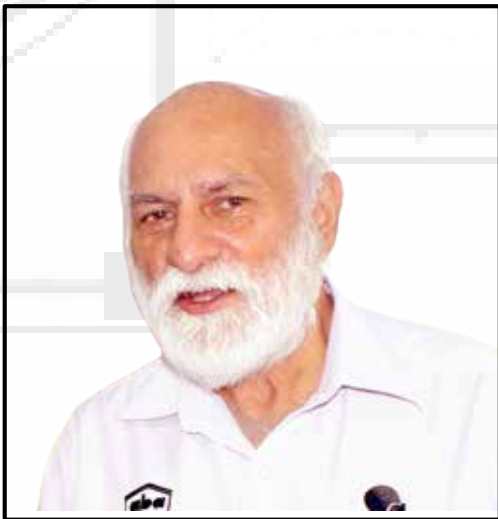
Appointed to the Board January 2015. Mr. Namosimalua was the former Permanent Secretary for the Ministry of Local Government, Urban Development, Housing & Environment. Mr. Namosimalua began his career as a civil servant in 1989 as an assistant teacher. In 1995 he was appointed Technical Officer, Field Operation with the Ministry of Labour, Industrial Relations & Employment where he gradually rose through the ranks to become Deputy Secretary in March 2010. During his stint with the Ministry, he acted Permanent Secretary on several occasions.

Mr. Namosimalua acquired his BSc in 1987 and Master of Business Administration in 2007 from the University of the South Pacific.



Umarji Musa

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.



Ashok Balgovind

Appointed to the Board on 19 September 2014. Mr. Balgovind is a registered Architect by profession and a Businessman. He operates his own architectural company Ashok Balgovind & Associates. Mr. Balgovind has wealth of experience in the designing, engineering, planning and development in Fiji and across the Pacific. Furthermore, Mr. Balgovind is also passionate in youth development, community building, sports especially soccer.

Chairman's Report



Public Rental Board is mandated to provide rental housing on a transitional basis as a priority obligation under the Constitution. This has always been a challenge for the Public Rental Board to deliver quality and affordable rental flats in an environment of ever increasing demand and complexity. In a challenging macroeconomic climate we strive to improve business efficiency, construct new rental flats and secure sustainable returns to our stakeholders.

Our investment program is underpinned by sound financial reporting which is strong enough to withstand base erosion maintaining our position as the leading provider of affordable, quality and appropriate rental housing for the target market.

On behalf of the Board of Directors, it gives me great pleasure to deliver the Chairman's report for the year 2015.

The Public Rental Board reported another year of favorable results and achieved increased revenues and higher operating profits. It recorded a profit of \$359,942 compared to \$277,946 for last year. PRB achieved four years of increasing and consecutive profits. The operating income increased from \$3.71 million in 2014 to \$4.18 million in 2015, an increase of 11% with completion of 210 units at the Raiwai project in September 2014. The profit achieved

was a result of a collective effort from the Board, Management and Staff. There is still a level of concern as regards to admin cost as a percentage of rental income. However, this is expected to improve through economics of scale and having a 'lean and mean' structure.

Capital Projects

Government provided capital grants for the Kalabu (Nasinu) and Naqere (Savusavu) housing projects \$2.24 million and \$3.87 million respectively. Both projects are ongoing and are anticipated to complete by the end of 2016 and provide total of 84 units (36 at Kalabu and 48 at Naqere).

A sum of \$2.6 million was also provided by Government in the National Budget 2016/2017 for the Simla housing project in Lautoka. Some preliminary works are being finalized before calling for tenders and actual commencement of construction. It is anticipated that the Simla housing project would complete at the end of year 2017 and provide 36 accommodation units.

Demand Survey

We are taking a proactive and customer responsive approach in order to determine the right fit flat for potential customers. Comprehensive demand survey forms will soon be made available to determine the expectations in areas of rental charges, number of bedrooms, preferred location, rent to own option and repayments. This information would provide a more precise data and indication to the Board and Government on an investment program and model housing concept.

Chairman's Report Continued

Housing Opportunities

I am aware of the needs in the real estate market especially those in the low-income group. The PRB team is committed to address the concerns as we continue to provide decent homes for low income earners around Fiji. We will also simultaneously bring equal housing opportunities to different markets.

Future Programs and Targets

Our approach is to make our programs more people-inclusive (demand surveys, data collection). We trust in the capabilities of Fijians in improving their lives and we are here to guide and support them by initiating policies and programs that empower them. While we pursue our goal to provide shelter to as many Fijian families, we also want them to play a significant role in fulfilling this goal. And so, we will further enhance our partnership with communities as well as local governments so that we can reach out to more families.

Rent to Home Ownership Model

We are also developing a model where tenants could initially rent and eventually move into home ownership. We envision that through our initiatives, we would not only help our people prosper their lives through shelter but also Rent to Home ownership option for tenants will allow them opportunities to take loans and also benefit from property appreciation.

Transition to Home Ownership

Public Rental Board will also collaborate with the Housing Authority to migrate approximately 50% of tenants whose income are above the PRB threshold (greater than \$317 weekly gross income) to home ownership through accommodation flats built by Housing Authority to cater for this. This will eventually free up flats for low income Fijians in the waiting list.

Rental Flats vs Future Plans

Current rental flat count at the Public Rental Board is 1553 flats. A master plan has been implemented to construct more flats and we can confidently say that at least 84 flats would be available for letting at the end of year 2016. Another 36 flats would be available at the end of 2017. Construction of flats depends on the availability of funds from Government via capital grants. Management will make submissions to the Government annually with the target to construct at least 100 flats per annum.

Acknowledgement

The performance of the Public Rental Board stands testimony to the courage, determination and excellence of all the team members working within the organisation. It has been an honour and privilege to work alongside them. Together, we thank our tenants for their valued patronage and loyalty.

I wish to extend my sincere appreciation and gratitude to the PRB Staff and the Management team for driving the public rental agenda.

The outcomes of the past years would not have been possible if not for the steadfast support and commitment of our stakeholders. I would like to express my sincere gratitude to the Government for the support and encouragement extended to us.

My heartfelt appreciation to my fellow Board of Directors for the advice, guidance and support that made 2015 such a triumphant year for PRB.



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 2015.

Housing provides more than just a shelter; it provides a foundation for people to improve their lives and benefits the wider community. The ongoing role of the Public Rental Board is to provide affordable and quality rental housing for all Fijians that are appropriate to their housing needs. The Board works closely with all partners, shareholders, stakeholders and the community to achieve its deliverables through innovative concepts and minimal costs.

A brief highlight of the activities undertaken by the Board in 2015.

Community Development was an aspect that the Board invested and looked into. Community meetings, awareness and Estate beautification took place in many of our Estates bringing the youth groups, women groups and estate committees together.

We've improved our processes so that response to repair and maintenance work are carried out more quickly. This enabled us to allocate rental accommodation to 266 customers and their families this year. At the same time, we've increased our portfolio occupancy rate from 98 to 99 percent.

The Board re-engineered its business process after identifying some weaknesses in the Information Technology infrastructure in order to deliver the best to our Tenants and Clients, PRB invested in the purchase of new hardware, accounting software such as Microsoft Navision 2015 and Payglobal.

The Board has two continuing building projects from last year which heads in the direction desirable to meet the market demand. Upon completion of the Savusavu and Kalabu Housing Projects this will give shelter to 84 new families.

Incorporated in the Report are the following financial highlights for 2015;

- Prospective Tenant Waitlist
- Rent Collection Report
- ROA
- ROE

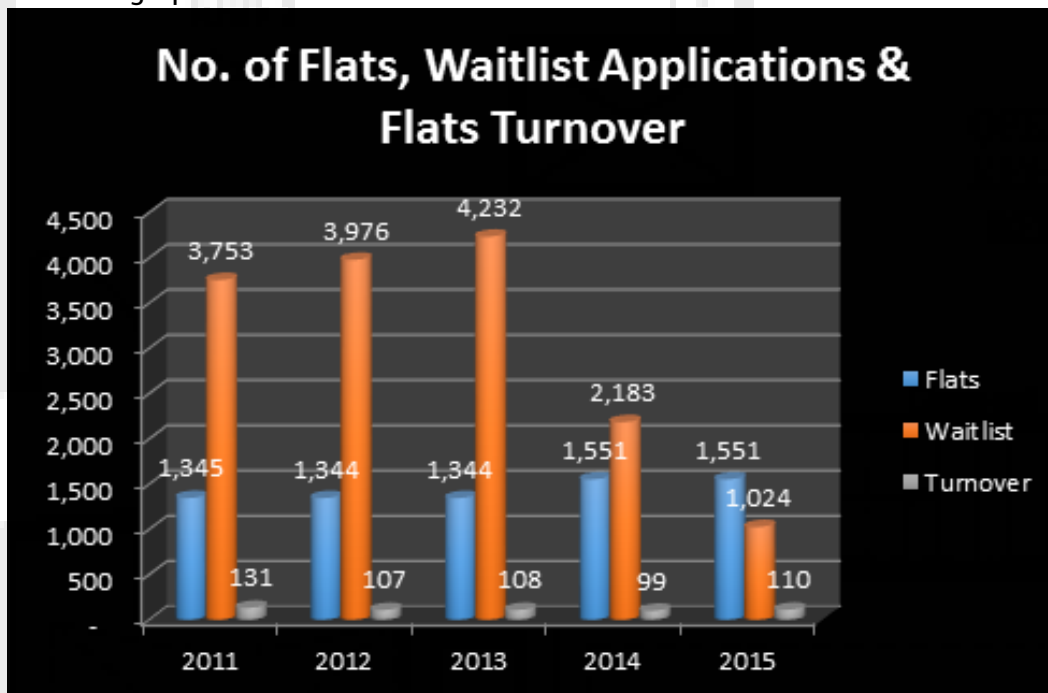
I take this opportunity to give my heartfelt appreciation to the Board of Directors, Management and Staff of Public Rental Board for all their efforts in bringing PRB this far re-assuring Tenants and Stakeholders that we shall always endure to meet their expectations. We will continue to focus on improving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

1. Reduce waitlisted applicants

In 2015 Management decided to implement a cut-off date for waitlist applications in the database in order to ascertain the true demand of rental flats. Henceforth it was generally agreed that all applications received in year 2010 onwards to be revalidated in the database and remove applications of prior years. Furthermore, staff will maintain an active waitlist and updated on a regular basis.

General Manager's Report Continued

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



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. Finance, Audit and Risk Management Subcommittee further strengthens the Board's 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 direction in order to meet the objective of increasing stakeholder value.

The Board

Board of Directors are appointed by the Minister for Housing under the Housing (Amendment) Decree number 12 of 1989 for an initial term of three (3) years. The Directors may be re-appointment for another term.

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 overall performance of PRB.

Directors' attendance at Board meetings during the financial year under review is tabled below:

Director	Number of meetings entitled to attend	Number of meetings attended	Apologies Received
Mr. Narendra Prasad	2	1	1
Mr. Umarji Musa	8	5	-
Mr. Ashok Balgovind	8	5	-
Mr. Samuela Namosimalua	12	5	-

General Manager's Report Continued

The Board met on 5 occasions for its regular meetings with 2 Special Board Meetings during the year under review (total of 7 meetings in 2015).

No meetings were held between August to December 2015 due to the expiry of the Directors term and there being no Quorum.

Sub-committees of the Board

The Board has formally constituted three (3) sub-committees;

- Property and Development Subcommittee
- Finance, Audit and Risk Management Subcommittee and
- Human Resources Subcommittee.

As at the balance date, the Property and Development Subcommittee comprised of Mr. Ashok Balgovind, Mr. Umarji Musa, and Mr. Narendra Prasad.

The Property and Development Subcommittee has an overview and responsibility over flat construction and development, general renovation of flats, engagement of private contractors for construction works and overall management of projects. Though the sub-committee did not have any meetings during the financial year under review, the executive management took decisions in consultation with the members of the sub-committee where necessary.

As at the balance date, the Finance, Audit and Risk Management Subcommittee comprised of Mr. Umarji Musa, Mr. Ashok Balgovind and Mr. Samuela Namosimalua.

The Finance, Audit and Risk Management Subcommittee is responsible for monitoring PRB's financial strategies, monitoring the external audit of the Board's affairs, reviewing the half-year and annual financial statements and monitoring the Board's compliance with applicable laws and ministerial requirements. The Subcommittee is also responsible for monitoring the Risk Management aspect to ensure that key business and operational risks are identified and appropriate controls and procedures are put in place to manage those risks.

Though the sub-committee did not have any meetings during the financial year under review, the executive management took decisions in consultation with the members of the sub-committee, where necessary.

As at the balance date, the Human Resources Subcommittee comprised of Mr. Umarji Musa, Mr. Ashok Balgovind and Mr. Samuela Namosimalua.

The Human Resources Subcommittee is responsible for providing recommendations to the Board for executive management appointment and remuneration, staff performance appraisal, administrative affairs of PRB, and staff welfare in the best interest of PRB. Though the sub-committee did not have any meetings during the financial year under review, the executive management took decisions in consultation with the members of the sub-committee, where necessary.

3. Rental Revenue

PRB charged rent of \$3,511,301 in the reporting year and market rental charge computed at \$3,600,790. The Board through its rental collection initiatives collected \$2,683,635 excluding subsidy or 76% against rent charge. The total rent collected includes rent for the period, arrears payments, and advance rental payments by tenants.

Collection including subsidy amounts to \$3,389,891 or approximately 97% against the rent charge.

Table 1 shows the actual collection amount since commencement of operations.

General Manager's Report Continued

Actual Collections Comparison: 1990 to 2015

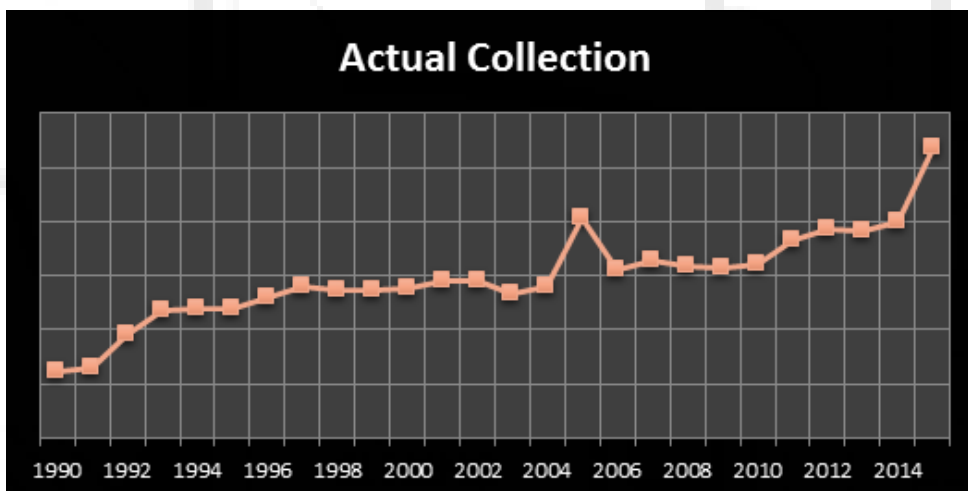


Table 1
ACTUAL COLLECTION

1990	\$ 615,000
1991	\$ 650,336
1992	\$ 954,104
1993	\$ 1,174,526
1994	\$ 1,187,169
1995	\$ 1,200,756
1996	\$ 1,301,729
1997	\$ 1,401,013
1998	\$ 1,370,155
1999	\$ 1,370,155
2000	\$ 1,389,168
2001	\$ 1,445,754
2002	\$ 1,456,199
2003	\$ 1,332,285
2004	\$ 1,392,923
2005	\$ 2,040,905
2006	\$ 1,555,592
2007	\$ 1,638,105
2008	\$ 1,589,496
2009	\$ 1,573,695
2010	\$ 1,606,895
2011	\$ 1,823,235
2012	\$ 1,921,375
2013	\$ 1,912,632
2014	\$ 1,998,859
2015	\$2,683,635

4. General Maintenance

PRB commenced the second round of general maintenance program in the year 2008. This second cycle is anticipated to complete in year 2015. In this cycle PRB undertakes general improvements and upgrading of its facilities such as tiling wet and living areas, grills, placement of ceiling etc. following which, rental charges are reviewed equivalent to the market rent.

Financially disadvantaged tenants are subsidized accordingly. General maintenance and review of rental is essentially important for PRB because revenue from rental is the major contributing source of income for the Board. General maintenance undertaken in 2014 were in the following estates as presented in Table 2.

Table 2

Estates	Contractor	Budget (\$)	Contract Sum (\$)	Expenditure (\$)
Vakatora, Lautoka	In-house Maintenance Team	\$120,000	\$120,000	\$104,423.15
Naodamu, Labasa	Core Builders	\$250,000	\$250,000	\$250,000

General Manager's Report Continued

Distribution of Rental Subsidy

Subsidy is allocated to tenants based on their household Weekly Gross Income (WGI) in accordance with the subsidy allocation criteria. Some 710 financially disadvantaged tenants received a total of \$706,256.22 subsidy assistance in 2015. Rental subsidy assistance is calculated taking the difference between the actual rent charge and amount afforded by tenants (tenant contribution).

The subsidy criteria was reviewed in year 2010 following a valuation of properties to determine the market rent charge and claim the non-commercial obligations (social cost) from Government's annual subsidy grant. Subsidy is allocated according to the subsidy agreement between the Ministry of Housing and the Board. This new subsidy criteria and rent charge reviewed in year 2010 would only be applicable to the estates where general maintenance has been carried out.

The 1999 and the new 2010 subsidy criteria are as follows:

1999 Subsidy Criteria

No	Income Range	Criteria	Comments
1	Weekly gross income \$0-\$64	5% of income	Tenant contribution = 5% of WGI
2	Weekly gross income \$65-\$80	10% of Income	Tenant contribution = 10% of WGI
3	Weekly gross income \$81- \$100	15% of Income	Tenant contribution = 15% of WGI
4	Weekly gross income \$101-\$125	20% of Income	Tenant contribution = 20% of WGI
5	Weekly gross income \$126 - \$150	25% of Income	Tenant contribution = 25% of WGI

2010 Subsidy Criteria

No	Income Range	Criteria	Comments
1	Weekly gross income \$0-\$80	5% of income	Tenant contribution = 5% of WGI
2	Weekly gross income \$81-\$100	8% of Income	Tenant contribution = 8% of WGI
3	Weekly gross income \$101- \$125	11% of Income	Tenant contribution = 11% of WGI
4	Weekly gross income \$126-\$150	14% of Income	Tenant contribution = 14% of WGI
5	Weekly gross income \$151 - \$175	17% of Income	Tenant contribution = 17% of WGI
6	Weekly gross income \$176 - \$200	20% of Income	Tenant contribution = 20% of WGI

The 2015 social cost (difference between market rent and actual rent) was directly funded by Government through subsidy grant. Government's contribution towards payment of social cost was approximately \$89,489 for the reporting year.

General Manager's Report Continued

5. New Developments and Construction

5.1. 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. This project is anticipated to complete in July 2016.

5.2. 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 is anticipated to complete in August 2016.

6. Tenancy Management

Table 3

	Valid Tenancies	Tenancies In-Valid for renewal	Vacant Flats	No. of Agreements issued in 2015	No. of Agreements issued in 2014
No. of Tenancies	1095	226	42	188	173

7. Sale of Rental Flats

Makoi estate was sold to the sitting tenants in 1992 however one flat is still pending due to some technical glitch in the registration of titles. Progressive attempts have been made to correct the situation with assistance from the Housing Authority. We anticipate selling this in 2016. Table 4 indicates the pending settlement for Makoi estate.

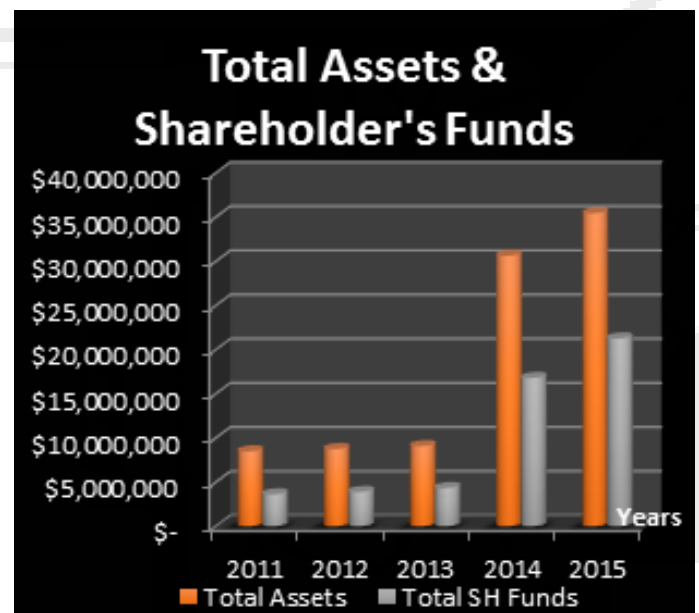
Table 4

Estates	No. of Flats on Sale	No. Sold as at 31.12.2015	Balance to be sold	Selling Price	Market Value for each unit
Makoi	1	0	1	Ranging from \$30,000.00 to \$40,000.00	Ranging from \$30,000.00 to \$40,000.00

8. Financial Highlights

Total Assets & Shareholder's Funds

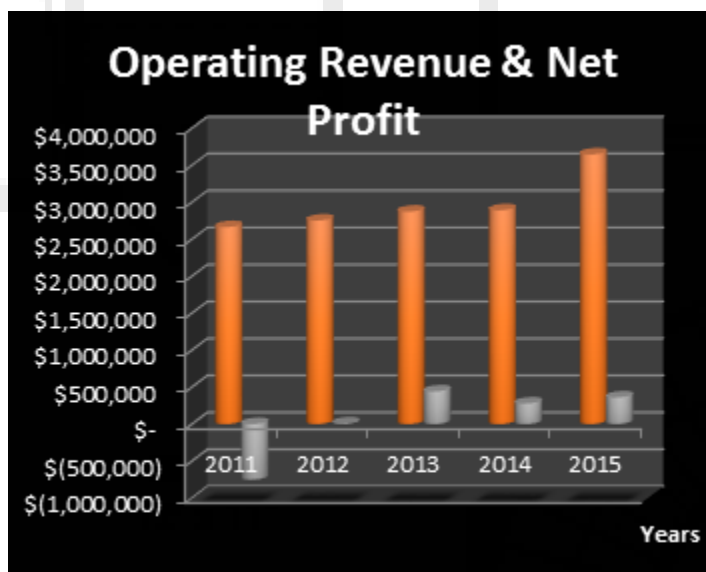
Years	Total Assets	Total SH Funds
2011	8,486,877	3,613,371
2012	8,746,018	3,889,559
2013	9,076,368	4,330,386
2014	30,618,946	16,790,770
2015	35,434,598	21,264,227



General Manager's Report Continued

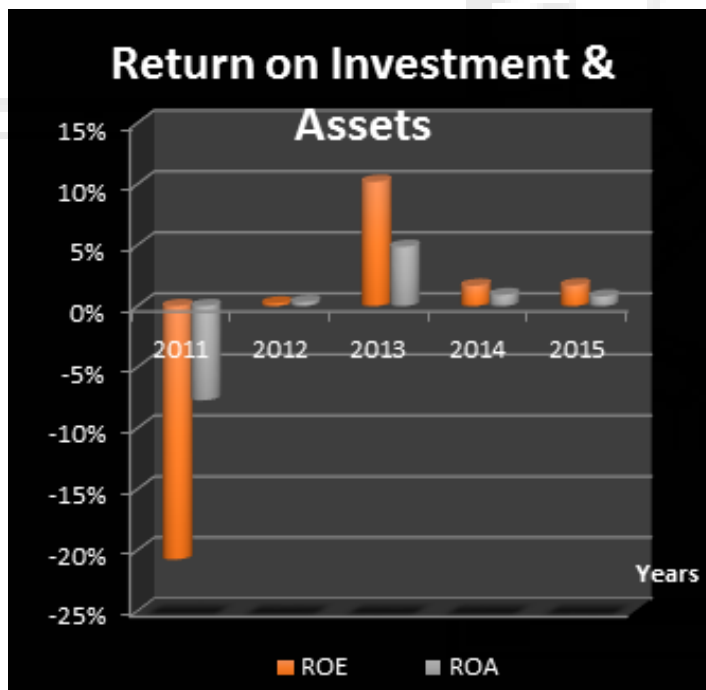
Operating Revenue & Net Profit

Years	Operating Revenue	Net Profit
2011	2,663,162	(750,412)
2012	2,752,632	8,565
2013	2,872,738	440,827
2014	2,891,757	277,949
2015	3,646,789	359,942



Return on Investment & Assets

Years	ROE	ROA
2011	-21%	-8%
2012	0.22%	0.32%
2013	10%	5%
2014	2%	0.91%
2015	2%	0.78%



General Manager's Report Continued

9. Financial Report

Statement of Comprehensive Income (Extract)

	12 Months period ending 31.12.15	12 Months period ending 31.12.14
Total Income	3,708,372	2,953,340
Total Expenses	(3,099,830)	(2,575,132)
Operating profit before interest expenses	608,542	378,208
<i>Operating profit % to Total Income</i>	<i>16.41%</i>	<i>12.81%</i>
Interest Expenses	248,600	100,259
Net profit for the years	359,942	277,949
<i>Net Profit % to Total Income</i>	<i>9.71%</i>	<i>9.41%</i>
Other comprehensive income	-	-
Total comprehensive income for the year	359,942	277,949
<i>% to Total Income</i>	<i>9.71%</i>	<i>9.41%</i>

Total Income reported as at 31st December 2015 increased by approximately 26% compared against the same period last year. Increases were reported in rental income from Raiwai estate.

Total comprehensive surplus (net profits) for year 2015 increased by approximately 29% compared against the same period last year. Total expenses increased by approximately 20%. Significant increases were reported in interest expenses relating to the loan from the EXIM Bank of China, depreciation on Raiwai flats and repairs & maintenance expenses.

Statement of Financial Position (Extract)

	12 Months period ending 31.12.15	12 Months period ending 31.12.14
Non Current Asset	28,518,320	26,867,463
Current Asset	6,916,278	3,751,483
Total Asset	35,434,598	30,618,946
Total Equity	21,264,227	16,790,770
Non Current Liabilities	9,698,527	9,760,110
Current Liabilities	4,471,844	4,068,066
Total Liabilities	14,170,371	13,828,176
Total Equity and Liabilities	35,434,598	30,618,946

General Manager's Report Continued

Non-Current assets increased by approximately 6% taking into consideration the two capital projects still under construction at Kalabu (Nasinu) & Naqere (Savusavu). Current Assets increased by approximately 84% after receiving the capital grant for the two construction projects. Total equity increased by approximately 27%.

Cash Flow

Net cash flow for the financial year ending 31st December 2015 was managed efficiently. The cash and cash equivalent position increased significantly by approximately 86%.

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 – Measures short-term debt obligations.

	2015	2014
Current Asset / Current Liabilities	1.55	0.92

The current ratio indicates that approximately 155% of current liabilities for financial year ending 2015 would be paid off upon liquidating 100% of current asset compared against 92% same period last year. Under normal circumstances this ratio should be at least 2:1. The Board's current ratio indicates there is shortfall in cash to meet its short term debts and other obligations. A more conservative measure of liquidity is as follows:

Quick Ratio	2015	2014
Cash + marketable securities + accounts receivable / Current Liabilities	1.53	0.91

The current assets are referred to as "quick assets" because they can be quickly converted to cash.

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.

	2015	2014
Average No. of Days Receivables Outstanding	9	10

Average collection days have improved by 1 day in the reporting year compared against the same period last year. This indicates PRB is becoming efficient in collecting rental income.

General Manager's Report Continued

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 long periods of time.

	2015	2014
Total Debt / Total Equity	0.67	0.82

The debt to equity ratio for financial year ending 2015 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: Earnings before Interest & Taxes / Total Assets

	2015	2014
Return on Assets	1.7%	1.2%

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: Net Profit / Total Equity

	2015	2014
Return on Equity	1.69%	1.66%

ROE increased by approximately 1.8% 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.

	2015	2014
Profitability Ratio	6%	9%

The profitability ratio decreased for reporting financial year by approximately 33% compared to the same period in the previous year. The reduction is associated to an increase in interest expense on loan from the EXIM Bank of China.

General Manager's Report Continued

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. Staff costs continue to be a major expense for the Board. This comprises approximately 27% of the total revenue in the current year. However, this percentage of staff cost against total revenue would have been more (29%) if market rental were not subsidized by Government. Public Rental Board staff in the financial year is provided as:

Division	No. of Staff
Executive	Nil (Vacant)
Finance and Administration	10
Property	15
Un-Established	18
Total	43

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. Tabled below is a summary of external training programs attended by staff

Courses/Conference	Facilitator	No. of Participant(s)
OHS Module I & II	FNU	15
FIA Congress 2015	FIA	1
Sanitation and Plumbing	FNU	2
OHS Module 1 & 2	FNU	2
Sanitation and Plumbing Stage 2	FNU	2
CPA Congress 2015	CPA	1
OHS Module 3	FNU	2
Carpentry Stage 1	FNU	2

Market Salary Adjustment and Performance Management System (PMS)

Currently all staff are paid in accordance to the market salary rates implemented in 2012. The Board of Directors agreed to review the market salary rates at every three year interval. Next review is now due and would be conducted in year 2016.

General Manager's Report Continued

Furthermore the Board of Directors enhanced the PMS framework to reward high performers through the establishment of stretch targets. This framework would be reviewed at a three year interval with the market salary adjustments.

12. Information & Communication Technology

The Board of Directors following a recommendation from Management approved to implement the new Microsoft® Business Dynamic Solutions – Navision® 2015 and Payglobal. Reasons for this upgrade were expired licenses of the obsolete products of Microsoft, discontinuation of support by Microsoft XP and Windows Server 2003, and limitations in Nav 4 in doing data analysis. It is understood this new integrated database system would enhance the provision of quality information for better decision making for the Board.

Modules integrated in the new Nav 15 are:

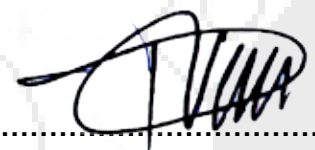
- Finance & Accounting
- Payroll (Payglobal)
- Fixed Assets Register
- Rental System (Debtors Subsidiary)
- Creditors System (Creditors Subsidiary)
- Order & Processing
- Development & Tendering
- Tenants Complaints

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 Fijian 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 company through the challenges and ensuring that satisfactory growth is achieved. And we look forward to their continued support in the years to come.



Pat Veu
Acting General Manager

Financial Statement

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29	Statement Of Changes In Equity	30	Statement Of Financial Position	31	Statement Of Cash Flows	32	Notes to and Forming part of the Financial Statements
46	PRB Team						

Director's Report

Year ended 31 December 2015

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 2015, 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. Narendra Prasad – Chairman	Jan-14	Feb-15
Mr. Umarji Musa	Sep-10	Sep-15
Mr. Ashok Balgovind – Acting Chairman	Sep-14	Sep-15
Mr. Samuela Namosimalua	Feb-15	Dec-15

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.

Result

The operating profit for the year was \$359,942 (2014: \$277,949).

Dividends

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

Reserves

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

Bad and Doubtful Debts

Prior to the completion of the Board's financial statements, the Directors took reasonable steps to ascertain that 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 statement misleading.

Director's Report Continued

Year ended 31 December 2015

Unusual Transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the result of the operations of the Board during the financial year were not substantially affected by any items, 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 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.

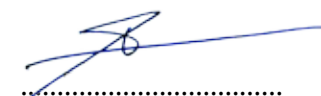
As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Board's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Board misleading or inappropriate.

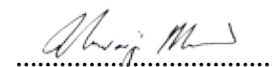
Directors' Benefits

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 substantial financial interest.

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

Dated this 21 day of June 2016.


.....
Director


.....
Director

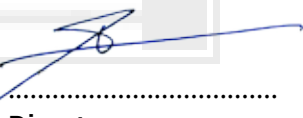
Statement by Director's Year ended 31 December 2015

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 2015;
- (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 2015;
- (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 2015;
- (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 2015;
- (v) At the date of this statement there are reasonable grounds to believe the Board will be able to pay its debt 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 21 day of June 2016



Director

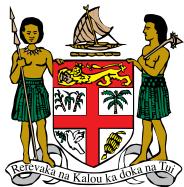


Director

Independent Audit Report

Office of the Auditor General

Excellence in public sector auditing



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INDEPENDENT AUDITOR'S REPORT

To the members of Public Rental Board

Report on the Financial Statements

I have audited the accompanying financial statements of Public Rental Board, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 21.

Directors' and Management's Responsibility for the Financial Statements

Directors' and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Housing Act 1985 and the Public Enterprise Act 1996. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessments of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Audit Report Continued

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

Included as equity under the Statement of Changes in Equity are government grants totalling \$16,295,950. This is a departure from the International Financial Reporting Standard IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" which requires government grants provided for the purchase or construction of assets to be recognised initially as deferred income and then recognized in profit or loss as other income on a systematic basis in the same period that the expenses are recognized.

The Board's records indicated that had the Board complied with IAS 20, the impact would have been an increase in other operating income & deferred income by \$16,295,950 and a decrease in equity by the same amount.

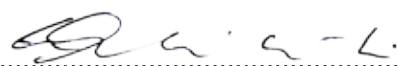
Qualified Audit Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Public Rental Board as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Without further qualifying the opinion expressed above, I draw attention to the following matter:

As discussed on Note 13 of the financial statements, a long term loan of \$9 million was borrowed by the Government from the EXIM Bank of China in 2010 to finance the construction of the Raiwai Housing Project. There is a grace period of 5 years on principal repayment; however; the interest is payable together with commitment fee of 0.075% and management fee of 1% during the grace period. The Board has not reconciled its records with that of the Ministry of Finance to include interest already paid by the Government.





Atunaisa Nadakuivuki
For Auditor General

Suva, Fiji
04 July 2016

Statement of Comprehensive Income

Year ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue		3,511,301	2,767,817
Rental Revenue	2	154,259	174,877
Other operating income		3,665,560	2,942,694
Expenses		(662,459)	(436,370)
Amortisation and depreciation expense	3	(1,020,899)	(1,034,896)
Employee benefit expenses	4	(1,416,472)	(1,103,866)
Other operating expenses		(3,099,830)	(2,575,132)
Profit from Operations		565,730	367,562
Finance Cost	5	(205,788)	(89,613)
Net Profit for the year		359,942	277,949
Other comprehensive income		-	-
Total comprehensive income for the year		359,942	277,949

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

Statement of Changes in Equity

Year ended 31 December 2015

	2015 \$	2014 \$
Government equity		
Balance at the beginning of the year	16,578,651	4,396,216
Additions during the year	4,113,515	12,182,435
Balance at the end of the year	20,692,166	16,578,651
Accumulated Profit		
Balance at the beginning of the year	212,119	(65,830)
Net Profit for the year	359,942	277,949
Total available for appropriation	572,061	212,119
Dividends paid or proposed	-	-
Balance at the end of the year	572,061	212,119
Total Equity	21,264,227	16,790,770

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

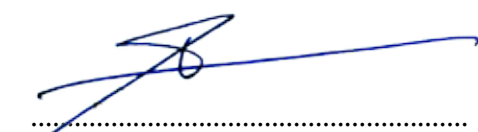
Statement of Financial Position

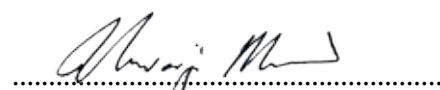
As at 31 December 2015

	Notes	2015 \$	2014 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	28,432,813	26,783,339
Intangible asset	7	7,922	6,538
Investments		77,585	77,585
		28,518,320	26,867,462
Current Assets			
Cash and short term deposits	8	6,776,564	3,640,726
Rent receivables	9	85,669	77,094
Inventories	10	963	2,004
Prepayment and other assets	11	53,082	31,659
		6,916,279	3,751,483
TOTAL ASSETS		35,434,598	30,618,946
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		20,692,166	16,578,651
Accumulated profit / (losses)		527,061	212,119
Total Equity		21,264,227	16,790,770
Non-current liabilities			
Deferred revenue	12	698,527	760,110
Interest bearing debt	13	9,000,000	9,000,000
		9,698,527	9,760,110
Current liabilities			
Trade payable and accruals	14	3,132,591	2,746,861
Interest bearing debt	13	1,014,712	1,014,712
Deferred revenue	12	57,625	57,625
Employee entitlements	15	266,916	248,868
		4,471,844	4,068,066
Total liabilities		14,170,371	13,828,176
TOTAL EQUITY AND LIABILITIES		35,434,598	30,618,946

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.


.....
Director


.....
Director

Statement of Cash Flows

Year ended 31 December 2015

	Note	2015 Inflows/ (Outflows) \$	2014 Inflows/ (outflows) \$
Operating activities			
Receipts from customers		3,585,770	2,881,517
Payments to suppliers and employees		(2,292,944)	(2,200,451)
Interest paid		-	-
Interest received		42,812	10,647
Cash flows from operating activities		1,335,638	691,713
Investing activities			
Payments for property, plant and equipment		(2,313,315)	(1,230,648)
Payments for Investments		-	-
Cash flows from investing activities		(2,313,315)	(1,230,648)
Financing activities			
Proceeds from Government Equity		4,113,515	2,824,022
Proceeds from Borrowings		-	-
Cash flows from financing activities		4,113,515	2,824,022
Net increase/ (decrease) in cash and cash equivalents		3,135,838	2,285,087
Cash and cash equivalents at the beginning of the year		3,640,726	1,355,639
Cash and cash equivalents at the end of the year	8	6,776,564	3,640,726

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

Notes to Financial Statement Year ended 31 December 2015

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 21 June 2016.

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 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 judgements, 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 judgement, 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.

Notes to Financial Statement Continued

Year ended 31 December 2015

1.2 Significant accounting judgements, 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 of 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.

Notes to Financial Statement Continued Year ended 31 December 2015

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 flows 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 flow 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 receivable

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.

Notes to Financial Statement Continued

Year ended 31 December 2015

1.3 Summary of significant accounting policies

e) Inventories

Inventories includes 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 and 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, 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.

Notes to Financial Statement Continued Year ended 31 December 2015

1.3 Summary of significant accounting policies (continued)

i) Employee entitlements (continued)

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 (Cap. 267) and the Housing (Amendment) Decree No. 12 (1989).

Notes to Financial Statement Continued

Year ended 31 December 2015

1.3 Summary of significant accounting policies (continued)

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 represent 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 and loss.

Notes to Financial Statement Continued

Year ended 31 December 2015

	2015 \$	2014 \$
2. Other operating income		
Amortisation of deferred revenue from government grants	61,583	61,583
Other income	92,676	113,294
	154,259	174,877
3. Employee benefit expense		
Salaries and wages	822,171	830,938
FNPF contributions	85,985	67,714
TPAF levy	8,458	8,730
Others	104,285	127,514
	1,020,899	1,034,896
The number of employees at the end of the financial year was 43 (2014:44)		
4. Other operating expense		
Auditor's remuneration – audit fees	9,300	8,500
Bad and doubtful debts	9,631	20,712
Insurance	57,369	25,467
Repairs and maintenance	726,511	523,286
Others	613,661	525,901
	1,416,472	1,103,866
5. Net financial cost		
Interest income	(42,812)	(10,646)
Interest expense	248,600	100,259
Total cost	205,788	89,613
6. Property, plant and equipment		
Land and Buildings		
Cost:		
At 1 January	35,327,192	15,145,377
Transfer from work in progress	-	20,033,354
Additions	(219,004)	148,461
Disposals	-	-
At 31 December	35,108,188	35,327,192
<i>Depreciation and impairment</i>		
At 1 January	9,978,791	9,619,092
Depreciation charge for the year	574,118	359,699
Disposals	-	-
At 31 December	10,552,909	9,978,791
Net Book Value	24,555,279	25,348,401

Notes to Financial Statement Continued

Year ended 31 December 2015

	2015 \$	2014 \$
6. Property, plant and equipment (continued)		
<u>Office premises</u>		
<i>Cost:</i>		
At 1 January	171,071	171,071
Transfer from work in progress	-	-
Additions	-	-
Disposals	-	-
At 31 December	171,071	171,071
<i>Depreciation and impairment</i>		
At 1 January	108,268	103,991
Depreciation charge for the year	4,277	4,277
Disposals	-	-
At 31 December	112,545	108,268
Net book value	58,526	62,803
<u>Motor vehicles</u>		
<i>Cost:</i>		
At 1 January	633,837	633,837
Transfer from work in progress	-	-
Additions	49,000	-
Disposals	-	-
At 31 December	682,837	633,837
<i>Depreciation and impairment</i>		
At 1 January	594,012	546,826
Depreciation charge of the year	46,599	47,186
Disposals	-	-
At 31 December	640,611	594,012
Net book value	42,226	39,825
<u>Furniture and fittings</u>		
<i>Cost:</i>		
At 1 January	584,494	581,012
Transfer from work in progress	-	-
Transfer to intangible asset	-	-
Additions	180,200	3,482
Disposals	-	-
At 31 December	764,694	584,494
<i>Depreciation and impairment</i>		
At 1 January	535,800	513,966
Depreciation charge for the year	33,749	21,834
Disposals /Additions	-	-
At 31 December	569,549	535,800
Net book value	195,145	48,694

Notes to Financial Statement Continued

Year ended 31 December 2015

	2015 \$	2014 \$
6. Property, plant and equipment (continued)		
<u>Work in progress</u>		
Cost:		
At 1 January	1,263,595	1,773,672
Transfer to land and building	-	(1,674,941)
Additions	2,309,457	1,164,864
Disposals	-	-
Net book value	3,573,052	1,263,595
<u>Other Long Term Assets</u>		
Security Deposit – FEA	8,585	20,021
Total Net book value	28,432,813	26,783,339
7. Intangible asset		
Cost:		
At 1 January	334,997	334,997
Additions	5,100	-
Disposals	-	-
At 31 December	340,097	334,997
<i>Less amortisation and impairment:</i>		
At 1 January	328,459	325,086
Amortisation	3,716	3,373
Disposals/Addition	-	-
At 31 December	332,175	328,459
Net book value	7,922	6,538
8. Cash and short term deposit		
For the purpose 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 overdraft. 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	3,876,564	1,690,726
Short term deposit	2,900,000	1,950,000
	6,776,564	3,640,726
9. Rent receivables		
Rent receivable	110,527	92,320
Less provision for Doubtful Debts	24,858	15,226
	85,669	77,094

As at 31 December 2015 rent receivables at nominal value of \$110,527 (2014: \$92,320) were examined for impairment and \$24,858 (2014: \$15,226) were provided for.

Notes to Financial Statement Continued

Year ended 31 December 2015

	2015 \$	2014 \$
9. Rent receivables – continued		
Movement in the provision for impairment of receivables were as follows:		
At 1 January	15,226	11,030
Charge for the year	9,632	4,196
Utilised	-	-
Unused amount reversed	-	-
	24,858	15,226
At 31 December, the ageing analysis of rent receivable is as follows:		
Current	55,726	20,995
30-60 days	17,817	29,989
30-61 days	7,573	(9,826)
> 90 days	29,411	51,162
	110,527	92,320
10. Inventories		
Inventories – at cost	963	2,004
11. Prepayments and other assets		
Prepayments	18,207	9,931
Interest receivable	29,101	18,503
Sundry receivable	5,364	2,815
Subsidy receivable	410	410
	53,082	31,659
12. Deferred revenue		
Opening Balance	817,735	879,318
Less: Amortisation Transferred to revenue	61,583	61,583
	756,152	817,735
Current	57,625	57,625
Non-current	698,527	760,110
	756,152	817,735

Deferred revenue relates to grant received from the Government for the construction of the Kaukimoce, Newtown stage 2, Kia street, Newton 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.

Notes to Financial Statement Continued

Year ended 31 December 2015

	2015 \$	2014 \$
13. Interest bearing debt		
<u>Current</u>		
Housing Authority bond	1,014,712	1,014,712
<u>Non-current</u>		
Borrowings – Long Term	9,000,000	9,000,000
	10,014,712	10,014,712

(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%. There is a grace period of 5 years on principal however the interest is payable together with commitment fee of 0.075% and management fee of 1% during the grace period. Loan repayments would commence in year 2016.

(ii) The Housing Authority Bond is due and payable to the Government of the Republic of Fiji.

14. Trade payables and accruals		
Trade creditors and accruals	2,042,414	1,694,411
Consultancy	1,037	1,037
Rental deposits	302,759	259,322
Credit balance in receivables	419,239	436,713
Unallocated subsidy	367,142	355,378
	3,132,591	2,746,861

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2015 and 31 December 2014 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

On demand	2,828,795	2,486,502
3 to 12 months	1,015,749	1,015,749
1 to 5 years	9,302,759	9,259,322
Total	13,147,303	12,761,573

15. Employee Entitlements		
At 1 January	248,868	235,241
Arising during the year	37,817	24,054
Utilised	(19,769)	(10,427)
Unused amounts reversed	-	-
At 31 December	266,916	248,868

Notes to Financial Statement Continued

Year ended 31 December 2015

16. Related Parties

a) Identify of related parties

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

Mr Narendra Prasad – Chairman
Mr Umarji Musa
Mr Ashok Balgovind – Acting Chairman
Mr Samuela Namosimalua

Appointed	Served until
Jan – 14	Feb – 15
Sep – 10	Sep – 15
Sep – 14	Sep – 15
Feb – 15	Dec – 15

b) Transactions with related parties

Transactions with related parties the year ended 31 December 2015 with approximate transactions value are summarised as follows:

	2015	2014
	\$	\$
Board expenses and allowances	10,015	27,300
Amount owing to the Government for FNPF Bond	1,014,712	1,014,712
Government grant received to subsidise rental	793,969	725,000

i. The government grant of \$793,969 received in 2015 and the balance of \$27,072 from 2014 were distributed as rental subsidy amounting to \$706,256 (2014: \$636,316) and compensation of the market rent amounting to \$89,489 (2014: \$171,463). The balance of \$25,296 (2014: \$27,071) would be distributed in 2016.

ii. The Board received Government Grant from the Kalabu Housing Project of \$741,344 in 2015 (2014: \$1, 500, 000). Initial capital invested was \$250 and Interest income in 2015 equates to \$545.29 (2014: \$438.41). Total utilisation in 2015 equates to \$1, 178, 148.66 (2014: \$806, 007.94) and the balance of \$258, 421.10 (2014: \$731, 650, 32) would be utilised at completion of the project in 2016.

iii. The Board received Government Grant for the Naqere, Savusavu Housing Project of \$ 3,372,171 in 2015 (2014: \$500,000). Initial capital invested was \$250 and Interest income in 2015 equates to \$2,150.93 (2014: \$336.57). Total utilisation in 2015 equates to \$830,363.26 (2014: \$78,586.06) and the balance of \$2,965,959.18 (2014: \$421,976.84) would be utilised at completion of the project in 2016.

c) Compensation of key management personnel

Short term employee benefits

	162,396	159,589
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17. Commitments and contingent liabilities

a. Capital expenditure commitments

	1,935,671	3,797,768
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b. Contingent liabilities

	-	-
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c. Operating Lease Commitments

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

Not later than one year	44,333	42,001
Later than one year but not later than five years	177,332	168,003
Later than 5 years	2,429,408	2,288,567
	2,651,073	2,498,571

Notes to Financial Statement Continued

Year ended 31 December 2015

17. Commitments and contingent liabilities (continued)

c) Operating lease commitment (continued)

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 \$44,333 (2014: \$42,001).

18. Principal activities

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

19. Registered Office

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

20. Financial risk management objectives and policies

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

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

Interest rate risk

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

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

	Increase/ decrease in interest rate	Effect on profit before tax	Effect on profit before tax
2015	10%	-	(4,281)
	-10%	-	4,281
2014	10%	-	(1,065)
	-10%	-	1,065

Notes to Financial Statement Continued

Year ended 31 December 2015

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.

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

	Carrying Amount	
	2015	2014
	\$	\$
Cash and cash equivalents	3,876,564	1,690,726
Trade and other receivables	164,572	125,983
Held-to-maturity investment	2,977,585	2,027,584
	7,018,721	3,844,293

21. 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 operation of the Board, the results of those operations or the state of affairs of the Board in the subsequent financial period.

PRB Team





PUBLIC RENTAL BOARD


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Public
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Board