




Our Vision

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



Public RENTAL Board

ANNUAL REPORT 2013

Our Vision

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

Our Mission

- 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 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

contents

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.
- Definition and assertion of socio-economic standing of the income range of PRB customers.
- Encourage home ownership for customers earning above $300 weekly household income.

2. Rent Review

- Ensure equitable distribution of rental subsidy and social cost (non-commercial obligation) compensated by Government.
- Maintain flats to current market rentals.
- Increase income.

3. Government Grant and Aid

- Develop community centres in PRB estates via surplus subsidy funds.
- Continue assisting financially disadvantaged tenants.
- Building more flats that are affordable to customers.
- Subsidy on construction costs.

4. Commercial Operations

- Explore mixed use development for commercial gains which diversify revenue base in 2013 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 higher the revenue the more funds available to meet low cost housing rental demand and cross subsidy effect.

5. Rental Property Stock versus Demand

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

6. PRB's Cost Structure

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

Letter to the Minister

28th March 2014

Mr. Aiyaz Sayed-Khaiyum
Attorney General / Acting Minister for Local Government, Urban Development,
Housing and Environment
P O Box 2131
Government Buildings
SUVA

Dear Minister

Re: 2013 ANNUAL REPORT

Please find attached the PRB 2013 Annual Report. This report covers the activities of PRB for year ending 31st December 2013.

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

....
MOSESE TIKOITOGA (Colonel)
Chairman of the Board of Directors

Chairman's Report

As Chairman of the Public Rental Board for the financial year ended 31 December, 2013, I have much pleasure in submitting this report to our stakeholders.

In my report last year I had mentioned that PRB was undergoing a challenging phase which could essentially affect the efficiency in meeting some of its targets.

It is my pleasure to report that the project is now well underway and due for handover by August 2014. This of course is welcome news to members of the public who have been eagerly waiting to be afforded flats at this strategic location.

PRB is also poised to increase its rental portfolio significantly in 2014, and is in line with the objectives of the organization and government in continuing to provide decent and affordable housing for all. 2014 is bound to be an exciting year as we forge ahead with building of new homes.

We remain focused in meeting key objectives, particularly in continuing to localize government initiatives into our communities. Once such programme is the introduction of WIFI platform into 10 estates which now broadens ICT for tenants and is a key feature for the creation of a knowledge based community.

Other noteworthy events and achievements which reaffirm PRB's commitment to meet the needs of its communities and the public at large include:

- Completion of general maintenance works/renovations at Natabua and Votua Rental Estates
- Recalculation on the subsidy criteria
- Completion of Namaka Community Hall
- Preliminary works for 2014 capital projects
- Increase in rental collection

Furthermore, there has been an increased collaboration between stakeholders in a bid to share resources, information and ideas in a bid to increase efficiency. This year also saw PRB working closely with the Fiji Police Force, the Ministry of Youth and Sports, Ministry of Health, Ministry of Women and Social Welfare and Westpac Banking Corporation, to name a few. PRB realizes that at the centre of its operations are its people, and have integrated necessary changes to sustain this.

Looking ahead, we realize that the coming year is going to be very challenging. PRB is now well placed to meet these challenges and create opportunities for the betterment of its people.

These would not be possible without the able support of the staff and management, as our achievements are a reflection of their commitment.

To that end I would like to express my warmest appreciation to my fellow directors for their support, loyalty and advice throughout the year. I also acknowledge government's commitment to PRB through the provision of annual grant.

My sincere appreciation as well to the General Manager, the Management team and staff as a whole for their hard-work, sacrifice and long hours this past financial year.

In conclusion, the adoption of the country's new constitution sets the tone for the creation of opportunities and the betterment of the people in the housing sector. We embrace the country's milestone as we continue to touch lives of the people.

Mosese Tikoitoga (Colonel)
Chairman of the Board of Directors

Board of Directors

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.

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.

Petero Daurewa

Appointed to the Board on 2nd June 2011, Mr. Daurewa holds a Bachelor's Degree in Economics and Accounting from the University of the South Pacific. A brilliant and brut finance person, Mr. Daurewa has worked for various organizations and has held various managerial positions as well until his retirement whilst at the Reserve Bank of Fiji. A community worker since 2007 and currently serves as a Financial Advisor to the Catholic Church of Fiji and is also a member of the Saint Giles Hospital Board of Visitors.

Maraia Ubitau

Appointed to the Board on 2nd June 2011 Mrs Ubitau is a town planner by profession and holds a Masters in Urban and Regional Planning from the University of Sydney, Australia. She has over 30 years of experience in town planning and served as Director of Town & Country Planning for 7 years before joining the Ministry of Local Government, Urban Development, Housing and Environment as the Deputy Secretary from 2008 to 2009 and eventually becoming the Acting Permanent Secretary for the Ministry before retiring in 2010. She currently works as a consultant in the urban development and local government sector.

General Manager's Report

Considerable effort has been applied into implementing changes and refining the way we do things at PRB to ensure that we continue to meet the high expectations and standards that have been demanded of us by those that we serve and those that seek our services.

From the collection of rental and the maintenance of its properties to the establishment of research based evidence and review of its policies. These are just some of the key features which seeks to capture the manner in which PRB is proceeding with its business and improving its services.

As a people centered organization, we continue to strive to know our people better. There is the belief that together as partners we can synergize our efforts in meeting our collective objectives. In doing so we have for the first time profiled all 1343 tenants. Based on the data that we now have, our communities can now be rest assured that our efforts will be more tailor made to their needs.

Another key feature for this past year is our partnership with TFL which ensures that tenants can now access the internet via their WIFI platform from the safety and comfort of their homes. This of course is in line with Government's efforts in expanding ICT coverage.

Other selected highlights of the year which merits special mention are:

- Delivery within budget building renovations
- Reviewed rental charges
- Recalculated subsidy
- Completion of the Namaka Community Centre
- Collaboration with our partners

Preliminary work for the proposed capital works projects in 2014 have already begun. I have every confidence that despite its magnitude, the organization and its people have the capability to efficiently manage these projects with ease.

Of course all these have been made possible through Government's budget announcement in November this year to inject much needed finances into the completion of projects.

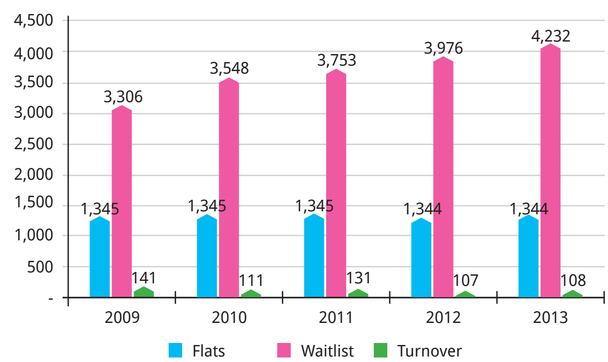
This 2013 annual report provides an overview on our progress as well as highlighting how PRB is addressing the following key focus areas:

• 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. For every family housed, we have 34 other families on waitlisted applications compounded by the low turnover of flats brings home the need for consistent construction of flats. A five - year comparison on the number of flats available for renting against waitlist and turnover of flats is presented in the graph below.

What is needed is the innovative style of construction that meets the Standard Construction Code of Fiji.

No.of Flats, Waitlist Applications & Flats Turnover



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 in their governance of the Board. 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 enhancing stakeholder value.

The Board

Board of Directors is appointed by the Minister for Housing under the Housing (Amendment) Decree 1989 for an initial term of three (3) years and who may be eligible for re-appointment for another term.

Meetings of the Board

The regular business of the Board during its meetings covers business and strategic matters, governance and compliance, the General Manager's report, financial report and performance of PRB.

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

Director	Number of meetings entitled attend	Number of meetings attended	Apologies Received
Col Mosese Tikoitoga	10	6	5
Mr. Adrian Sofield	8	8	0
Mr. Petero Daurewa	10	10	1
Ms. Maraia Ubitau	10	10	1
Mr. Umarji Musa	10	11	0

The Board met 15 times (11 monthly Board meetings and 4 Special Board Meetings) during the year under review.

Sub-committees of the Board

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

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

As at the balance date, the Property Subcommittee comprised of Ms. Maraia Ubitau, Mr. Umarji Musa, and Mr. Petero Daurewa.

The Property Subcommittee has 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 and Mr. Petero Daurewa.

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 and Ms. Maraia Ubitau.

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

Actual rent charge for year 2013 was computed at $2,495,872 and market rental charge at $2,707,152. The Board through its rental collection initiatives collected $1,912,632 against the total collectable rent of $2,445,955. Actual rent collected over actual rent charged is approximately 78% and approximately 71% of total market rent charge. The total rent collected includes rent for the period, arrears payments, and advance rental payments by tenants. Table 1 shows the collection amounts since commencement of operations.

The 2013 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 $211,280 for the reporting year.

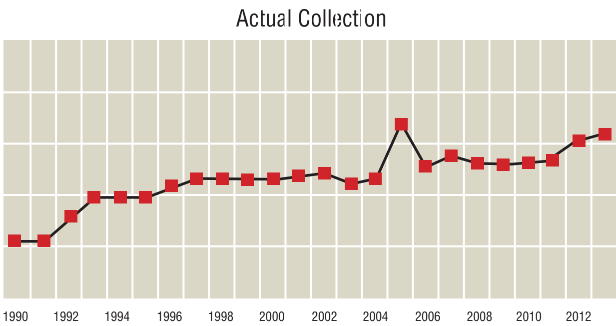


Table 1 shows the collection amounts since commencement of operations.

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	**$ 1912,632**

4. General Maintenance

PRB commenced the second round of general maintenance program in year 2008. In this cycle PRB undertakes general improvements and upgrading of its facilities such as tiling wet areas & floors, placement of ceiling etc. following which, rental charges are reviewed equivalent to the market rent.
Tenants are however subsidized accordingly where appropriate. Thus maintenance is very important for PRB as money

earned from rental is the major contributing source of income for the Board. General maintenance undertaken in 2013 was in the following estates as presented in Table 2.

Estates	Contractor	Budget ($)	Contract Sum ($)	Expenditure
Natabua Lautoka	Rams Maintenance	$116,000	$115,000	$ 115,000.00
Votua Korolevu	Core Builders	$137,000	$136,990.70	$ 136,990.70

The subsidy criteria was reviewed in year 2010 following valuation 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 the above estates and will continue to apply to all other estates after general maintenance is accried out.

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

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.

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 12 estates where rent has been reviewed from 2010 onwards and will continue to apply to all other estates after rent review process.

Distribution of Rental Subsidy

Subsidy assistance is provided to deserving tenants based on their household Weekly Gross Income (WGI) in accordance with approved subsidy allocation criteria. Some 627 financially disadvantaged tenants received a total of $635,214 subsidy assistance in 2013. Rental subsidy assistance given is the difference between actual rent and amount afforded by tenants

The Board in 2013 reviewed rent charges for two estates (Natabua and Votua). This brings the total number to 14 estates being applied progressively with the new rent charges after completion of general maintenance. These are Charles St, Kalabu,Kia St, Levuka, Namaka,Mead Rd, Sumla, Newtown, Nadera, Tuatua,Macfarlane,Savusavu,Natabua and Votua.

5. New Developments and Construction

Re-development work at Raiwai through loan from EXIM Bank of China have commenced in August 2011. Some 210 rental flats would be constructed at Raiwai. The Chinese contractor (China Railway First Group) would be completing the project by August 2014. The design structure and concepts have been enhanced in these developments to allow for private entrance and balcony for tenants.

Furthermore, the Board would be constructing 36 units at Kalabu, 50 units in Savusavu and 36 units in Simla in 2014 with assistance by Government through a grant and a Project loan through Reserve Bank of Fiji.

It is anticipated that Housing Authority would make land available to PRB in their planned development sites namely Tacirua, Nepani, Matavolivoli. This arrangement would pave the way forward in providing rental accommodation to the people of Fiji.

6. Tenancy Management

	Valid Tenancies	Tenancies Invalid for renewal	No. of Agreements issued in 2013	No.of Agreements issued in 2012
No. of Tenancies	1057	287	532	324

7. 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, 1 flat with the correction of titles was sold in 2012 and 1 flat was not sold due to some technical glitch in the registration of titles and progressively attempts have been made to correct the situation. Table 4 indicates the pending settlement for Makoi estate.

Estates	No. of Flats on Sale	No. Sold as at 31.12.2013	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

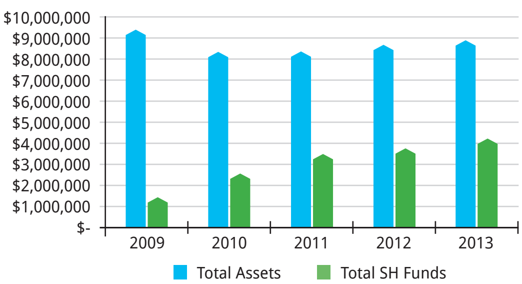
8. Financial Highlights

Total Assets & Shareholder's Funds		
Years	Total Assets	Total SH Funds
2009	9,476,701	1,502,149
2010	8,507,356	2,815,137
2011	8,486,877	3,613,371
2012	8,746,018	3,889,559
2013	9,076,368	4,330,386

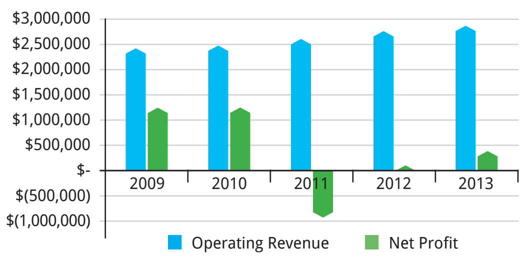
Operating Revenue & Net Profit		
Years	Operating Revenue	Net Profit
2009	2,487,212	1,295,107
2010	2,563,495	1,312,988
2011	2,663,162	(750,412)
2012	2,752,632	8,565
2013	2,872,738	440,827

Return on Investment & Assets		
Years	ROE	ROA
2009	86%	17%
2010	47%	18%
2011	-21%	-8%
2012	0.22%	0.32%
2013	10%	5%

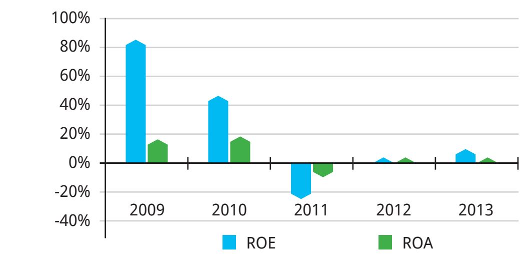
Total Assets & Shareholders Funds



Operating Revenue & Net Profit



Return on Investment & Assets



9. Financial Report

Statement of Comprehensive Income (Extract)

	12 Months period ending 31.12.13	12 Months period ending Re stated 31.12.12
Total Income	2,931,522	2,806,584
Total Expenses	(2,490,574)	(2,778,691)
Operating profit before interest expenses	440,948	27,893
Operating Profit % to Total Income	**15.04%**	**0.99%**
Interest Expenses	121	19,328
Net profit for the years	440,827	8,565
Net Profit % to Total Income	**15.04%**	**0.31%**
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	440,827	8,565
% to Total Income	**15.04%**	**0.31%**

Total Income reported as at 31st December 2013 increased by approximately 4% compared against same period last year. Increases were reported in rental income after rents were increased in 2 estates.

Total comprehensive surplus (net profits) for year 2013 increased by approximately 5047% compared against same period last year. Total expenses decreased by approximately 10% contributing to this increase in net profit. A significant decrease was reported in building repairs and maintenance expenses.

Statement of Financial Position (Extract)

	12 Months period ending 31.12.13	12 Months period ending Restated 31.12.12
Non Current Asset	7,614,802	7,279,271
Current Asset	1,461,566	1,466,749
Total Asset	**9,076,368**	**8,746,020**
Total Equity	4,330,386	3,889,559
Non Current Liabilities	821,694	651,544
Curreny Liabilities	3,924,289	4,204,917
Total Liabilities	4,745,982	4,856,461
Total Equity and Liabilities	**9,076,368**	**8,746,020**

Non-Current assets increased by approximately 5% as a result of ongoing capital projects in Raiwai Housing Project, Namaka Community Hall and Natokowaqa Block 5 Extension, whilst Current Assets decreased by approximately 0.35%. Current Liability decreased by approximately 6.67% and Non-Current Liability increased by 0.26% respectively whereas total equity increased by approximately 11.3%.

Cash Flow

Net cash flow for the financial year ending 31st December 2013 was managed efficiently despite a difficult year. The cash and cash equivalent position decreased by approximately 1.4%; as a result of increase in payments to suppliers and employees.

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.

	2013	2012
Current Asset / Current Liabilities	0.37	0.35

The current ratio indicates that approximately 37% of current liabilities for financial year ending 2013 would be paid off upon liquidating 100% of current asset compared against 35% same period last year. 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	2013	2012
Cash + marketable securities + accounts receivable / Current Liabilities	0.36	0.34

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.

	2013	2012
Average No. of Days Receivables Outstanding	11	12

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 on collecting rental income.

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.

	2013	2012
Total Debt / Total Equity	1.10	1.25

The debt to equity ratio for financial year ending 2013 decreased compared against same period last year. This is mainly due to the full payment of Fiji National Provident Fund - Housing Authority Loan 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 .

	2013	2012
Return on Assets	4.86%	0.32%

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 starting to be 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

	2013	2012
Return on Equity	10%	22%

ROE increased by approximately 4445% 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.

	2013	2012
Profitability Ratio	15%	0.31%

The profitability ratio increased for reporting financial year by approximately 4739% compared to the same period in the previous year. This is mainly due to the restatement of 2012 accounts where by all commitment fees for Raiwai Project was re-classified from expenses to Work In Progress along with 2013 as per requirements under International Financial Reporting Standards (IFRS).

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 38% of the total revenue in the current year. However, this percentage of staff cost against total revenue would have been more (41%) 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	17
Un-Established	19
Total	**47**

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 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 4 external training programs attended by 18 employees.

Courses/Conferences	Facilitator	No. of Participant(s)
Implementing Continuous Improvements Projects at Work place	FNU	3
Occupational Health and Safety - OHS and Hygiene	FNU	11
Fiji Human Resources Institute Convention	Prime Vision	2
Microsoft Project Training	VT Solutions	2

Job Evaluation and Performance Management System (PMS)

Currently all staff are paid at the job evaluation market salary rates implemented in 2012. The Board of Directors agreed to review the market salary rates at every three year interval. Next review would be undertaken in early 2015.

Furthermore the Board of Directors enhanced the PMS framework to reward high performers through establishment of stretch targets in the system. This framework would again be reviewed at three year interval with the job evaluation review.

12. Information & Communication Technology

The use of Microsoft® Business Solutions - Navision® (4) as the main integrated database system has enhanced work including the provision of quality information for better decision making for the Bard. Further enhancements are made to Nav 4 as and when required.

Modules integrated in Nav 4 are listed as follows:

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

13. Acknowledgement

PRB is well aware of its obligations to the people and in managing this much needed commodity. We are confident to continue to raise the bar and in meeting our obligations in 2014.

On behalf of the Management Team, I wish to express my sincere appreciation to the Chairman and members of the Board for their insights, guidance and support throughout a year of challenges and opportunities.

I wish to also convey my gratitude to the staff for the spirit of cooperation and team work they have shown in undertaking their duties.

To all tenants and applicants patiently waiting to be absorbed into our system, I thank you for your support and understanding. We are also thankful to Government for their steadfast and continuous support in the last year.

As we embark on another year, we would like to assure you all that we will continue to sustain and strengthen our operational efficiencies.

Mesake T Senibulu

GENERAL MANAGER

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

PUBLIC RENTAL BOARD
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2013

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 2013, 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 untill the date of this report are:

Directors	Appointed	Served Until
Mr. Narendra Prasad - Chairman	Jan-14	-
Mr. Mosese Tikoitoga - Chairman	Feb-10	Jan-14
Father Kevin Barr - Member	Jun-11	Jan-13
Mr Adrian Sofield - Member	Sep-10	Aug-13
Mr.Petero Daurewa	Jun-11	-
Ms. Maraia Ubitau	Jun-11	-
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 loss for the year was $440,827 (2012: $8,565).

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
YEAR ENDED 31 DECEMBER 2013

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 28th day of March 2014.

....
Director Director

PUBLIC RENTAL BOARD
STATEMENT BY DIRECTORS
YEAR ENDED 31 DECEMBER 2013

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 2013;

(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 2013;

(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 2013;

(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 2013;

(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 28th day of March 2014.

....	....
Director	Director

REPUBLIC OF FIJI
OFFICE OF THE AUDITOR GENERAL

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Excellence in Public Sector Auditing

PUBLIC RENTAL BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
INDEPENDENT AUDIT REPORT

I have audited the accompanying financial statements of the Public Rental Board which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, 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.

Directors 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 and the requirements of Housing Act 1985 (Cap 267) and the Public Enterprise Act (1996) and Housing Amendment Decree (1989). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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 judgment, 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 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.

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; and

  (ii) to the best of my information and according to the explanations given to me.

  - give a true and fair view of the state of affairs of the Public Rental Board as at 31 December 2013 and its financial performance, changes in equity and its cash flows for 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
Suva, Fiji

8 April 2014

AUDITOR-GENERAL
FIJI

PUBLIC RENTAL BOARD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $	2012 $
Revenue			Restated
Rental Revenue		2,699,895	2,632,329
Other operating income	2	227,290	169,189
Interest Revenue	5	4,337	5,066
		2,931,522	2,806,584
Expenses	-		
Amortisation and depreciation expense		(339,511)	(365,381)
Employee benefit expense	3	(1,108,978)	(1,123,012)
Other operating expenses	4	(1,042,085)	(1,290,298)
		(2,490,574)	(2,778,691)
Profit from operations		440,948	27,893
Interest Expenses	5	(121)	(19,328)
Net profit for the year		440,827	8,565
Other comprehensive income		-	-
Total comprehensive income for the year		440,827	8,565

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 2013

	2013 $	2012 $
Government equity		Restated
Balance at the beginning of the year	4,396,216	3,865,126
Additions during the year	-	531,090
Balance at the end of the year	4,396,216	4,396,216
Accumulated losses		
Balance at the beginning of the year	(506,657)	(515,222)
Net profit for the year	440,827	8,565
Total available for appropriation	(65,830)	(506,657)
Dividends paid or proposed	-	-
Balance at the end of the year	(65,830)	(506,657)
Total Equity	4,330,386	3,889,559

The accompanying notes form and intergral part of this Statement of Changes in Equity

PUBLIC RENTAL BOARD
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	2013 $	2012 $ **Restated**
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,527,305	7,193,381
Intangible asset	7	9,912	8,145
Investments		77,585	77,745
		7,614,802	7,279,271
Current assets			
Cash and short term deposits	8	1,355,639	1,336,820
Rent receivables	9	81,407	83,829
Inventories	10	2,781	1,987
Prepayments and other assets	11	21,739	44,113
		1,461,566	1,466,749
TOTAL ASSETS		**9,076,368**	**8,746,020**
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		4,396,216	4,396,216
Accumulated losses		(65,830)	(506,657)
Total equity		4,330,386	3,889,559
Non- current liabilities			
Deferred revenue	12	821,693	651,544
Interest bearing debt	13	-	-
		821,693	651,544
Current liabilities			
Trade payables and accruals	14	2,616,711	2,938,085
Interest bearing debt	13	1,014,712	1,014,712
Deferred revenue	12	57,625	57,625
Employee entitlements	15	235,241	194,495
		3,924,289	4,204,917
Total liabilities		**4,745,982**	**4,856,461**
TOTAL EQUITY AND LIABILITIES		**9,076,368**	**8,746,020**

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 2013

	Note	2013 Inflows/ (Outflows) $	2012 Inflows/ (Outflows) $
Operating activities			
Receipts from customers		3,095,443	2,751,691
Payments to suppliers and employees		(2,528,713)	(2,047,960)
Interest paid		(121)	(19,328)
Interest received		4,337	5,066
Cash flows from operating activities		**570,946**	**689,469**
Investing activities			
Payments for property, plant and equipment		(552,287)	(739,289)
Payments for Investments		160	(50)
Cash flows from investing activities		**(552,127)**	**(739,339)**
Financing activities			
Proceeds from borrowings		-	21,456
Cash flows from financing activities		**-**	**21,456**
Net increase/(decrease) in cash and cash equivalents		18,819	(28,414)
Cash and cash equivalents at the beginning of the year		1,336,820	1,365,234
Cash and cash equivalents at the end of the year	**8**	**1,355,639**	**1,336,820**

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2013

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 28/03/2014.

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.

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 recognised in profit or loss as incurred.

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

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

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

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

b) Intangible assets

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

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

1.3 Summary of significant accounting policies

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 proft 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.

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.

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:

<u>Rental income</u>
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 2013

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

Funds 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.

		2013 $	2012 $
2.	Other operating income		
	Government grants		
	Amortisation of deferred revenue from government grants	58,784	53,952
	Gain on sale of property, plant and equipment	11,553	35,607
	Other income	156,953	79,630
		227,290	169,189
3.	Employee benefit expense	$	$
	Salaries and wages	866,282	987,289
	FNPF contributions	78,113	68,363
	TPAF levy	10,015	8,830
	Others	154,568	58,530
		1,108,978	1,123,012

The number of employees at the end of the financial year was **47 (2012:47)**

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2013

		2013	2012
		$	$
4.	**Other operating expense**		**Restated**
	Auditors' remuneration - audit fees	8,000	4,500
	Bad and doubtful debts	12,835	17,996
	Insurance	25,127	28,081
	Repairs and maintenance	441, 582	621,705
	Others	554,541	618,016
		1,042,085	1,290,298
5.	**Net financing cost**	$	$
	Interest income	(4,337)	(5,066)
	Interest expense	121	19,328
	Total costs	(4,216)	14,262
6.	**Property, plant and equipment**		
	Land and Buildings	$	$
	Cost:		
	At 1 January	15,037,100	15,039,006
	Transfer from Work in progress	108,277	-
	Additions	-	-
	Disposals	-	-
	At 31 December	15,145,377	15,037,100
	Depreciation and impairment		
	At 1 January	9,383,945	9,125,042
	Depreciation charge for the year	235,147	258,903
	Disposals	-	-
	At 31 December	9,619,092	9,383,945
	Net book value	5,526,285	5,653,155
	Office premises	$	$
	Cost:		
	At 1 January	171,071	171,071
	Transfer from Work in progress	-	-
	Additions	-	-
	Disposals	-	-
	At 31 December	171,071	171,071
	Depreciation and impairment		
	At 1 January	99,714	95,437
	Depreciation charge for the year	4,277	4,277
	Disposals	-	-
	At 31 December	103,991	99,714
	Net book value	67,080	71,357

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2013

	2013 $	2012 $
6. Property, plant and equipment		
Motor vehicles		
Cost:		
At 1 January	633,837	633,837
Transfer from Work in progress	-	-
Additions	-	-
Disposals	-	-
At 31 December	633,837	633,837
Depreciation and impairment		
At 1 January	468,014	385,311
Depreciation charge for the year	75,687	82,703
Disposals	3,125	-
At 31 December	546,826	468,014
Net book value	87,011	165,823
Furniture and fittings		**Restated**
Cost:		
At 1 January	543,346	521,524
Transfer from Work in progress	-	-
Additions	37,666	21,822
Disposals	-	-
At 31 December	581,012	543,346
Depreciation and impairment		
At 1 January	492,621	475,292
Depreciation charge for the year	21,345	17,328
Disposals/Additions	-	-
At 31 December	513,966	492,621
Net book value	67,046	50,725
Work in progress		**Restated**
Cost:		
At 1 January	1,246,110	371,954
Transfer to land and buildings	-	-
Additions	527,562	874,156
Disposals	-	-
Net book value	1,773,672	1,246,110
Other Long Term Assets		
Security Deposit - FEA	6,211	6,211
Net book value	7,527,305	7,193,381

	2013 $	2012 $
7. Intangible asset		**Restated**
Cost		
At I January	8,145	8,245
Additions	4,821	2,070
At 31 December	12,966	10,315
Additions	-	-
At 31 December	12,966	10,315
Less amortisation and impairment:		
At 1 January	-	-
Amortisation	3,054	2,170
At 31 December	3,054	2,170
Amortisation	-	-
At 31 December	3,054	2,170
Net book value:		
At 31 December	9,912	8,145
At 31 December	9,912	8,145

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	$	$
	255,639	386,820
Short term deposits	1,100,000	950,000
	1,355,639	1,336,820

9. Rent receivables	$	$
Rent receivable	92,437	102,099
Less provision for Doubtful Debts	11,030	18,270
	81,407	83,829

As at 31 December 2013 rent receivables at nominal value of $92,437 (2012: $102,099) were examined for impairment and $11,030 (2012: $18,270) were provided for.

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

At 1 January	18,270	39,543
Charge for the year	-	-
Utilised	-	-
Unused amount reversed	(7,240)	(21,273)
At 31 December	11,030	18,270

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2013

		2013 $	2012 $
9.	**Rent receivables - continued**		
	At 31 December, the ageing analysis of rent receivables is as follows:		
	Current	22,546	15,562
	30- 60 days	35,440	24,350
	61 -90 days	(7,599)	(1,722)
	> 90 days	42,049	63,910
		92,436	102,099
10.	**Inventories**	$	$
	Inventories - at cost	2,781	1,987
11.	**Prepayments and other assets**	$	$
	Prepayments	9,458	34,778
	Interest receivable	10,386	7,111
	Sundry receivable	1,895	2,224
	Subsidy receivable	-	-
		21,739	44,113
12.	**Deferred revenue**	$	$
	Current	57,625	57,625
	Non current	821,693	651,544
		879,318	709,169

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, Newtown, Simla and Golf Link Community Halls in 2011 and Naodamu Community Hall for 2013. 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	-	-
	Promissory notes	-	-
		1,014,712	1,014,712
	<u>Non current</u>		
	Housing Authority loans	-	-
		1,014,712	1,014,712

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 Loan has been fully settled in 2012.

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

14. Trade payables and accruals

	2013 $	2012 $
Trade creditors and accruals	1,465,204	1,457,028
Consultancy	25,547	2,435
Rental deposits	235,362	249,701
Credit balances in receivables	417,736	690,934
Unallocated subsidy	472,862	537,987
	2,616,711	2,938,085

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2013 and 31 December 2012 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

On demand	2,355,802	2,685,949
3 to 12 months	1,040,259	1,017,147
1 to 5 years	235,362	249,701
Total	3,631,423	3,952,797

15. Provisions

At 1 January	194,495	213,706
Arising during the year	40,746	4,692
Utilised	-	-
Unused amounts reversed	-	(23,903)
At 31 December	235,241	194,495

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:

	Appointed	Served Until
Mr. Narendra Prasad - Chairman	Jan-14	-
Mr. Mosese Tikoitoga - Chairman	Feb-10	Jan-14
Father Kevin Barr - Member	Jun-11	Jan-13
Mr Adrian Sofield - Member	Sep-10	Aug-13
Mr. Umarji Musa - Member	Sep-10	-
Mr. Petero Daurewa - Member	Jun-11	-
Ms. Maraia Ubitau - Member	Jun-11	-

(b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2013 with approximate transaction value are summarised as follows:

Board expenses and allowances		39,929	48,115
Amount owing to the Government for FNPF Bond		1,014,712	1,014,712
Amount owing to the Government for FNPF Loan	**(i)**	-	-
Government grant received to subsidise rental	**(ii)**	750,000	1,000,000

	2013	2012
16. Related parties (Cont'd)	$	$

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

(i) The Govern ment made the payment on behalf of the Board towards the Housing Authority loans ultimately payable to FNPF of $0.00 (2012: $531,090).

(ii) The government grant of $750,000 was recived in 2013 and the balance of $206,344 from 2012 were directed towards rental subsidy of $635,214 (2012: $549,948), compensation for the market rent of $211,279 (2012: $243,708). A balance of $109,851 (2012: $206,344) remains which would be distributed in 2014.

	2013	2012
(c) Compensation of key management personnel		
Short term employee benefits	190,554	215,871
	190,554	215,871

17. Commitments and contingent liabilities

	2013	2012
(a) Capital expenditure commitments	-	-
(b) Contingent liabilities	-	-
(c) Operating lease commitments		

	2013	2012
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	55,365	47,499
Later than one year but not later than five years	221,461	189,997
Later than 5 years	3,240,875	2,757,563
	3,517,701	2,995,059

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 $55,365 (2012: $47,499)

8. 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.

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
2013	+10%	(434)
	-10%	434
2012	+10%	(507)
	-10%	507

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	
	2013	**2012**
	$	$
Cash and cash equivalents	255,639	386,820
Trade and other receivables	116,957	148,199
Held-to-maturity investments	1,177,584	1,027,744
	1,550,180	1,562,763

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.

22 RESTATEMENT OF ACCOUNTS

2012 Accounts have been re-stated in respect of MIS software's amortization expense which should have been fully amortized in 2011. In 2013, the amortization expense relating to MIS software was reversed and prior years balances which includes 2012 and 2011 restated. Additionally, commitment fees have been reclassified to Work in progress in 2013 from income statement to comply with International Accounting Standard (IAS 23) and its comparatives has been adjusted accordingly.

Public RENTAL Board

ANNUAL REPORT 2013