



PUBLIC RENTAL BOARD
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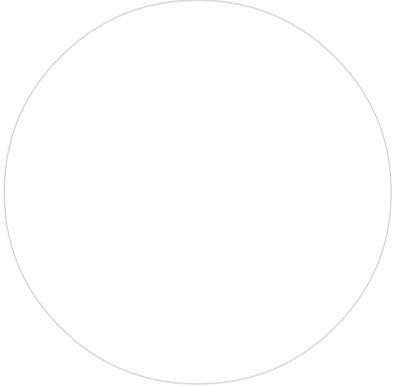


Public
RENTAL
Board

Annual Report 2005



Parliamentary Paper No. 20 of 2006



2005 Annual Report

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Vision and Mission Statements

Vision

To provide affordable and quality rental accommodation to our customers.

Mission statement

We provide affordable rental accommodation of high quality.
We promote the building of cohesive communities within our estates.

Corporate values PRB's shared values

Care

We respect each other and show concern for one another's well being.
We have trust and confidence in one another's ability.
We value and appreciate each other as corporate citizens caring for the welfare of the community.

Learning

We believe in lifelong learning. We upgrade our skills and knowledge so that we can give our best to PRB.

Innovation

We seek new and creative ideas to improve our products and services. We consciously implement productivity improvements in all areas of our work for a viable organisation.

Quality

Our customers are foremost in our minds. We strive for the highest professional standards, delivering our products and services that satisfy our customers.

Teamwork

We believe in working as a team and helping each other to overcome difficulties and achieve common goals.

Corporate objectives

- To plan, develop and upgrade housing estates to meet the needs of the population.
- To provide quality service in the allocation and management of PRB properties.
- To implement Government housing policies and programmes that foster cohesive communities.
- To build a learning organisation that inspires creativity and develops staff to give their best.
- To foster rental tenancy on a transitional basis.
- To improve resource utilisation by investing in viable opportunities.

Letter To The Minister

25th May 2006

The Honourable George Shiu Raj
Minister for Women, Social Welfare & Housing
PO Box 2131
Government Buildings
SUVA

Dear Honourable Minister

Re: 2005 ANNUAL REPORT

On behalf of the Board I congratulate you on your new portfolio and look forward to working with you.

The Annual report of Public Rental Board for the year ended 31st December 2005 is presented herewith as required by section 21 of the Housing Act Cap 267.

As with previous reports, the Board acknowledges Government's commitment in providing grant to support our disadvantaged tenants.

The Board looks forward to working in close partnership with Government in the construction of new rental units for low income earners in the coming years.

Yours Sincerely

Akanisi Kedrayate Tabualevu (Dr.)
Chairperson

Board Members

Board Members



Dr. AKANISI TABUALEVU (CHAIRPERSON)
Appointed to the board in February 2005.
Dr. Tabualevu is currently the Head of School of Humanities at the University of the South Pacific.



Mr. Netani Vosa
Appointed to the Board in July 1993.
Mr. Vosa is the Manager for Debt and Cashflow Management Unit for the Ministry for Finance and National Planning.



Ms. Kiri Naigulevu
Appointed to the Board in February 2005.
Ms. Naigulevu is a Tutor/Lecturer for School of Commerce at the Fiji Institute of Technology.



Mr. Cama Tuiroma
Appointed to the Board in January 2004.
Mr. Tuiroma is the Chief Executive Officer for the Ministry of Local Government, Housing, Squatter Settlement and Environment.



Mr. Frederic Archari
Appointed to the Board in February 2005.
Mr. Archari is a retired Senior civil servant who is currently a Referee at the Small Claims Tribunal.



Ms. Ana Naivakasoro
Appointed to the Board in February 2005.
Ms. Naivakasoro is the Manager Public Enterprises for Ministry of Public Enterprises and Public Sector Reform.



Mr. Alipate Naiorosui
Appointed to the Board in February 2005.
Mr. Naiorosui is the Chief Executive Officer for Housing Authority.

Chairperson's Report

The Public Rental Board (PRB) which was established in 1989 under the Housing (Amendment) Decree No.12 was mandated to provide affordable rental accommodation to low income earners on a transitional basis. Since its establishment, the Board has endeavored to perform its functions with internal savings as well as grant provided by the government. In spite of the financial challenges it faces, with the committed efforts of the Board and staff members, PRB has been able to achieve its goals and social obligations.



In relation to the overall performance of the Board in 2005, it was both a challenging and productive year. Some notable achievements were made as a result of the collaborative effort of the Board members and staff. In August, the Hon. Prime Minister, Laisenia Qarase opened forty-three (43) two bedroom flats at Macfarlane Road in Raiwai. Although the completion of these flats was delayed, when finally completed, they were the best accommodation that PRB has ever built in terms of plan and style. In addition, twenty seven (27) one-bedroom flats are being built at Kia Street and will be completed in May 2006. Further developments are being planned for Nadi and Kalabo in Nasinu where an additional eighty seven (87) flats will be built in the middle of 2006.

While providing accommodation to low income earners, the Board has also been able to acquire some profit. In 2004 the profit was \$849,882 and 2005, it was \$1,860,897. The Board is grateful to the government for the subsidy it provides to the tenants and the payment of the principal and interests in its current financial obligations to Fiji National Provident Fund.

However, as a commercial statutory authority, under Public Enterprise Act, PRB is clearly technically insolvent due to the FNPF debt inherited from Housing Authority. There is a need for PRB to restructure its balance sheet if it is to provide the 10% return on assets required by Public Enterprise Act. As a way forward in addressing this problem, the Board has staged discussions with the Minister for Finance and Minister for Public Enterprise. The Board is hopeful that the new government will actually resolve our problem.

It has to be acknowledged that PRB operates in a complex environment and thus the need to know its clients and to have a clear and visionary corporate plan. The Board commissioned a consultant to assist in the preparation of the plan. The Board members and staff were fully involved and participated actively in the preparation of the plan, thus maximizing ownership to the process and plan. As a consequence, a master plan was drawn up as a road map to the building projects we hope to achieve in the next four years.

We have a number of challenges we are confronted with and the main one is the relocation of the tenants in the Raiwai and Raiwaqa four-storey buildings. A research was carried out in 2005 to determine the actual financial situation of those living in the four storey buildings. The findings from the research were the basis in which we have made our four relocation options. For the relocation process, we are working in close collaboration with the Housing Authority, our line Ministry and Hart and for this project we would require financial support from government. We are hoping that everyone will be relocated by the beginning of 2007.

Another challenge is the restructuring of the balance sheet. We hope to follow this up again with our line Ministry and other relevant Ministries and hopefully, the issue will be resolved in 2006.

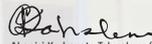
Another challenge is to ensure that PRB does not only have a competent and skilled staff, but committed and has a sense of ownership to the organization. The implementation of the Performance Management System in 2005 was to ensure that the staff members are focused, committed and performing in areas of responsibilities assigned to them. In line with this is the staff development programme of upgrading qualifications and skills. On the other hand, we are developing some major policies which would provide some clear direction to staffing. One of these policies is the Human Resource Development policy.

The implementation of the integrated management information system in 2006 will greatly enhance our work in terms of planning and decision making and in particular, strengthening credit management and recovery procedures.

In conclusion, I sincerely thank the government for the grant provided yearly to support our work. I commend the Board members, and staff for the hard work and the dedication in which they had performed their tasks. I also acknowledge with gratitude the support from the line Ministry, the Ministry of Public Enterprise, the Ministry of Finance, the Housing Authority, other sections of the government, private firms and numerous organizations and individuals who have assisted us in our work.

I am positive that 2006 will be another year of success and we will achieve many of our objectives.

Vinaka vakalevu.


Akani Kedarayate Tabualevu (Dr.)



Management Report

The year 2005 saw the implementation of a customized Performance Management System which on the whole is expected to drive performance of individual staff members. Development of PMS framework started in year 2003 upon agreement of major stakeholders namely management, staff and Union.



Dealing with arrears (both active and vacated arrears) continues to pose challenges to management and staff especially as we look at innovative ideas to deal with 'problem tenants'. Active arrears again reduced by 9% in December 2005 as compared to the same period in 2004. Likewise, vacated arrears reduced by 29% in December 2005 compared to the same period in 2004. Initiation for further reduction of active and vacated arrears through debts write-off or collection by private bailiffs will see more improvement in this area. The slow reduction in active arrears is due mainly to non payments of Grantham road rental estate tenants and the western division wherein strategies had put in place to improve further and meet targets.

Involvement of consultants in the preparation of the organization's Corporate Plan for the period 2006 to 2008 for the first time has opened opportunities for staff and board to really look at work strategically.

Property

Rental Revenue

The actual rent charge for year 2005 was computed at \$1,486,974. The Board through its rental collection initiative collected \$2,040,904 against the total collectable rent of \$1,135,247.00. The actual rent collected over the total rent charge is 137% and 94% over the market rental. The total rent collected include rent for the period, arrears and advance rent payments.

For the first time, the Board in year 2005 charged market rentals and although this was paid by Government through social cost, over the ensuing years, the Board would like to see that tenants make contributions in this regard. Government's contribution towards payment of social cost was \$690,042.91 for the year under review.

General Maintenance

For year 2005, general maintenance was carried out in the following estates.

Estates	No of Flats	Total cost	Contractor
Vunimoli	23	\$35,655	Prem's Construction
Natabua	54	\$83,500	Jai Prasad Builders
Newtown Project 3	22	\$17,036	PRB Maintenance Team

General upgrading works as at above estates is part of a seven-year maintenance program adopted in year 2000 by the Board. The first cycle of general maintenance should be completed by year 2006. The three estates completed in 2005 brought the total estates maintained to sixteen.

Rent Subsidy

Subsidy assistance is allocated to deserving tenants based on tenants' Gross weekly income in accordance with current subsidy allocations criteria. Some 552 financially disadvantaged tenants received a total of \$134,657 subsidy assistance in 2005.

Allocations criteria

- Income Range \$0 to \$64, Tenant pays rate of 5% weekly HI Level
- Income Range \$65 to \$80, Tenant pays rate of 10% weekly HI Level
- Income Range \$81 to \$100, Tenant pays rate of 15% weekly HI Level
- Income Range \$101 to \$125, Tenant pays rate of 20% weekly HI Level
- Income Range \$126 to \$150, Tenant pays rate of 25% weekly HI Level

Development and Construction

In terms of increase of building stock, in August 2005 the Board completed the construction and allocated 43 double storey 2-bedroom flats at Macfarlane Road, Raiwai which was fully funded in-house at a cost of \$2.7m. It also commenced in October the construction of 27 flats at Kia Street as the Board embarks on realizing its core business of development of rental flats. Plans are underway to further construct additional 57 units at Namaka in 2006.

Land acquisition will continue to be the Board's major task for some years as it works with land providers for suitable building sites. In conjunction with development work done by Housing Authority, the Board is liaising very closely with its management for possible PRB sites on all their new sites. This arrangement will go a long way in fostering relationship between the two organizations especially in cost cutting measures that will be involved.

Financial

Profit & Loss

	12 Months period ending 31.12.05	12 Months period ending 31.12.04
Total Income	4,351,316	3,794,250
Operating profit before interest expenses % to Total Income	2,490,816 57.24%	1,438,648 37.92%
Interest Expenses	629,920	588,766
Operating profit after abnormal items & before income tax % to Total Income	1,860,897 42.77%	849,882 22.40%
Operating profit after income tax % to Total Income	1,860,897 42.77%	849,882 22.40%
Accumulated funds at the beginning of the financial year	(12,221,163)	(13,071,045)
Dividend Payable	-	-
Accumulated funds at the end of the financial year	(10,360,266)	(12,221,163)

Total Income for the Board has increased from \$3,794,250 to \$4,351,316 for the financial year 2005. This increase is due to increase in rental income via charging market rental which is subsidised by Government and due to the proceeds from sale of properties at Grantham Road and Kia Street estates. Net profit for financial year ending 2005 is \$1,860,897. Government has continued to pay long term loans inherited from Housing Authority. Without Government's continued support for the payment of these loans, PRB will incur huge losses as a result of very high interest expenses. PRB also does not have the required cash to meet these loan payments.

Balance Sheet

	12 Months period ending 31.12.05	12 Months period ending 31.12.04
Current Asset	3,314,522	3,273,177
Non Current Asset	6,526,393	5,236,260
Total Asset	9,840,915	8,509,437
Current Liabilities	6,783,199	7,649,302
Non Current Liabilities	9,332,930	8,996,245
Total Liabilities	16,116,129	16,645,547
Net Asset	(6,275,214)	(8,136,110)
Total Capital & Reserves	(6,275,214)	(8,136,110)

Both Negative Capital & Reserves and Negative Assets that the Board inherited at its inception has started to decline, as a result of treating FNPF loan repayment by Government as Government Grant and also through better performance.

Cash Flow

Net cash flow for PRB was well maintained for the period under review. This was achieved by controlling expenditure and increased efficiency in rental collection.

There was no additional borrowing done. The construction of 43 units at a cost of 2.7m at MacFarlane Road estate was funded internally through savings. Other minor capital expenditure and major general maintenance were also financed from Public Rental Board's own resources.

Financial Ratios

1. Current Ratio = Measures short-term solvency of the Board.

	2005	2004
Current Asset / Current Liabilities	0.49	0.43

The current ratio indicates that 49% of current liabilities would be paid off upon liquidating 100% of current asset.

2. Debt to Total Asset = Measures the percentage of total funds that have been provided by creditors.

	2005	2004
Total debt / Total Asset	1.6	1.9

The debt to asset ratios has decreased mainly due to payment of Fiji National Provident Fund/Housing Authority hence decreasing long term loans. Increase in net assets as a result of new development has also improved this ratio.

3. Average Collection Period = Measure of the accounts receivable turnover.

	2005	2004
Average Collection Days	84	105

Average Collection days has decreased from 105 to 84 days. This is mainly due to strict collection strategies used during the year including staff training.

4. Return on Total Asset = Measures the return on total investment in the Board.

	2005	2004
Return on Total Asset	18.91%	10.00%

The return on investment has increased due to the increase in net profit for the year which resulted from an increase in rental income and proceeds on sale of properties.

5. Profitability Ratio = Measures the percentage of profit made on income by the Board.

	2005	2004
Profitability Ratio	42.77%	22.40%

The profitability ratio has increased through increase in rent charge via charging market rental which is subsidized by Government and through the proceeds from sale of properties at Grantham Road and Kia Street estates.

Administration

Personnel

The organisation's personnel are divided into two categories of Established and Permanent Un-Established Staff. Personnel or staff costs continue to be a major expense for the Board. This comprises 26 % of the rental income. However, this percentage of staff cost against rental income would have been more if market rental were not subsidized by Government (39%). Staff establishment is tabled below.

Division	No. of Staff
Executive	2
Finance and Administration	10
Property	12
Un-Established	16
Total	40

Training

During the year, the Board ensured that relevant training and development of workers was conducted at all levels of the organisation. In addition to in-house training and workshops, employees also attended work related short courses conducted by various training institutions. Tabled below is a summary of external training attended by employees.

Courses/Conference	Venue / Conductor	No. of Participants
Inventory Management	TPAF	1
Training of Trainers	TPAF	1
Middle Management Course	TPAF	1
First Aid & Cardio Pulmonary Resuscitation	Fiji Employers Federation	2
Dealing with Difficult People & Situation	Prime Vision	2
Applicant Information Seminar	TPAF	2
Effective Cash Flow Management	TPAF	2
Improving Professional Writing Skills	TPAF	1
Risk Management Workshop	Marsh Limited	1
OHS - Building Civil & Electrical Industries	TPAF	2
Communication Skills	Fiji Employers Federation	1
Effective Supervisor in the Workplace	Turnbull Maggs Partners	4
Special Advanced Course	Turnbull Maggs Partners	1
Management & Managing Teams Workshop	Fiji Employers Federation	1

Performance Management System

The Board implemented the Performance Management System Framework in January 2005 where all established staff performance were measured in accordance with the system. The first assessment was conducted in December 2005 and it is evident from work related response that PMS has improved staff performance. Efficiency gains were in terms of principally improved rental collection and good support network by staff.

Conclusions

Moving forward, it is imperative that all major stakeholders pull together and for this I would like to record my most sincere gratitude to the staff and management team for their support, chairlady and board members for direction setting, government for continuing financial support, tenants committees and tenant families and other stakeholders, for without all parties contribution, the year 2005 would not be as successful.

The future plans for the Board include a sustained construction period of a number of years to address the ever increasing demand especially in Suva, hotel belt in the western division, Nadi and Savusavu. The Board will have to look for outside sources for finance as it embarks onto new projects.

To support the essence of moving forward, it is imperative that a robust computerized information system is engaged and herein lies the means that will help management and staff with product delivery.


Mesake T Senibulu
(GENERAL MANAGER)

Public
RENTAL
Board

**FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2005**

Public Rental Board Directors' Report

The directors present their report together with the financial statements of the Public Rental Board (the "Board") for the year ended 31 December 2005 and the auditors' report thereon.

Directors

The directors of the Board at the date of this report are:

Dr Akanisi Tabualevu (Chairperson)
Mrs Kiri Naigulevu
Mr Frederic Archari
Mr Alipate Naiorosi

The Chief Executive Officer for Finance and National Planning or his representative
The Chief Executive Officer for Local Government, Housing, Squatter Settlement and Environment or his representative
The Chief Executive Officer for Public Enterprises and Public Sector Reform or his representative

State of affairs

In the opinion of the directors, the accompanying balance sheet and statement of changes in equity give a true and fair view of the state of affairs of the Board as at 31 December 2005 and the accompanying income statement and statement of cash flows gives a true and fair view of the results of the Board and its cash flows for the year then ended.

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.

Operating results

The operating profit for the year was \$1,860,897 (2004: \$849,882).

Reserves

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

Dividends

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

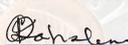
Events subsequent to balance date

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.

Dated at Suva this 3rd day of May 2006.

Signed in accordance with a resolution of the directors.

Director:



Director:



Public Rental Board Accounts for the year ended 31 December 2005 Independent Audit Report

Scope

I have audited the financial statements of the Public Rental Board in accordance with the provisions of the Housing Act (1985), the Public Enterprise Act (1996) and the Housing (Amendment) Decree (1989) in the manner so required and section 13 of the Audit Act. The Board is responsible for the preparation and presentation of the financial statements and the information they contain. My responsibility is to express an opinion on these financial statements based on my audit.

My audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Fiji Accounting Standards and statutory requirements so as to present a view which is consistent with my understanding of the Board's financial position, the results of its operations and its cash flows for the year then ended.

Audit opinion

In my opinion, the accompanying financial statements, present fairly the financial position of the Board as at 31 December 2005 and the result of its operations and its cash flows for the year ended on that date.



Eroni Vatuloka
Auditor-General
Suva, Fiji Islands
3rd May 2006



Public Rental Board Income statement For the year ended 31 December 2005

Note	2005 \$	2004 \$
Income		
Rental revenue	2,177,120	1,730,625
Other operating income	2	2,106,680
Total operating income	4,283,800	3,794,250
Expenses		
Depreciation	426,282	426,360
Staff costs	3	681,694
Other operating expenses	4	691,885
Profit from operations	2,483,939	1,438,648
Net financing costs	5	623,042
Net profit from ordinary activities	1,860,897	849,882
Net profit for the year	1,860,897	849,882

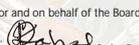
Public Rental Board Statement of changes in equity For the year ended 31 December 2005

	2005 \$	2004 \$
Government equity		
Balance at beginning of year	695,810	695,810
Transfers (to)/from government equity	-	-
Balance at end of year	695,810	695,810
Asset revaluation reserve		
Balance at beginning of year	3,389,243	3,389,243
Transfers (to)/from retained profits	-	-
Balance at end of year	3,389,243	3,389,243
Accumulated losses		
Balance at beginning of year	(12,221,163)	(13,071,045)
Net profit for the year	1,860,897	849,882
Total available for appropriation	(10,360,266)	(12,221,163)
Dividends paid or provided	-	-
Balance at end of year	(10,360,266)	(12,221,163)
Total capital and reserves	(6,275,213)	(8,136,110)

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 30.

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 30.

Public Rental Board
Balance sheet
As at 31 December 2005

Note	2005 \$	2004 \$
Current assets		
Cash	468,017	529,394
Receivables	6	2,824
Inventories	7	4,969
Investments	8	2,300,354
Other assets	9	39,808
Total current assets	2,811,003	3,273,177
Non-current assets		
Property, plant and equipment	10	5,236,260
Total non-current assets	5,236,260	5,236,260
Total assets	9,337,396	8,509,437
Current liabilities		
Creditors	11	1,962,366
Deferred revenue	12	39,287
Borrowings	13	4,919,825
Provisions	14	600,000
Employee entitlement		184,630
Total current liabilities	7,756,108	7,649,302
Non-current liabilities		
Deferred revenue	12	721,278
Borrowings	13	7,135,223
Total non-current liabilities	7,856,501	8,996,245
Total liabilities	15,612,609	16,645,547
Net liabilities	(6,275,213)	(8,136,110)
Capital and reserves		
Government equity	695,810	695,810
Asset revaluation reserve	3,389,243	3,389,243
Accumulated losses	(10,360,266)	(12,221,163)
(Deficiency) in capital and reserves	(6,275,213)	(8,136,110)
Commitments and contingent liabilities	16	
Signed for and on behalf of the Board:		
Director: 	Director: 	

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 30.

Public Rental Board
Statement of cash flows
For the year ended 31 December 2005

Note	2005 \$	2004 \$
Operating activities		
Government grant	1,000,000	1,500,000
Receipts from customers	1,404,589	879,812
Payments to suppliers and employees	(1,462,137)	(879,030)
Interest paid	(61,206)	(56,823)
Interest received	67,610	93,461
Cash flows from operating activities	948,856	1,537,420
Investing activities		
Payments for property, plant and equipment	(2,112,649)	(1,395,627)
Proceeds on disposal of property, plant and equipment	702,790	200,911
Cash flows from investing activities	(1,409,879)	(1,194,716)
Financing activities		
Repayment of borrowings	-	-
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(461,023)	342,704
Cash and cash equivalents at the beginning of the year	3,229,394	2,886,690
Cash and cash equivalents at the end of the year	2,768,371	3,229,394

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 20 to 30.

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

1. Statement of significant accounting policies

The Public Rental Board ("the Board") is a fully owned Government of Fiji entity domiciled in Fiji. The significant accounting policies which have been adopted in the preparation of these financial statements are:

(a) Statement of compliance

The financial statements of the Board have been drawn up in accordance with the accounting standards and disclosure requirements of the Fiji Institute of Accountants.

(b) Basis of preparation

The financial statements are presented in Fiji dollars, rounded to the nearest dollar. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non current assets.

The accounting policies have been consistently applied by the Board and except where there is a change in accounting policy, are consistent with those used in prior years.

(c) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 31 December 2005, the Board had a deficiency in net assets of \$6,275,213 (2004: deficiency of \$8,136,110).

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.

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

1. Statement of significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and cash at bank and short term deposits.

(e) Inventories

Inventories include items held for general repairs and maintenance of the Board's properties and are valued at the lower of cost and net realisable value. Cost has been determined on the basis of the "first-in-first-out" principle and includes expenditure incurred in acquiring the inventories and bringing it to its existing condition and location. Provision for inventory obsolescence is created for obsolete inventory items.

(f) Income tax

The Board is exempt from income tax under Section 26 of the Housing Act (Cap. 267) and the Housing (Amendment) Decree No.12 (1989).

(g) Property, plant and equipment

Items of property, plant and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method of depreciation, except where stated otherwise.

The annual depreciation rates used for each class of asset are as follows:

Leasehold land	over period of lease
Buildings	over their estimated remaining useful life
Furniture, fittings & equipment	20%
Motor vehicles	20%
Office premises	2.5%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the results for the period.

Capital work in progress is stated at cost and is not depreciated.

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

1. Statement of significant accounting policies (continued)

(h) Provision for self insurance

The Board has a policy of setting aside \$50,000 per annum for self insurance to cover against any potential losses or damages to its properties not covered under external insurance.

(i) Provision for employee entitlements

Provision for 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. Current employee remuneration rates are used to calculate the provisions.

(j) Creditors and accruals

Liabilities are recognised for amounts to be paid in the future for goods and services rendered. Creditors and accruals are stated at cost.

(k) Rent receivables

Rent receivables are recognised on an accrual basis and are stated at cost less impairment losses (doubtful debts). A provision for doubtful debts is brought to account for all rents that are outstanding at balance date.

(l) Investments

Investments comprise of term deposits with the intent of being held to maturity. The term deposits are recorded at cost and interest receivable is brought to account on an accrual basis.

(m) Borrowings

Loans are brought to account at the gross value of their outstanding balance. Promissory notes that have been issued by the Board are recorded at face value with an interest accrual raised at year-end. Borrowing costs are expensed in the period they are incurred.

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

1. Statement of significant accounting policies (continued)

(n) Revenue

(i) 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.

(ii) Government grant

Unconditional Government grants are recognised in the income statement as revenue when the grant becomes receivable. Any other government grant is recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Board will comply with the conditions attaching to it. Grants that compensate the Board for expenses incurred are recognised as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Board for the cost of an asset are recognised in the income statement as revenue on a systematic basis over the useful life of the asset.

(o) Operating leases

Payments made under operating leases are recognised in the income statement in equal instalments over the accounting periods covered by the lease terms.

(p) Comparatives

Where necessary, amounts relating to prior years have been re-classified to facilitate comparison and achieve consistency in disclosure with current financial year amounts.

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

2. Other operating income

	2005 \$	2004 \$
Government grants	1,666,451	1,924,757
Amortisation of deferred revenue from government grants	39,287	39,287
Gain on sale of fixed assets	308,242	40,486
Other income	92,700	59,095
	<u>2,106,680</u>	<u>2,063,625</u>

3. Staff costs

	2005 \$	2004 \$
Salaries and wages	618,751	811,203
FNPF expenses	48,642	52,538
FNTC levy	6,703	10,272
Other	7,598	3,899
	<u>681,694</u>	<u>877,912</u>

The number of employees at the end of the financial year was 40 (2004: 48).

4. Other operating expenses

	2005 \$	2004 \$
Auditors' remuneration - audit fees	7,988	7,987
Bad and doubtful debts	40,013	32,078
Insurance	64,414	67,726
Repairs and maintenance	212,878	449,840
Other	366,592	493,699
	<u>691,885</u>	<u>1,051,330</u>

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

5. Net financing costs

	2005 \$	2004 \$
Interest income	(67,515)	(88,705)
Interest expense	690,557	677,471
	<u>623,042</u>	<u>588,766</u>

6. Receivables

	2005 \$	2004 \$
Rent receivable	502,267	496,791
Provision for doubtful debts	(502,267)	(496,791)
	<u>-</u>	<u>-</u>

7. Inventories

	2005 \$	2004 \$
Inventories - at cost	4,077	6,222
Provision for stock obsolescence	(1,253)	(1,253)
	<u>2,824</u>	<u>4,969</u>

8. Investments

	2005 \$	2004 \$
Short-term deposits	<u>2,300,354</u>	<u>2,700,000</u>

9. Other assets

	2005 \$	2004 \$
Prepayments	19,362	18,798
Interest receivable	3,124	3,219
Sundry receivables	17,322	16,797
	<u>39,808</u>	<u>38,814</u>

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

10. Property, plant and equipment

	Land and buildings	Office premises	Motor vehicles	Furniture & fittings	Work in progress	Total
Cost	\$	\$	\$	\$	\$	\$
Balance at 1 January 2005	11,093,892	169,222	221,986	368,092	1,323,796	13,176,988
Transfers in(out)	2,771,674	-	-	-	(2,771,674)	-
Additions	-	-	139,700	18,760	1,954,209	2,112,669
Disposals	(701,236)	-	(142,086)	(9,390)	-	(852,712)
Balance at 31 December 2005	13,164,330	169,222	219,600	377,462	506,331	14,436,945

Depreciation

Balance at 1 January 2005	7,404,670	66,116	179,079	290,863	-	7,940,728
Depreciation charge for the year	357,054	4,195	35,895	29,138	-	426,282
Disposals during the year	(325,106)	-	(128,320)	(3,032)	-	(456,458)
Balance at 31 December 2005	7,436,618	70,311	86,654	316,969	-	7,910,552

Carrying amount

At 1 January 2005	3,689,222	103,106	42,907	77,229	1,323,796	5,236,260
At 31 December 2005	5,727,712	98,911	132,946	60,493	506,331	6,526,393

11. Creditors

	2005	2004
	\$	\$
Credit balances in receivables	363,341	393,654
Rental deposits	336,978	271,450
Trade creditors and accruals	349,994	566,334
Deferred government grant	371,315	376,934
Unallocated subsidy	540,738	365,437
	<u>1,962,366</u>	<u>1,973,809</u>

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

Notes	2005	2004
	\$	\$
12. Deferred revenue (continued)		
Current		
Deferred revenue	39,287	39,287
Non-current		
Deferred revenue	721,278	760,565
	<u>760,565</u>	<u>799,852</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. Revenue is brought to account over the periods necessary to match the related cost of the buildings.

13. Borrowings

Notes	2005	2004
	\$	\$
Current		
Housing Authority bond	1,014,712	1,014,712
Housing Authority loans	1,105,113	1,029,541
Promissory notes	2,800,000	2,800,000
	<u>4,919,825</u>	<u>4,844,253</u>
Non-current		
Housing Authority loans	7,135,223	8,235,680
	<u>12,055,048</u>	<u>13,079,933</u>

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

The term loans owing to Housing Authority but ultimately to the Fiji National Provident Fund (FNPF), are guaranteed by the Government of the Republic of Fiji Islands under the Public Rental Board Loan Guarantee Decree No. 9 (1990). The term loans were transferred from the Housing Authority in 1989 and are repayable in bi-annual instalments 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 the Fiji Islands.

14. Provisions

Self insurance	650,000	600,000
	<u>650,000</u>	<u>600,000</u>

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

15. Capital and reserves

(a) Reserves

The asset revaluation reserve represents the excess of the total value of property, plant and equipment resulting from the independent revaluation of Housing Authority assets carried out in 1983 and carried forward upon transfer of these assets to the Board in 1989.

(b) Dividends

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

16. Commitments and contingent liabilities

	2005	2004
	\$	\$
(a) Capital expenditure commitments	-	937,769
(b) Contingent liabilities	-	-
(c) Operating lease commitments		
Future operating lease rentals not provided for in the financial statements and payable:		
Not later than one year	39,303	43,646
Later than one year but not later than five years	138,109	218,232
Later than five years	2,159,479	2,829,096
	<u>2,336,891</u>	<u>3,090,974</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 \$37,003 (2004: \$31,513).

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

17. Notes to the statement of cash flows

Reconciliation of cash

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

Note	2005	2004
	\$	\$
Cash	468,017	529,394
Investments	2,300,354	2,700,000
	<u>2,768,371</u>	<u>3,229,394</u>

18. Related parties

(a) Identity of related parties

The Board has a controlling related party relationship with its directors. The directors of the Board in office at the date of this report are:

Dr Akanisi Tabualevu (Chairperson)
Mrs Kiri Nalgulevu
Mr Frederic Archari
Mr Alipate Nalorosui
The Chief Executive Officer for Finance and National Planning or his representative
The Chief Executive Officer for Local Government, Housing, Squatter Settlement and Environment or his representative
The Chief Executive Officer for Public Enterprises and Public Sector Reform or his representative

(b) Transactions with related parties

	2005	2004
	\$	\$
Insurance expenses	-	3,854
Board expenses and allowance	14,973	12,665
	<u>14,973</u>	<u>16,519</u>

The Board provides a medical insurance cover for its directors.

Public Rental Board
Notes to and forming part of the financial statements
For the year ended 31 December 2005

(b) Transactions with related parties (continued)

	2005	2004
	\$	\$
Amount owing to the Government of Republic of the Fiji Islands	<u>1,014,712</u>	<u>1,014,712</u>

Amount owing to the Government of Republic of the Fiji Islands

The Government of the Republic of the Fiji Islands made the payment on behalf of the Board towards the Housing Authority loans ultimately payable to FNPF of \$1,666,451 (2004: 1,666,451).

The grant of \$1M was given by the Government of the Republic of the Fiji Islands in the 2005 financial year. The grant allocation were directed towards rental subsidy of \$134,657 (2004: \$550,000), compensation for the market rent of \$690,043 (2004: Nil) and for capital expenditure of \$175,300 (2004: \$450,000).

19. Principal activities

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

20. Registered office

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