

Public
RENTAL
Board

Annual Report 2010



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**Notes to and forming part of the
Financial Statements**

Vision and Mission Statements

VISION

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

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 and customer satisfaction.
- Maintaining and enhancing flats to Public Rental Board standards.
- Empowering customers through innovative public relations and community building.
- Encouraging customers' participation in education and beautification of flats and landscaping.
- Providing cohesive communities while enhancing commercial openings that can be used to facilitate win - win opportunity for everyone.
- Undertaking profiling and analysis of existing and potential customers.
- Promoting Public Private Partnership (PPP) for innovative development and funding.
- Working together with service organizations for timely coordination of housing demand of customers.

CORPORATE OBJECTIVES

During 2010 PRB will undertake to achieve the following objectives:

Anticipation of Proposed Merger

- The proposed merger of PRB and HA will either create a new entity or PRB submerged as a Department within the current activities of Housing Authority. A Feasibility Study commissioned by Ministry for Public Enterprises to consultant KPMG is now completed and draft report with recommendations has been submitted to the Ministry for Public Enterprises. It is now awaiting further consultative meetings with relevant stakeholders before a decision by Government on proposed merger of both entities.

Re-profiling

- Re-profiling of customers in order to obtain a better understanding of the PRB Customer.
- This will enable the PRB to be able to provide Government with a more precise determination of the rental subsidy required the true demand for rental housing and the relationship between subsidy and also the definition and socio economic standing of the income range of PRB customers.

Government grant, aid and commercial operations

- Ensure PRB considers commercial development as a way forward with the understanding that higher returns from such will cross subsidise low income developments therefore ensuring less reliance on Government.
- The move to a more commercial focus will be undertaken in light of the PRB's core business - providing rental accommodation to low and middle income earners.
- The Government's social responsibility towards public housing will need to be quantified and claimed by PRB.
- In the short to medium term Government is expected to continue servicing the subsidy grant to PRB.

Rental property stock

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

Prb's cost structure

- PRB recognises that its current cost structure needs to be reduced or certainly re-focussed on areas of better return on investment.



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26th September 2012

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

Dear Minister

Re: 2010 ANNUAL REPORT

Please find attached the PRB 2010 Annual Report. This report covers the activities of PRB for year ending 31st December 2010.

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

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

Yours sincerely

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

MOSESE TIKOITOGA (Colonel)
Chairman of the Board of Directors

Board Members

Colonel Mosese Tikoitoga



Colonel Tikoitoga currently is the Land Force Commander of Republic of Fiji Military Forces and was appointed as PRB Board Chairman in February 2010. He possesses a Degree in Masters of Management of Defense Studies from Canberra University and Masters of Philosophy in Defense and Strategies Studies from Madras University in India. During 1988 to 1989 Colonel Tikoitoga was appointed Platoon Commander (PCommd) Third Battalion Fiji Infantry Regiment (3FIR), Seen Active service in Lebanon, Sinai, East Timor and Iraq. He has also served the RFMF as Senior Instructor of the Officers School, Commanding Officer for FTG – Nasinu, Chief Staff Officer for Training and Doctrine RFMF, Chief of Staff for Land Forces. Colonel Tikoitoga is a former Commissioner Central Division under Ministry of Provincial Development & Multi Ethnic Affairs. Colonel Tikoitoga has attended local and overseas military courses and attained a number of honors and awards.

Adrian Sofield



Appointed as PRB Director in September 2010 Mr. Sofield is an architect by profession with over 33 years' experience in the field. Originally from Perth in Western Australia Mr. Sofield has been a Fiji citizen since 1976. He is the current Chairman of the Fiji Trade & Investment Board, Investment Fiji, Airports Fiji Limited and Rewa Dairy. He is also the managing director for Adrian Sofield & Associates Ltd.

Father Kevin Barr



Father Barr currently is Consultant to People's Community Network, member of the Housing Board and Chairperson of the Wages Councils. He possesses a Degree in Education, Sociology and Anthropology, Theology plus studies in Economic theories and Development. Father Barr was appointed as PRB Director in March 2008. Born Sydney Australia. Ordained a catholic priest in 1961. Father Barr has worked for 15 years in PNG teaching in secondary schools and University of PNG. Has now been in Fiji for past 30 years – teaching at PRS, PTC and USP for the first ten years. He is also one of the founders of ECREA, founder of Chevalier Hostel and Chevalier Training Centre for underprivileged youth.

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 practises as an independent Business and Finance Consultant and also serves on a number of Boards.

Chandar Singh



Mr. Singh is a businessman by profession and Director of Senirosi Construction specializing in Civil, Electrical, Plumbing, Construction and Design. Mr Singh was appointed as PRB Director in March 2008. Currently he is the Chairman of the Finance, Audit and Risk Management subcommittee at Housing Authority and Public Rental Board. Mr. Singh was a former Senator in Parliament of Fiji. Also a former Town Councilor and Chairman of Finance Committee at Nasinu Municipal Council from 2002 to 2006. He is admired as a Community Leader.

Colonel Pio Tikoduadua – September 2009 to January 2010

Ratu Josateki Nawalowalo – March 2008 to September 2010

Ms Lavinia Padarath – March 2008 to October 2010

Ms Rosie Langi – March 2008 to October 2010

Chairperson's Report



Public Rental Board continues to provide rental homes for those in need of one. The team at Public Rental Board continued to strive for improvements of organizational performance to meet governments' expectations.

2010 presented some real challenges to Public Rental Board. Amongst others the most notable were the high maintenance costs and our inability to source loan from financial markets. Additional challenges were presented on the nature of our clientele. The Public Rental Board overcame all these challenges with distinction only made possible by good management practices with hardworking and committed individuals.

Public Rental Board met about seventy percent of its corporate objectives. Improvements will need to be made in the areas of rental review processes, statutory reporting requirements and efficient customer services.

I must acknowledge the contribution of the Board of Directors, Management and the Staff of Public Rental Board for achieving and end of the year profit of \$1,312,988.00 despite all the challenges faced. I also acknowledge the governments continued support in the provision of annual grants and all assistance rendered by the Ministry of Local Government and Ministry of Public Enterprise of which are our reporting line ministries.

MOSESE TIKOITOGA

Colonel

Chairman Public Rental Board

26th September 2012

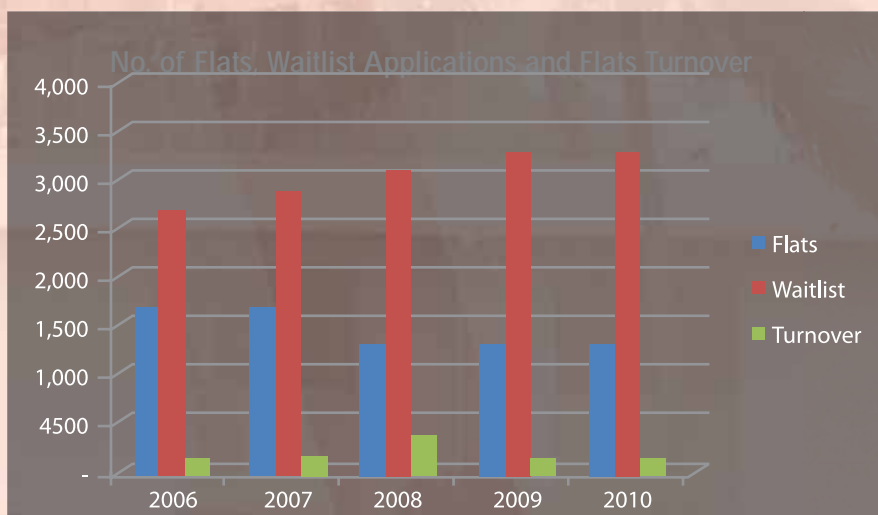


Our 2010 Annual Report provides an overview of our progress towards achieving, in conjunction with stakeholders, Public Rental Board's vision as the leading provider of affordable, quality and appropriate rental housing for its customers. It demonstrates progress in implementing our Strategic Plan 2010 – 2012, PRB's corporate planning document which provides the basis for our annual Work Plan and Budget. It shows also how PRB is addressing the following key focus areas for year 2010:

- Reduce waitlisted applicants
- Corporate governance
- Rental revenue
- General Maintenance
- Distribution of Rental Subsidy
- New developments and construction
- Tenancy Management
- Sale of Rental Flats
- Financial Report
- Human Resources
- Information & Communication Technology

1. Reduce waitlisted applicants

PRB has had its own challenges in meeting the demand for rental flats. We have never been able to catch up with waitlist applications registered with the Board. Exorbitant construction cost has not assisted PRB in fulfilling the ever increasing demand. PRB currently has 1,345 flats available for renting against the demand which is in excess of 3,500. These rental flats are located in 19 estates around the country. A five - year comparison on the number of flats available for renting against waitlist and turnover of flats is presented in the graph below.



It is evident that the turnover of rental flats is not fast enough to meet this huge demand list recorded with PRB. As stated earlier production of flats is expensive which is the major reason for PRB not being able to construct flats annually. Furthermore high borrowing costs is also not going to assist PRB in achieving this key performance indicator of increasing our stock volume. However, plans are firmly in place to build five hundred units in Raiwai ex-four storey site and Raiwaqa within the planning period and in so doing ease to some extent demand for housing.

2. Corporate Governance

The Board of Directors and Management are responsible for corporate governance of the Board and remain committed to upholding the high standards of integrity and transparency in their governance of the Board. Finance, Audit and Risk Management Subcommittee further strengthens the Board's Corporate Governance.

3. Rental Revenue

Actual rent charge for year 2010 was computed at \$1, 778,972 and market rental charge at \$2, 390,500. The Board through its rental collection initiative collected \$1, 606,895 against the total collectable rent of \$1, 725,603. Actual rent collected over actual rent charged is approximately 90% and approximately 67% over total market rent charge. The total rent collected includes rent for the period, arrears, and advance rental payments by tenants. Table 1 shows the collection amounts since commencement of operations.

The 2010 social cost (difference between market rent and actual rent) was directly funded by Government from allocated subsidy grant. Government's contribution towards payment of social cost was approximately \$611,528 for the reporting year.

ACTUAL COLLECTIONS COMPARISON: 1990 TO 2010

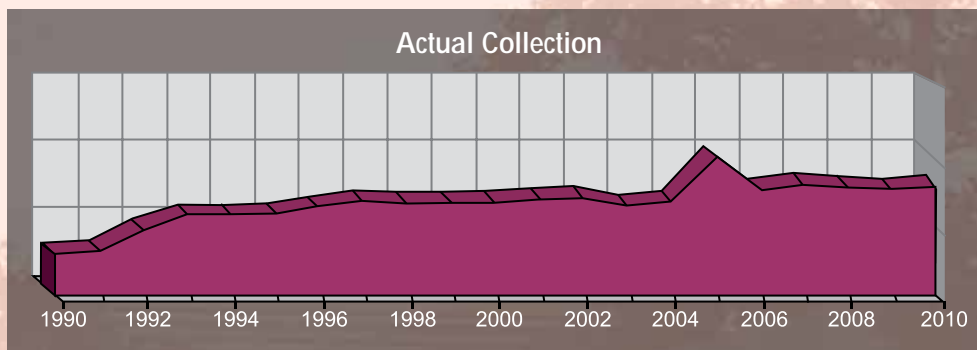


Table 1 - Actual Collection

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

4. General Maintenance

PRB commenced the second overall general maintenance program in year 2008. In this cycle PRB undertakes general improvements and upgrading of its facilities such as tiling wet areas & floors, ceiling, etc. and following which, rental charges are reviewed equivalent to the market rent.

Tenants are however subsidized accordingly where appropriate. Therefore, maintenance is very important for PRB as money earned from rentals of such properties is the major contributing source of income for the Board. General maintenance undertaken in 2010 was in the following estates as presented in Table 2.

Estates	Contractor	Budget (\$)	Contract Sum (\$)	Expenditure (\$)
Mead Road, Suva	PRB Maintenance Team - in house	\$260,000	\$260,000	\$ 240,383.40
Simla, Lautoka	PRB Maintenance Team - in house	\$150,000	\$143,000	\$ 140,539.80

5. Distribution of Rental Subsidy

Subsidy assistance is provided to deserving tenants based on tenants' household Weekly Gross Income (WGI) in accordance with subsidy allocation criteria. Some 459 financially disadvantaged tenants received a total of \$215,886.30 subsidy assistance in 2010. Rental subsidy assistance given is the difference between actual rent and amount afforded by tenants and given through approved criteria.

The Board in 2010 reviewed rent charges for 5 estates (Charles St, Kalabu, Kia St, Levuka and Namaka) and new rents were applied progressively after general maintenance has been completed. The subsidy criteria was also reviewed following valuations of properties to determine market rent charges and claim the non-commercial obligations (social cost) from Government's annual subsidy grant. Subsidy is allocated according to the subsidy agreement between Ministry of Housing and the Board. New subsidy criteria and rent charge would only be applicable to these 5 estates and all other estates after general maintenance is completed.

The 1999 and new 2010 subsidy criteria are provided herein as follows:

1999 Subsidy Criteria

Weekly Gross household Income \$0 - \$64, tenant pays	5% of Income
Weekly Gross household Income \$65 - \$80, tenant pays	10% of Income
Weekly Gross household Income \$80 - \$100, tenant pays	15% of Income
Weekly Gross household Income \$101 - \$125, tenant pays	20% of Income
Weekly Gross household Income \$126 - \$150, tenant pays	25% of Income

These criteria are still applied to all estates where rent has not been reviewed thus far.

2010 Subsidy Criteria

Weekly Gross household Income \$0 - \$80, tenant pays	5% of Income
Weekly Gross household Income \$80 - \$100, tenant pays	8% of Income
Weekly Gross household Income \$100 - \$125, tenant pays	11% of Income
Weekly Gross household Income \$126 - \$150, tenant pays	14% of Income
Weekly Gross household Income \$151 - \$175, tenant pays	17% of Income
Weekly Gross household Income \$176 - \$200, tenant pays	20% of Income

These criteria are applied to the 5 estates where rent has been reviewed in 2010 onwards and will continue to apply to all other estates after rent review process.

6. New Developments and Construction

Re-development work at Raiwai and Raiwaqa through loan from EXIM Bank of China have commenced with planning where five hundred flats will be constructed. The Board is still considering and exploring cheaper construction methods to construct 30 units at Kalabu subject to availability of funds. High cost of construction is another reason for the delays in getting these projects off the ground.

PRB is liaising with Housing Authority for confirmation of land available and reserved for PRB in their planned development sites.

7. Tenancy Management

Table 3

	Valid Tenancies	Tenancies In-Valid for renewal	No. of Agreements issued in 2010	No. of Agreements issued in 2009
No. of Tenancies	1340	5	321	564

The Board in the reporting year reviewed rental charges in 5 estates hence all tenancies in these estates were subject for renewal.

8. Sale of Rental Flats

The Board in 2003 approved the sale of flats at Grantham Road and Kia Street estates to sitting tenants. Makoi estate was also sold to tenants in year 1992; however 2 flats were not sold due to some technical glitch in the registration of titles. The Board is doing all it can to correct the lease documents before the final execution of sale.

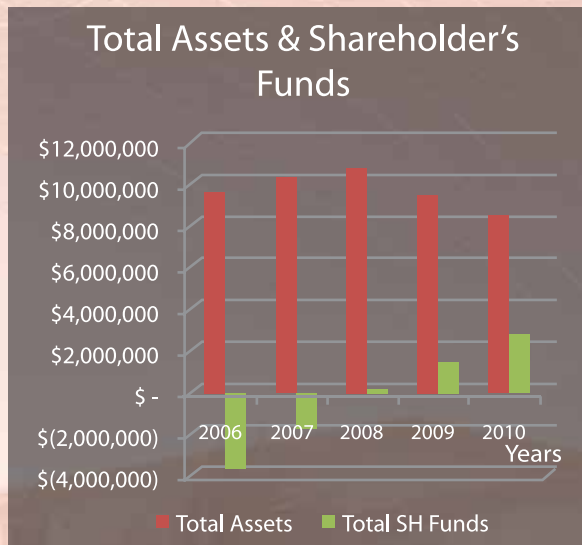
Sale of flats at Grantham road estate has been delayed due to inability of tenants to purchase the flats. There is only one settlement pending from Grantham Road estate at end of the reporting year as shown in Table 4. Kia Street sale was completed in 2007.

Table 4

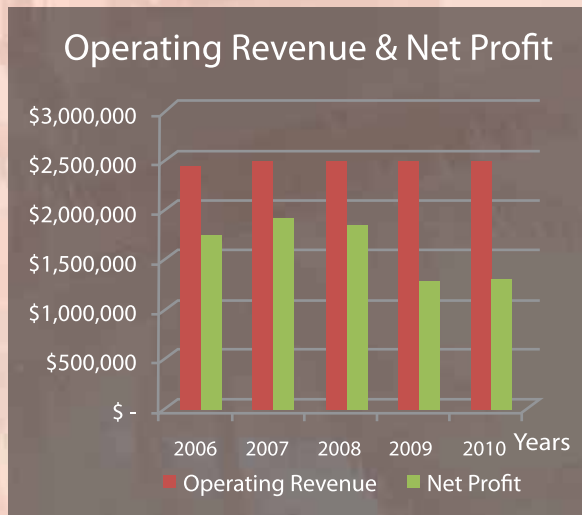
Estates	No. of Flats on Sale	No. Sold as at 31.12.2010	Balance to be sold	Selling Price	Market Value for each unit
Grantham Road	72	71	71	Ranging from \$11,606.00 to \$16,800.75	Ranging from \$22,000.00 to \$34,000.00
Makoi	2	NIL	NIL	Yet to be determined; but will be sold at market rates	Ranging from \$20,000.00 to \$30,000.00

9. Financial Highlights

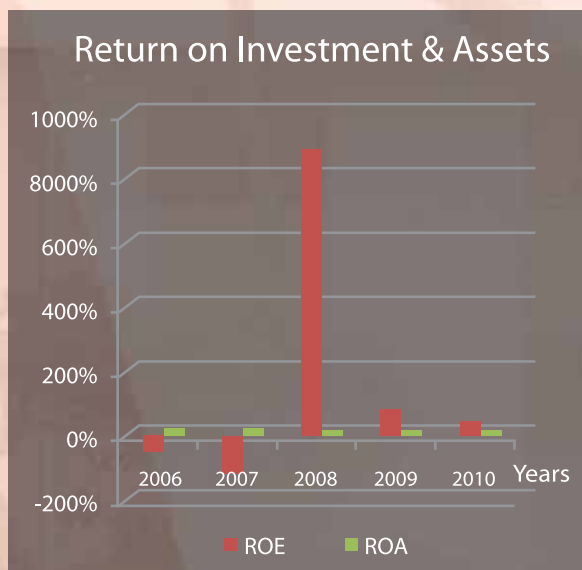
Total Assets & Shareholder's Funds		
Years	Total Assets	Total SH Funds
2006	9,596,003	(3,615,735)
2007	10,316,235	(1,697,150)
2008	10,791,047	207,042
2009	9,476,701	1,502,149
2010	8,507,356	2,815,137



Operating Revenue & Net Profit		
Years	O/ Revenue	Net Profit
2006	2,447,893	1,752,038
2007	2,496,147	1,918,585
2008	2,488,430	1,850,510
2009	2,487,212	1,295,107
2010	2,503,867	1,312,988



Return on Investment & Assets		
Years	ROE	ROA
2006	-48%	24%
2007	-113%	25%
2008	894%	20%
2009	86%	17%
2010	47%	17%



10. Financial Report

Statement of Comprehensive Income (Extract)			
No. of Flats on Sale		12 Months period ending 31.12.10	12 Months period ending 31.12.09
Total Income		4,164,664	4,587,803
Operating profit before interest expenses		1,500,276	1,661,755
<i>% to Total Income</i>		<i>36.02%</i>	<i>36.22%</i>
Interest Expenses		187,288	366,648
Net profit for the years		1,312,988	1,295,107
<i>% to Total Income</i>		<i>31.53%</i>	<i>28.23%</i>
Other comprehensive income		-	-
Total comprehensive income for the year		1,312,988	1,295,107
<i>% to Total Income</i>		<i>31.53%</i>	<i>28.23%</i>

Total Income for the Board decreased approximately by 10% compared against the financial year ending 31st December 2009. Huge decrease was reported in government grant revenue relating to payment of inherited debts. Repayment amounts are reducing annually hence this reduction.

Total comprehensive income (net profit) for year 2010 however increased slightly by approximately 1.4% compared against the financial year ending 31st December 2009. Total expenses also decreased by approximately 11% contributing to this increase in profit.

Statement of Financial Position (Extract)			
No. of Flats on Sale		12 Months period ending 31.12.09	12 Months period ending 31.12.08
Current Asset		1,220,353	2,186,796
Non Current Asset		7,287,003	7,289,905
Total Asset		8,507,356	9,476,701
Current Liabilities		4,658,423	5,430,932
Non Current Liabilities		1,033,796	2,543,620
Total Liabilities		5,692,219	7,974,552
Total Equity		2,815,137	1,502,149
Total Equity and Liabilities		2,815,137	1,502,149

Current assets reduced by approximately 44%. This was as a result of payment of \$1million as promissory notes given the high borrowing rates. Furthermore, Current Liability also reduced as a result of PRB managing to pay off \$1million promissory notes in current year under review. The Non-Current Liabilities reported are continuing to decrease mainly because of repayment of loans by the Government.

Cash Flow

Net cash flow of Public Rental Board for the financial year ending 31st December 2010 was managed efficiently despite the economic situation and high interest borrowing rates. The cash and cash equivalent position reduced by approximately 46% due to repayment of promissory notes.

11. 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.

	2010	2009
Current Asset / Current Liabilities	0.262	0.40

The current ratio indicates that approximately 26% of current liabilities for financial year ending 2010 would be paid off upon liquidating 100% of current asset compared against 40% in year 2009. Under normal circumstances this ratio should be at least 2:1. The Board's current ratio indicates that it lacks adequate cash to meet its short term debts and other obligations. A more conservative measure of liquidity is as follows:

Quick Ratio	2010	2009
Cash + marketable securities + accounts receivable / Current Liabilities	0.257	0.39

The included 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.

	2010	2009
Average No. of Days Receivables Outstanding	18	17

Average collection days have increased slightly in the reporting year compared against the same period last year.

Long-Term Debt and Solvency Analysis

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.

	2010	2009
Total Debt / Total Equity	2.02	5.3

The debt to equity ratio for financial year ending 2010 decreased compared against year 2009. This is mainly due to the decrease in debts (Fiji National Provident Fund – Housing Authority liability) and cushioned by an increase in total 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

	2010	2009
Return on Assets	16.9%	16.5%

As a general rule, anything below 5% is more assets intensive whilst anything above 20% is less asset intensive. The above table indicates that the Board's ROA is less assets intensive.

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

ROE is calculated using the formula: Net Profit / Total Equity

	2010	2009
Return on Equity	47%	86%

ROE decreased by approximately 45% compared against the same period for the previous year. It is generally accepted that a high return on equity is capable of generating cash internally. The required rate of return on equity from Ministry for Public Enterprises is 10%.

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

	2010	2009
Profitability Ratio	32%	28%

The profitability ratio increased for reporting financial year by approximately 14% compared to the same period in the previous year. This is mainly due to decrease in expenses.

12. 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 38% of the rental income in the current year. However, this percentage of staff cost against rental income

would have been more (51%) if market rental were not subsidized by Government. Public Rental Board staff formation is tabulated below.

Division	No. of Staff
Executive	2
Finance and Administration	9
Property	16
Un-Established	16
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 PMS evaluation process in the reporting year and necessary actions 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 15 external training programs attended by 38 employees.

Courses/Conference	Venue/Conductor	No. of Participants
OHS Module I & II	TPAF	3
Data Bureau Refresher	Data Bureau	2
OHS Module III & IV	TPAF	3
Accounting & Business Skills for Office Asst.	TPAF	2
Managing Customer Complaints	TPAF	1
Managing Customer Complaints	TPAF	1
Asbestos Removal	Min. of Labor	10
Fundamentals of Marketing	TPAF	1
Payroll	ISS	2
Effective Stocktaking Skills	TPAF	1
Professional Front Office Management	TPAF	1
IFRS Session 1	USP	3
IFRS Session 2	USP	3
IFRS Session 3	USP	3
IFRS for SME's	FIA	2

13. Information & Communication Technology

Information & Communication Technology is an integral part of the organization's business processes. It must strive for continuous improvement to increase its service delivery, reduce cost and strengthen day to day decision making and long term planning capabilities.

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

Modules integrated using Nav 4 is listed as follows:

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

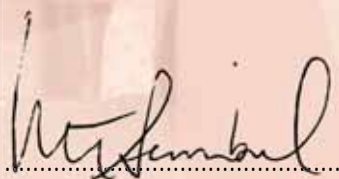
Acknowledgement

The Board has every reason to be confident about its future and to operate as a going concern. We have the right technical and management skills and knowledge. We are also getting closer to our customers and improving our service delivery to their satisfaction.

Having said the above, I acknowledge with appreciation the support given to Public Rental Board by the Minister for Local Government, Urban Development, Housing & Environment, his Permanent Secretary and staff together with other stakeholders who have worked closely with us. We acknowledge Government's continued support and financial assistance that has paved the way for PRB to reach a different milestone where the demand for rental properties is increasing.

Furthermore, I thank the Chairman and Board of Directors for their invaluable guidance and support to ensure we face adversities with diligence.

I also thank my colleagues in the Executive Management team for their continuous support and tireless contributions throughout the year. My sincere appreciation goes to all employees of the Board who continued to persevere in challenging circumstances. We have much to do in the forthcoming year and we look forward to your continuing support in meeting the challenges which lie ahead.



Mesake T Senibulu
GENERAL MANAGER

FINANCIAL STATEMENTS

for the year ended 31 December 2010



PUBLIC RENTAL BOARD
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2010

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 2010, 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. Pio Tikoduadua - Chairman	Sep-09	Jan-10
Mr. Mosese Tikoitoga - Chairman	Feb-10	-
Father Kevin Barr - Member	Mar-08	-
Ratu Josateki Nawalowalo - Member	Mar-08	Sep-10
Ms Rosie Langi - Member	Mar-08	Oct-10
Ms Lavinia Padarath - Member	Mar-08	Oct-10
Mr Chandar Singh - Member	Mar-08	-
Mr Adrian Sofield - Member	Sep-10	-
Mr. Umarji Musa - Member	Sep-10	-

Principal Activities

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

Results

The operating profit for the year was \$1,312,988 (2009: \$1,295,107).

Dividends

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

Reserves

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

Bad and Doubtful Debts

Prior to the completion of the Board's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts. In the opinion of directors, 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 2010**

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.

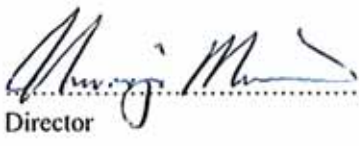
Directors' Benefits

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 29th day of MAY 2012


 Director


 Director

**PUBLIC RENTAL BOARD
STATEMENT BY DIRECTORS
YEAR ENDED 31 DECEMBER 2010**

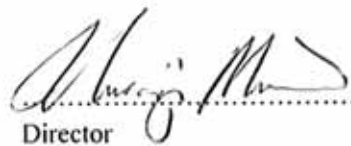
In accordance with a resolution of the Board of Directors of Public Rental Board, we state that in the opinion of the directors:

- (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 2010;
- (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 2010;
- (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 2010;
- (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 2010;
- (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 27th day of MAY 2012


.....
Director


.....
Director

REPUBLIC OF FIJI

OFFICE OF THE AUDITOR GENERAL



8th Floor, Ratu Sukuna House,
MacArthur Street,
P. O. Box 2214,
Government Buildings,
Suva, Fiji Islands

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Excellence in Public Sector Auditing

**Public Rental Board
Financial Statements for the Year Ended 31 December 2010**

Independent Audit Report

I have audited the accompanying financial statements of Public Rental Board, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 11 to 23.

Director's and Management's Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the requirements of the Housing Act 1985 and the Public Enterprise Act 1996. This responsibility includes: designing, implementing and maintaining internal controls 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 estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I have conducted the 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 assessment 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 company'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 the management, as well as evaluating the overall presentation of the financial statements.

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

Audit Opinion

In my opinion:

- (a) proper books of account have been kept by the Public Rental Board, so far as it appears from my examination of those books; and

(b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:

- (i) are in agreement with the books of account;
- (ii) to the best of my information and according to the explanations given to me:
 - give a true fair view of the state of affairs of the Public Rental Board as at 31 December 2010 and of its financial performance, changes in equity and its cash flows of the year ended on that date; and
 - give the information required by the Housing Act 1985 and Public Enterprise Act 1996, in the manner so required.



Tevita Bolanavanua
AUDITOR GENERAL

12 June 2012
Suva, Fiji



PUBLIC RENTAL BOARD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	2009 \$
Revenue			
Rental Revenue		2,390,500	2,316,585
Other operating income	2	1,774,164	2,271,218
		<u>4,164,664</u>	<u>4,587,803</u>
Expenses			
Amortisation and depreciation expense		(372,857)	(391,074)
Employee benefit expense	3	(915,077)	(1,003,703)
Other operating expenses	4	(1,436,082)	(1,627,961)
		<u>(2,724,016)</u>	<u>(3,022,738)</u>
Profit from operations		1,440,648	1,565,065
Finance cost	5	(127,660)	(269,958)
Net profit for the year		<u>1,312,988</u>	<u>1,295,107</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,312,988</u></u>	<u><u>1,295,107</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 2010**

	2010	2009
	\$	\$
Government equity		
Balance at the beginning of the year	695,810	695,810
Additions during the year	-	-
Balance at the end of the year	<u>695,810</u>	<u>695,810</u>
Accumulated profit/(loss)		
Balance at the beginning of the year	806,339	(488,768)
Net profit for the year	1,312,988	1,295,107
Total available for appropriation	<u>2,119,327</u>	<u>806,339</u>
Dividends paid or proposed	-	-
Balance at the end of the year	<u>2,119,327</u>	<u>806,339</u>
Total Equity	<u><u>2,815,137</u></u>	<u><u>1,502,149</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 2010**

	Notes	2010 \$	2009 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,210,805	7,288,806
Intangible asset	7	768	1,099
Investments		75,430	-
		<u>7,287,003</u>	<u>7,289,905</u>
Current assets			
Cash and short term deposits	8	1,076,676	2,006,722
Rent receivables	9	120,928	106,484
Inventories	10	1,049	6,180
Prepayments and other assets	11	21,700	67,410
		<u>1,220,353</u>	<u>2,186,796</u>
TOTAL ASSETS		<u>8,507,356</u>	<u>9,476,701</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		695,810	695,810
Accumulated profit / (losses)		2,119,327	806,339
Total equity		<u>2,815,137</u>	<u>1,502,149</u>
Non-current liabilities			
Deferred revenue	12	524,162	586,959
Interest bearing debt	13	509,634	1,956,661
		<u>1,033,796</u>	<u>2,543,620</u>
Current liabilities			
Trade payables and accruals	14	1,973,667	1,745,138
Interest bearing debt	13	2,450,818	3,421,320
Deferred revenue	12	43,833	43,833
Employee entitlements	15	190,105	220,641
		<u>4,658,423</u>	<u>5,430,932</u>
Total liabilities		<u>5,692,219</u>	<u>7,974,552</u>
TOTAL EQUITY AND LIABILITIES		<u>8,507,356</u>	<u>9,476,701</u>

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

**PUBLIC RENTAL BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2010**

	Note	2010 Inflows/ (Outflows) S	2009 Inflows/ (Outflows) S
Operating activities			
Government grant		1,620,670	750,000
Receipts from customers		2,458,925	1,631,402
Payments to suppliers and employees		(2,153,166)	(2,501,549)
Interest paid		(127,660)	(74,410)
Interest received		-	59,663
Cash flows from operating activities		<u>1,798,769</u>	<u>(134,894)</u>
Investing activities			
Payments for property, plant and equipment		(235,856)	(794,262)
Payments for Investments		(75,430)	-
Cash flows from investing activities		<u>(311,286)</u>	<u>(794,262)</u>
Financing activities			
Repayment of borrowings – P/Notes		(2,417,529)	(800,000)
Cash flows from financing activities		<u>(2,417,529)</u>	<u>(800,000)</u>
Net increase/(decrease) in cash and cash		(930,046)	(1,729,156)
Cash and cash equivalents at the beginning of the year		2,006,722	3,735,878
Cash and cash equivalents at the end of the year	8	<u>1,076,676</u>	<u>2,006,722</u>

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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 29/05/12. 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. These new disclosures are shown in Note 20.

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.

Judgments

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

Operating Lease Commitments

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

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.

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies

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.

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.

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies

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

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

Provision for long service leave

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

Retirement provision

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies

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).

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.

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

1.3 Summary of significant accounting policies

m) Revenue recognition - continued

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.

	2010 \$	2009 \$
2. Other operating income		
Government grants	1,620,670	2,056,867
Amortisation of deferred revenue from government grants	40,127	43,724
Gain on sale of property, plant and equipment	59,000	-
Other income	54,367	170,627
	<u>1,774,164</u>	<u>2,271,218</u>
3. Employee benefit expense	\$	\$
Salaries and wages	786,530	784,265
FNPF contributions	73,373	63,663
TPAF levy	9,352	8,125
Others	45,822	147,650
	<u>915,077</u>	<u>1,003,703</u>

The number of employees at the end of the financial year was 44 (2009: 41)

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

	2010	2009
4. Other operating expense	\$	\$
Auditors' remuneration - audit fees	13,500	13,500
Bad and doubtful debts	18,056	61,102
Insurance	15,496	14,477
Repairs and maintenance	925,176	681,930
Others	463,854	856,952
	<u>1,436,082</u>	<u>1,627,961</u>
5. Net financing cost	\$	\$
Interest income	(59,628)	(96,690)
Interest expense	187,288	366,648
Total costs	<u>127,660</u>	<u>269,958</u>
6. Property, plant and equipment		
<u>Land and Buildings</u>	\$	\$
<i>Cost:</i>		
At 1 January	14,968,996	14,297,806
Transfer from Work in progress	54,227	634,341
Additions	(61,324)	36,849
Disposals	-	-
At 31 December	<u>14,961,899</u>	<u>14,968,996</u>
<i>Depreciation and impairment</i>		
At 1 January	8,568,748	8,274,747
Depreciation charge for the year	287,662	294,001
Disposals	-	-
At 31 December	<u>8,856,410</u>	<u>8,568,748</u>
Net book value	<u>6,105,489</u>	<u>6,400,248</u>
<u>Office premises</u>	\$	\$
<i>Cost:</i>		
At 1 January	169,222	169,222
Transfer from Work in progress	-	-
Additions	1,849	-
Disposals	-	-
At 31 December	<u>171,071</u>	<u>169,222</u>
<i>Depreciation and impairment</i>		
At 1 January	87,022	82,850
Depreciation charge for the year	4,662	4,172
Disposals	(490)	-
At 31 December	<u>91,194</u>	<u>87,022</u>
Net book value	<u>79,877</u>	<u>82,200</u>

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
6. Property, plant and equipment - continued		
<u>Motor vehicles</u>		
<i>Cost:</i>		
At 1 January	412,274	266,774
Transfer from Work in progress		-
Additions	220,200	145,500
At 31 December	632,474	412,274
<i>Depreciation and impairment</i>		
At 1 January	248,728	186,780
Depreciation charge for the year	54,008	61,948
Disposals	-	-
At 31 December	302,736	248,728
Net book value	329,738	163,546
<u>Furniture and fittings</u>	\$	\$
<i>Cost:</i>		
At 1 January	805,912	778,541
Transfer from Work in progress	-	-
Additions	12,619	27,371
Disposals	-	-
At 31 December	818,531	805,912
<i>Depreciation and impairment</i>		
At 1 January	449,544	419,700
Depreciation charge for the year	26,524	29,844
Disposals/Additions		-
At 31 December	476,068	449,544
Net book value	342,463	356,368
<u>Work in progress</u>	\$	\$
<i>Cost:</i>		
At 1 January	286,444	313,474
Transfer to land and buildings	(54,227)	(634,341)
Additions	121,021	607,311
Disposals	-	-
Net book value	353,238	286,444
Net book value	7,210,805	7,288,806

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
7. Intangible asset		
Cost		
At 1 January	5,546	5,546
Additions	-	-
At 31 December	<u>5,546</u>	<u>5,546</u>
Additions	-	-
At 31 December	<u>5,546</u>	<u>5,546</u>
Less amortisation and impairment:		
At 1 January	4,447	3,338
Amortisation	331	1,109
At 31 December	<u>4,778</u>	<u>4,447</u>
Amortisation	-	-
At 31 December	<u>4,778</u>	<u>4,447</u>
Net book value:		
At 31 December	<u>768</u>	<u>1,099</u>
At 31 December	<u>768</u>	<u>1,099</u>

8. Cash and short term deposits

\$ **\$**

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

Cash	1,076,676	435,722
Short term deposits	-	1,571,000
	<u>1,076,676</u>	<u>2,006,722</u>

9. Rent receivables

\$ **\$**

Rent receivable	160,610	153,187
Less provision for Doubtful Debts	39,682	46,703
	<u>120,928</u>	<u>106,484</u>

As at 31 December 2010, rent receivables at nominal value of \$160,610 (2009: \$153,187) were impaired and provided for.

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

At 1 January		
Charge for the year	46,703	85,704
Utilised	-	-
Unused amount reversed	(7,021)	(39,001)
At 31 December	<u>39,682</u>	<u>46,703</u>

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
9. Rent receivables - continued		
At 31 December, the ageing analysis of rent receivables is as follows:		
Current	48,249	39,062
30- 60 days	19,596	7,715
61 -90 days	19,507	(2,133)
> 90 days	73,258	108,543
	<u>160,610</u>	<u>153,187</u>
10. Inventories	\$	\$
Inventories - at cost	<u>1,049</u>	<u>6,180</u>
11. Prepayments and other assets	\$	\$
Prepayments	9,278	24,909
Interest receivable	9,404	37,027
Sundry receivable	3,018	5,474
Subsidy receivable	0	-
	<u>21,700</u>	<u>67,410</u>
12. Deferred revenue	\$	\$
Current	43,833	43,833
Non current	524,162	586,959
	<u>567,995</u>	<u>630,792</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.

13. Interest bearing debt	\$	\$
<u>Current</u>		
Housing Authority bond	1,014,712	1,014,712
Housing Authority loans	1,436,106	1,406,608
Promissory notes	-	1,000,000
	<u>2,450,818</u>	<u>3,421,320</u>
<u>Non current</u>		
Housing Authority loans	509,634	1,956,661
	<u>2,960,452</u>	<u>5,377,981</u>

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

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

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
14. Trade payables and accruals		
Trade creditors and accruals	433,138	305,582
Consultancy	60,519	-
Rental deposits	233,967	264,325
Credit balances in receivables	700,703	734,325
Unallocated subsidy	545,340	440,906
	<u>1,973,667</u>	<u>1,745,138</u>

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2010 and 31 December 2009 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

On demand	1,739,700	1,480,813
3 to 12 months	2,450,818	3,685,645
1 to 5 years	743,601	1,956,661
Total	<u>4,934,119</u>	<u>7,123,119</u>

15. Provisions

At 1 January	220,641	104,409
Arising during the year	0	116,232
Utilised	-	-
Unused amounts reversed	(30,536)	-
At 31 December	<u>190,105</u>	<u>220,641</u>

16. Related parties

(a) Identity of related parties

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

	<i>Appointed</i>	<i>Served Until</i>
Mr. Pio Tikoduadua - Chairman	Feb-10	Jan-10
Mr. Mosese Tikoitoga - Chairman	Feb-10	-
Father Kevin Barr - Member	Mar-08	-
Ratu Josateki Nawalowalo - Member	Mar-08	Sep-10
Ms Rosie Langi - Member	Mar-08	Oct-10
Ms Lavinia Padarath - Member	Mar-08	Oct-10
Mr Chandar Singh - Member	Mar-08	-
Mr Adrian Sofield - Member	Sep-10	-
Mr. Umarji Musa - Member	Sep-10	-

(b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2010 with approximate transaction value are summarised as follows:

Board expenses and allowances		38,909	44,533
Amount owing to the Government for FPNF Bond		1,014,712	1,014,712
Amount owing to the Government for FPNF Loan	(i)	1,945,740	3,363,269
Government grant received to subsidise rental	(ii)	938,128	750,000

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2009

16. Related parties (Cont'd)	2010	2009
(b) Transactions with related parties (Cont'd)		
(i) The Government made the payment on behalf of the Board towards the Housing Authority loans ultimately payable to FNPF of \$1,620,670 (2009: \$1,643,561).		
(ii) The government grant of \$938,128 were directed towards rental subsidy of \$215,886 (2009: \$142,805), compensation for the market rent of \$611,528 (2009: \$693,086). A balance of \$110,714 (2009: \$85,891) remains which may be used for capital expenditure after getting a variation signed by Minister.		
(c) Compensation of key management personnel		
Short term employee benefits	199,335	198,404
	<u>199,335</u>	<u>198,404</u>
17. Commitments and contingent liabilities		
(a) Capital expenditure commitments	<u>-</u>	<u>-</u>
(b) Contingent liabilities	<u>-</u>	<u>-</u>
(c) Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	39,554	38,703
Later than one year but not later than five years	158,216	154,812
Later than 5 years	2,175,473	2,128,665
	<u>2,373,243</u>	<u>2,322,180</u>

The Board has various lease commitments for leasehold land. The leases typically run for a period of between sixteen and ninety nine years. It is not certain whether the land leases will offer an option of renewal after maturity. The annual lease rentals recognised as an expense in the income statement amount to \$39,554 (2009: \$38,703).

18. Principal activities

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

19. Registered office

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

20. Financial risk management objectives and policies

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

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2010

20. Financial risk management objectives and policies - continued

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
2010	+10%	(5,963)
	-10%	5,963
2009	+10%	(8,830)
	-10%	8,830

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	
	2010	2,009
	\$	\$
Cash and cash equivalents	1,076,676	435,722
Trade and other receivables	143,677	180,074
Held-to-maturity investments	71,000	1,571,000
	1,291,353	2,186,796

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

Notes





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