

Public
RENTAL 
Board

ANNUAL REPORT
2014

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Our Vision

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

Our Mission

The Public Rental Board will achieve its Vision through:

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

Corporate Objectives

During 2014 PRB will undertake to achieve the following objectives:

1. Re-profiling

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

2. Rent Review

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

3. Government Grant

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

4. Rental Property Stock versus Demand

- Better information and viable partnerships with other developers of low cost rental accommodation to meet demand.
- Plan and construct at least 500 flats per annum.

5. PRB's Revenue and Cost Structure

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

6. Socio Economic Obligation

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

Letter to the Minister



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29 July 2015

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

Dear Honorable Minister

Re: 2014 ANNUAL REPORT

Please find attached the PRB 2014 Annual Report. This report covers the activities of PRB for year ending 31st December 2014.

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

We acknowledge Government's commitment in the support to 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

Ashok Balgovind
Board Director

Narendra Prasad

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



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.

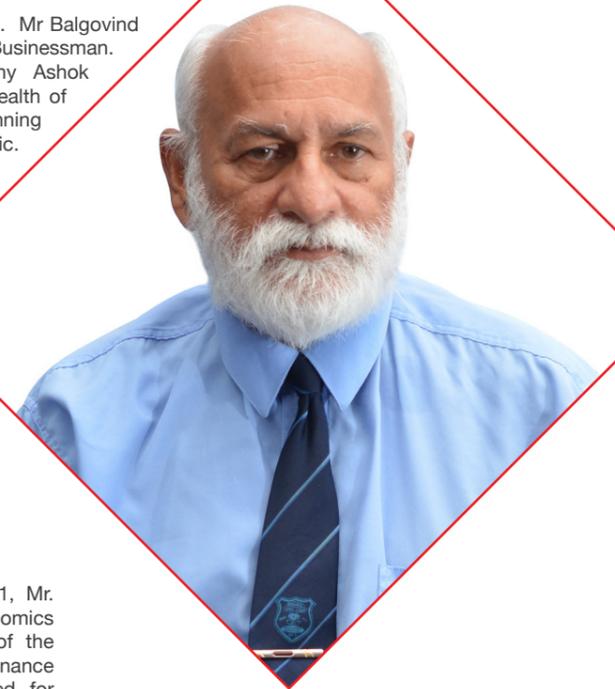


Petero Daurewa

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 Organisations 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.

Ashok Balgovind

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



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.



Board **Members**

Chairman's Report

It is my pleasure to deliver the Chairperson's report on the outcomes of the laid objectives which is in respect to the period ending 31st December, 2014.

Considerable efforts have been devoted by the Board Directors, Management and Staff towards implementing a transition to becoming an organisation that is strategically aligned at providing affordable, quality and appropriate rental properties for our customers. Grave importance is given to our stakeholders, clients and customers in assisting the Board to pave a brighter future for the less fortunate in the community. Our focus is;

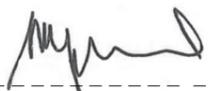
- Being tactically focussed than operational based; pro-active rather than reactive;
- About seeking funds for construction and meeting the targets set by the Government;
- Bringing about more direct and active participation by our Tenant communities.

At the core of our philosophy is the principle that we will value add to our existing business.

The highlight for the year was the opening of 210 flats at the Raiwai Rental Estate by the Hon. Prime Minister on 1st September, 2014. Immediately the flats started to be leased out and had a very promising feedback. Also this year, funds were secured and a concrete pouring ceremony was undertaken on 18th July, 2014 for 36 new rental flats at our Kalabu Rental Estate which was officiated by the Hon. Attorney General.

My sincere acknowledgement goes to the support given by the Line Ministry, Local Authorities and the Business communities. Special thanks and congratulation goes to the Board of Directors, Management and Staff of Public Rental Board for upholding the mission and vision of the Board and delivering such noteworthy outcomes.




Mr Ashok Balgovind
Board Director

General Manager's Report

In 2014, Public Rental Board continued to build upon its tradition of providing affordable, quality and appropriate rental housing for Fijians.

Innovative service delivery, community engagement, community partnerships and the integration of Human Services have strengthened Public Rental Board and allowed it to continue enhancing the tenant experience, and to support strong and resilient communities.

Our committed Board of Directors, staff and community partners have worked together to integrate our services and business outcomes. This year's annual report highlights a number of PRB's achievements in 2014, including excellent financial turn-over, launch of 210 flats at Raiwai, commenced construction of 36 flats at Kalabu, and new community initiatives such as capital market days with Government Ministries and community refresher programs.

Incorporated in this Report are the following financial highlights for 2014;

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

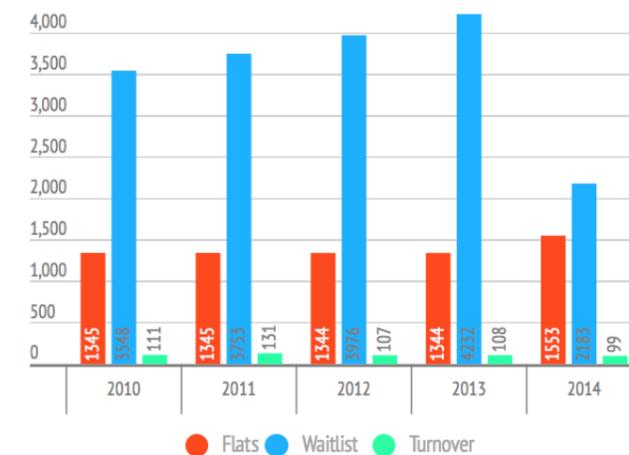
Upholding our commitment to provide quality rental housing, we will continue on a path of continuous improvement. Working with our Board and partners to help shape Public Rental Boards future is an exciting prospect that will ensure our services remain viable and efficient for years to come.

This 2014 annual report provides an overview on our progress as well as highlighting how PRB is addressing the following key focus areas:

1. Reduce waitlisted applicants

The Executive Management with assistance of staff undertook an exercise to ascertain the demand for rental flats using the information from existing database. Some work had been done to determine the demand and it is anticipated that this would continue in order to maintain an accurate waitlist number. It is also evident that on our own we will have difficulty in addressing the ever growing demand for rental housing due to lack of capital.

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



No. of Flats, Waitlist Applications & Flats Turnover



General Manager's Report Continued

We require innovative style and modern construction methodology that satisfies the Fiji National Building Code.

2. Corporate Governance

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

Role of the Board

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

The Board

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

Meetings of the Board

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

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

Director	Number of meetings entitled to attend	Number of meetings attended	Apologies Received
Mr. Narendra Prasad	7	9	-
Mr. Petero Daurewa	5	6	1
Ms. Maraia Ubitau	5	7	-
Mr. Umarji Musa	7	9	-
Mr. Ashok Balgovind	2	2	-

The Board met on 7 occasions for its regular meetings with 2 Special Board Meetings during the year under review (total of 9 meetings in 2014).

No meetings were held between June to September 2014 due to the expiry of the Directors term and there being no quorum.

Sub-committees of the Board

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

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

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

The Property 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, Mr

General Manager's Report Continued

Ashok Balgovind and Mr. Narendra Prasad.

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. Narendra Prasad, Mr. Umarji Musa and Mr. Ashok Balgovind.

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 2014 was computed at \$2,767,817 and market rental charge at \$2,939,280. The Board through its rental collection initiatives collected \$1,998,859 excluding subsidy against the total collectable rent of \$2,657,104 which stands approximately at 72% of the rent charge. The total rent collected includes rent for the period, arrears payments, and advance rental payments by tenants.

Collection including subsidy amounts to \$2,635,178 or approximately 95% against the rent charge.

General Manager's Report Continued

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

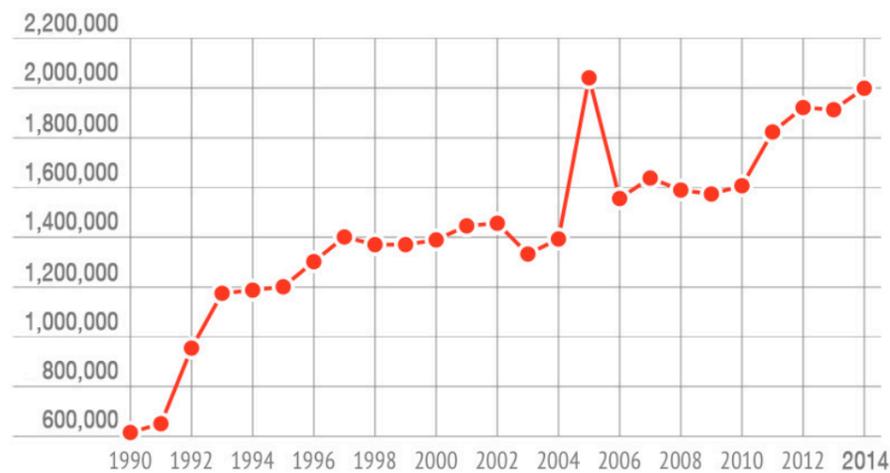
Actual Collections Comparison: 1990 to 2014

Table 1

ACTUAL COLLECTION

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

Actual Collections Comparison: 1990 to 2014



4. General Maintenance

PRB commenced the second round of general maintenance program in the year 2008. This second cycle is anticipated to complete in year 2015. In this cycle PRB undertakes general improvements and upgrading of its facilities such as tiling wet 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 essentially important for PRB because money earned from rental is the major contributing source of income for the Board. General maintenance undertaken in 2014 were in the following estates as presented in Table 2.

General Manager's Report Continued

Table 2

Estates	Contractor	Budget (\$)	Contract Sum (\$)	Expenditure (\$)
Natokowaqa, Lautoka	In-house Maintenance Team	\$220,000	\$220,000	\$210,586.59
Golf Link, Lautoka	Core Builders	\$54,000	\$54,000	\$54,000
Vunimoli, Labasa	In-house Maintenance Team	\$60,000	\$60,000	\$50,277.94

Distribution of Rental Subsidy

Subsidy assistance is allocated to tenants based on their household Weekly Gross Income (WGI) in accordance with approved subsidy allocation criteria. Some 656 financially disadvantaged tenants received a total of \$636,318.86 subsidy assistance in 2014. Rental subsidy assistance given is the difference between the actual rent charge and amount afforded by tenants.

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 estates where general maintenance has been carried out. The 1999 and new 2010 subsidy criteria are as follows:

1999 Subsidy Criteria

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

2010 Subsidy Criteria

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

The 2014 social cost (difference between market rent and actual rent) was directly funded by Government through subsidy grant. Government's contribution towards payment of social cost was approximately \$171,463 for the reporting year.

5. New Developments and Construction

5.1. Raiwai Housing Project

The Raiwai project commenced in August 2011 and was funded through a soft loan from the EXIM Bank of China. There are a total of 210 rental flats comprising of 110 one bedroom and 100 two bedroom.

General Manager's Report Continued

The Chinese contractor (China Railway First Group) completed construction in August 2014 followed by an official opening by the Hon Prime Minister Josaia Voreqe Bainimarama on 01 September 2014. At the end of financial year 2014, 24% or 52 flats were occupied. As at end of July 78% of flats were occupied.

5.2. Kalabu Housing Project

The Government provided grant of \$1.5 million in the 2014 National Budget and a further grant of 741,344 in the 2015 National Budget. Construction started in June 2014 for 36 one bedroom units at Kalabu. This project has been delayed due to extra works in taking the foundation down about 4 meters to the solid. This project is anticipated to complete before end of 2015.

5.3. Savusavu Housing Project

The Government provided a grant of \$500,000 in the 2014 National Budget and a further \$3.34 million in the 2015 National Budget for Savusavu project. The design for this project were approved late in 2014 comprising of 32 one bedroom and 16 two bedroom flats. Construction commenced in March 2015 and is anticipated to complete in 2016.

6. Tenancy Management

Table 3

	Valid Tenancies	Tenancies In-Valid for renewal	Vacant Flats	No. of Agreements Issued in 2014	No. of Agreements Issued in 2013
No. of Tenancies	1023	366	165	173	532

7. Sale of Rental Flats

Makoi estate were also sold to sitting tenants in the year 1992 however, 1 flat was not sold due to some technical glitch in the registration of titles and progressive attempts have been made to correct the situation with assistance from the Housing Authority. Table 4 indicates the pending settlement for Makoi estate.

Table 4

Estates	No. of Flats on Sale	No. Sold as at 31.12.2014	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
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
2014	30,618,946	16,790,770



General Manager's Report Continued

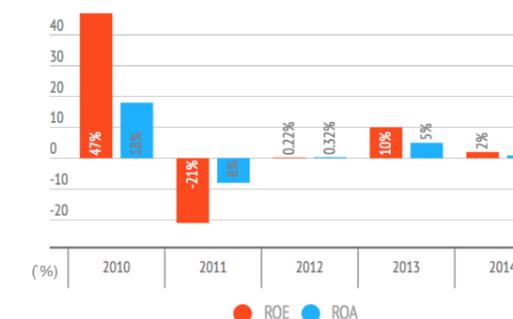
Operating Revenue & Net Profit

Years	Operating Revenue	Net Profit
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
2014	2,891,757	277,949



Return on Investment & Assets

Years	ROE	ROA
2010	47%	18%
2011	-21%	-8%
2012	0.22%	0.32%
2013	10%	5%
2014	2%	0.91%



9. Financial Report

Statement of Comprehensive Income (Extract)

	12 Months period ending 31.12.14	12 Months period ending 31.12.13
Total Income	2,953,340	2,931,522
Total Expenses	(2,575,132)	(2,490,574)
Operating profit before interest expenses	378,208	440,948
Operating profit % to Total Income	12.81%	15.04%
Interest Expenses	100,259	121
Net profit for the years	277,949	440,827
Net Profit % to Total Income	9.41%	15.04%

General Manager's Report Continued

Other comprehensive income	-	-
Total comprehensive income for the year	277,949	440,827
% to Total Income	9.41%	15.04%

Total Income reported as at 31st December 2014 increased by approximately 0.74% compared against same period last year. Increases were reported in rental income from Raiwai estate.

Total comprehensive surplus (net profits) for year 2014 decreased by approximately 37% compared against same period last year. Total expenses increased by approximately 4%. A significant increase was reported in interest expenses relating to the loan from the EXIM Bank of China contributing to this decrease in net profit.

Statement of Financial Position (Extract)

	12 Months period ending 31.12.14	12 Months period ending 31.12.13
Non Current Asset	26,867,463	7,614,802
Current Asset	3,751,483	1,461,566
Total Asset	30,618,946	9,076,368
Total Equity	16,790,770	4,330,386
Non Current Liabilities	9,760,110	821,694
Current Liabilities	4,068,066	3,924,289
Total Liabilities	13,828,176	4,745,982
Total Equity and Liabilities	30,618,946	9,076,368

Non-Current assets increased by approximately 253% as a result of capitalizing the Raiwai project, whilst Current Assets increased by approximately 157%. Current Liability increased by approximately 4% and Non-Current Liability increased by approximately 1088% together with total equity increasing by approximately 265%.

Cash Flow

Net cash flow for the financial year ending 31st December 2014 was managed efficiently despite a difficult year. The cash and cash equivalent position decreased by approximately 169%.

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.

	2014	2013
Current Asset / Current Liabilities	0.92	0.37

The current ratio indicates that approximately 92% of current liabilities for financial year ending 2014 would be paid off upon liquidating 100% of current asset compared against 37% of the same period last year. Under normal circumstances this ratio should be at least 2:1. The Board's current ratio indicates there is a shortfall in cash to meet its short term debts and other obligations. A more conservative measure of liquidity is as follows:

General Manager's Report Continued

Quick Ratio	2014	2013
Cash + marketable securities + accounts receivable / Current Liabilities	0.91	0.36

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.

	2014	2013
Average No. of Days Receivables Outstanding	10	11

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

Long-Term Debt and Solvency Analysis

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

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

	2014	2013
Total Debt / Total Equity	0.82	1.10

The debt to equity ratio for financial year ending 2014 decreased compared against same period last year. This is mainly due to Government Grant reported in Equity.

Profitability Analysis

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

IV. Return on Assets (ROA) – Measures how much profit is generated on every dollar of assets. This is a strong basis to gauge the asset intensity of the Board. It is probably one of the most useful measures of management's ability and efficiency in using the Board's assets to generate (operating) profits.

ROA is calculated using the formula: Earnings before Interest & Taxes / Total Assets

	2014	2013
Return on Assets	1.2%	4.9%

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

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

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

	2014	2013
Return on Equity	2%	10%

ROE decreased by approximately 80% compared against the same period for the previous year. It is generally

General Manager's Report Continued

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.

	2014	2013
Profitability Ratio	9%	15%

The profitability ratio decreased for reporting financial year by approximately 40% compared to the same period in the previous year. The reduction is associated to an increase in interest expense on loan from the EXIM Bank of China.

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 35% of the total revenue in the current year. However, this percentage of staff cost against total revenue would have been more (37%) if market rental were not subsidized by Government. Public Rental Board staff in the financial year is provided as:

Division	No. of Staff
Executive	1
Finance and Administration	10
Property	15
Un-Established	18
Total	44

Training

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

The Board ensures that relevant training and development of its workers are conducted at all levels of the organization. Performance gaps were identified during the Performance Management System's evaluation process in the reporting year and necessary actions are taken in terms of training (mostly internal) in order to address these gaps. In addition to in-house training and workshops, employees also attended work related short courses conducted by various training institutions. Tabled below is a summary of external training programs attended by staff.

Courses	Facilitator	No. of Participant(s)
Implementing Continuous Improvement Projects at Workplace	FNU	3
Occupational Health and Safety – OHS and Hygiene	FNU	11
Microsoft Office 2013 Training	VT Solutions	28

Job Evaluation and Performance Management System (PMS)

Currently all staff are paid in accordance to the market salary rates implemented in 2012. The Board of Directors agreed to review the market salary rates at every three year interval. Next review would be undertaken in December of 2015 and implemented by early 2016.

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

General Manager's Report Continued

12. Information & Communication Technology

The use of Microsoft® Business Solutions – Navision® (4) is the main integrated database system used to enhance work including the provision of quality information for better decision making for the Board. Further enhancements are being made to Nav 4 which will soon be upgraded to Nav 2015.

Modules integrated currently in Nav 4 are:

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

13. Acknowledgement

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

On behalf of the Management Team, I wish to take this opportunity to thank the outgoing General Manager, all Managers, Team Leaders and staff for their effort and contribution in overcoming another successful financial year. I also acknowledge our valued tenants, private sector and key stakeholders for their invaluable support throughout the year. Furthermore, I also thank the understanding and tolerance shown by the applicants waiting patiently to be allocated a flat.

Finally, I would like to acknowledge and express my sincere appreciation to the Board Chairperson, Board Directors and members of the Ministry of Housing, Ministry of Finance, and the Ministry of Public Enterprises for their direction, guidance and support throughout the year. And we look forward to their continued support in the years to come.



Pat Veu
Acting General Manager

Financial Statement

For the year ended 31 December 2014

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Year ended 31 December 2014

Director's Report

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 2014, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

The directors of the Board during the financial year and up until the date of this report are:

Directors	Appointed	Served Until
Mr. Narendra Prasad - Chairman	Jan - 14	Feb - 15
Mr. Mosese Tikoitoga - Chairman	Feb - 10	Jan - 14
Mr. Petero Daurewa	Jun - 11	Jun - 14
Ms. Maraia Ubitau	Jun - 11	Jun - 14
Mr. Umarji Musa	Sep - 10	-
Mr. Ashok Balgovind	Sep - 14	-
Mr. Samuela Namosimalua	Feb - 15	-

Principal Activities

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

Results

The operating profit for the year was \$277,949 (2013: \$440,827).

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.

Year ended 31 December 2014

Director's Report Continued

Unusual Transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the Board during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Board in the current financial year, other than those reflected in the financial statements.

Events Subsequent To Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Board, to affect significantly the operations of the Board, the results of those operations, or the state of affairs of the Board, in subsequent financial years.

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Board has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Board could become liable; and
- (iii) no contingent liabilities or other liabilities of the Board has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Board to meet its obligations as and when they fall due.

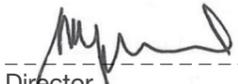
As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Board's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Board misleading or inappropriate.

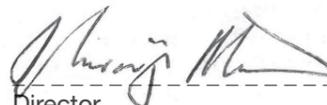
Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the Board or of a related corporation) by reason of a contract made by the Board or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 29th day of July 2015


Director


Director

Year ended 31 December 2014

Statement by Directors

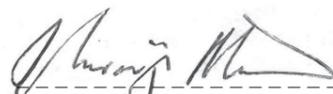
In accordance with a resolution of the Board of Directors of Public Rental Board, we state that in the opinion of the directors:

- (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 2014;
- (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 2014;
- (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 2014;
- (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 2014;
- (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 **29th** day of **July** 2015


Director


Director

Office of the Auditor General

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
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Suva, Fiji



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Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



PUBLIC RENTAL BOARD FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014, 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 notes 1 to 21.

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.

Basis of Qualified Audit Opinion

Included in government equity under the Statement of Changes in Equity is government grant totaling \$12,182,435. This is a departure from the International Financial Reporting Standard (IAS) 20 "*Accounting for Government Grants and Disclosure of Government Assistance*" which requires government grants provided for the purchase or construction of assets to be recognised initially as deferred income and then recognized in profit or loss as other income on a systematic basis in the same period that the expenses are recognized.

The Board's records indicate that had the Board complied with IAS 20, the impact would be an increase in net surplus and deferred income by \$62,560 and \$12,119,875 respectively and reduction in equities by \$12,182,435.

Office of the Auditor General Continued

Qualified Audit Opinion

In my opinion except for the matter discussed in the basis of qualified audit 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 2014 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.



Atunaisa Nadakuitavuki
for AUDITOR GENERAL

Suva, Fiji
3 August, 2015



Year ended 31 December 2014 Statement of Comprehensive Income

	Notes	2014 \$	2013 \$
Revenue			
Rental revenue		2,767,817	2,699,895
Other operating income	2	174,877	227,290
Interest revenue	5	10,646	4,337
		2,953,340	2,931,522
Expenses			
Amortisation and depreciation expense		(436,370)	(339,511)
Employee benefit expense	3	(1,034,896)	(1,108,978)
Other operating expenses	4	(1,103,866)	(1,042,085)
		(2,575,132)	(2,490,574)
Profit from operations		378,208	440,948
Interest expenses	5	(100,259)	(121)
		277,949	440,827
Net profit for the year			
Other comprehensive income		-	-
Total comprehensive income for the year		277,949	440,827

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

Year ended 31 December 2014

Statement of changes in equity

	2014 \$	2013 \$
Government equity		
Balance at the beginning of the year	4,396,216	4,396,216
Additions during the year	12,182,435	-
Balance at the end of the year	16,578,651	4,396,216
Accumulated Profit		
Balance at the beginning of the year	(65,830)	(506,657)
Net profit for the year	277,949	440,827
Total available for appropriation	212,119	(65,830)
Dividends paid or proposed	-	-
Balance at the end of the year	212,119	(65,830)
Total Equity	16,790,770	4,330,386

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

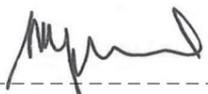
Year ended 31 December 2014

Statement of Financial Position

	Notes	2014 \$	2013 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	26,783,339	7,527,305
Intangible asset	7	6,539	9,912
Investments		77,585	77,585
		26,867,463	7,614,802
Current assets			
Cash and short term deposits.	8	3,640,726	1,355,639
Rent receivables	9	77,094	81,407
Inventories	10	2,004	2,781
Prepayments and other assets	11	31,659	21,739
		3,751,483	1,461,566
TOTAL ASSETS		30,618,946	9,076,368
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		16,578,651	4,396,216
Accumulated profit / (losses)		212,119	(65,830)
Total equity		16,790,770	4,330,386
Non-current liabilities			
Deferred revenue	12	760,110	821,693
Interest bearing debt	13	9,000,000	-
		9,760,110	821,693
Current liabilities			
Trade payables and accruals	14	2,746,861	2,616,711
Interest bearing debt	13	1,014,712	1,014,712
Deferred revenue	12	57,625	57,625
Employee entitlements	15	248,868	235,241
		4,068,066	3,924,290
Total liabilities		13,828,176	4,745,982
TOTAL EQUITY AND LIABILITIES		30,618,946	9,076,368

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

Year ended 31 December 2014

Statement of Cash Flow

Note	2014 Inflows! (Outflows) \$	2013 Inflows! (Outflows) \$
Operating activities		
Receipts from customers	2,881,517	3,095,443
Payments to suppliers and employees	(2,200,451)	(2,528,713)
Interest paid	-	(121)
Interest received	10,647	4,337
Cash flows from operating activities	691,713	570,946
Investing activities		
Payments for property, plant and equipment	(1,230,648)	(552,287)
Payments for Investments	-	160
Cash flows from investing activities	(1,230,648)	(552,127)
Financing activities		
Proceeds from Government Equity	2,824,022	-
Proceeds from Borrowings	-	-
Cash flows from financing activities	2,824,022	-
Net increase/(decrease) in cash and cash	2,285,087	18,819
Cash and cash equivalents at the beginning of the year	1,355,639	1,336,820
Cash and cash equivalents at the end of the year	3,640,726	1,355,639

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

Year ended 31 December 2014

Notes to Financial Statements

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 **29th July 2015**.

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:

Year ended 31 December 2014

Notes to Financial Statements Continued

Impairment of non financial assets

The Board assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

1.3 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

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

b) Intangible assets

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

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

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

Year ended 31 December 2014

Notes to Financial Statements Continued

recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Board makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the income statement.

d) Rent receivables

Rent receivables are recognised on an accrual basis and are stated at cost less impairment losses (doubtful debts). Gains or losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written-off as incurred.

e) Inventories

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

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.

Year ended 31 December 2014

Notes to Financial Statements Continued

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.

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).

1) 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

Year ended 31 December 2014

Notes to Financial Statements Continued

entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

m) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income represents income from providing and managing the Board's properties to low income earning families. Rental income is recognised on an accrual basis.

Government grant

The Government provides an annual grant to the Board to subsidise rental payments for tenants. Any grants that are not utilised at year end are shown as a liability until such time as they are applied. The Government grant takes the following forms:

i) Social cost grant

Fund received from Government are applied to subsidise the social cost that is incurred by the Board in levying rental below market rates. The amount is recognised directly in the profit or loss as revenue when the grant is received.

ii) Rent subsidy grant

Fund received from Government to subsidise the rental charges levied by the Board to tenants. The grant is allocated to specific tenant rental accounts on a progressive basis on the level of income earned by tenants.

iii) Deferred grant

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.

2. Other operating income

	2014	2013
	\$	\$
Government grants	-	-
Amortisation of deferred revenue from government grants	61,583	58,784
Gain on sale of property, plant and equipment	-	11,553
Other income	113,294	156,953
	174,877	227,290

3. Employee benefit expense

	2014	2013
	\$	\$
Salaries and wages	830,938	866,282
FNPF contributions	67,714	78,113
TPAF levy	8,730	10,015
Others	127,514	154,568
	1,034,896	1,108,978

The number of employees at the end of the financial year was 44 (2013:47)

Year ended 31 December 2014

Notes to Financial Statements Continued

4. Other operating expense

	2014	2013
	\$	\$
Auditors' remuneration - audit fees	8,500	8,000
Bad and doubtful debts	20,712	12,835
Insurance	25,467	25,127
Repairs and maintenance	523,286	441,582
Others	525,901	554,541
	<u>1,103,866</u>	<u>1,042,085</u>

5. Net financing cost

	2014	2013
	\$	\$
Interest income	(10,646)	(4,337)
Interest expense	100,259	121
Total costs	<u>89,613</u>	<u>(4,216)</u>

6. Property, plant and equipment

Land and Buildings	2014	2013
	\$	\$
Cost:		
At 1 January	15,145,377	15,037,100
Transfer from Work in progress	20,033,354	108,277
Additions	148,461	-
Disposals	-	-
At 31 December	<u>35,327,192</u>	<u>15,145,377</u>

Depreciation and impairment

At 1 January	9,619,092	9,383,945
Depreciation charge for the year	359,699	235,147
Disposals	-	-

At 31 December	<u>9,978,791</u>	<u>9,619,092</u>
Net book value	<u>25,348,401</u>	<u>5,526,285</u>

Office premises	2014	2013
	\$	\$
Cost:		
At 1 January	171,071	171,071
Transfer from Work in progress	-	-
Additions	-	-
Disposals	-	-
At 31 December	<u>171,071</u>	<u>171,071</u>

Depreciation and impairment

At 1 January	103,991	99,714
Depreciation charge for the year	4,277	4,277
Disposals	-	-

At 31 December	<u>108,268</u>	<u>103,991</u>
Net book value	<u>62,803</u>	<u>67,080</u>

Year ended 31 December 2014

Notes to Financial Statements Continued

6. Property, plant and equipment Con't

Motor vehicles	2014	2013
	\$	\$
Cost:		
At 1 January	633,837	633,837
Transfer from Work in progress	-	-
Additions	-	-
Disposals	-	-
At 31 December	<u>633,837</u>	<u>633,837</u>

Depreciation and impairment

At 1 January	546,826	468,014
Depreciation charge for the year	47,186	75,687
Disposals	-	3,125

At 31 December	<u>594,012</u>	<u>546,826</u>
Net book value	<u>39,825</u>	<u>87,011</u>

Furniture and fittings	2014	2013
	\$	\$

Cost:		
At 1 January	581,012	543,346
Transfer from Work in progress	-	-
Additions	3,482	37,666
Disposals	-	-
At 31 December	<u>584,494</u>	<u>581,012</u>

Depreciation and impairment

At 1 January	513,966	492,621
Depreciation charge for the year	21,834	21,345
Disposals/Additions	-	-

At 31 December	<u>535,800</u>	<u>513,966</u>
Net book value	<u>48,694</u>	<u>67,046</u>

Work in progress	2014	2013
	\$	\$

Cost:		
At 1 January	1,773,672	1,246,110
Transfer to land and buildings	(1,674,941)	-
Additions	1,164,864	527,562
Disposals	-	-
Net book value	<u>1,263,595</u>	<u>1,773,672</u>

Other Long Term Assets

	2014	2013
	\$	\$
Security Deposit - FEA	20,021	6,211
Net book value	<u>26,783,339</u>	<u>7,527,305</u>

Year ended 31 December 2014

Notes to Financial Statements Continued

7. Intangible asset	2014	2013
	\$	\$
Cost		
At 1 January	9,912	8,145
Additions	-	4,821
At 31 December	9,912	12,966
Additions	-	-
At 31 December	9,912	12,966
Less amortisation and impairment:		
At 1 January	-	-
Amortisation	3,373	3,054
At 31 December	3,373	3,054
Amortisation	-	-
At 31 December	3,373	3,054
Net book value:		
At 31 December	6,539	9,912
At 31 December	6,539	9,912

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:

	2014	2013
	\$	\$
Cash	1,690,726	255,639
Short term deposits	1,950,000	1,100,000
	3,640,726	1,355,639

9. Rent receivables

	2014	2013
	\$	\$
Rent receivable	92,320	92,437
Less provision for Doubtful Debts	15,226	11,030
	77,094	81,407

As at 31 December 2014 rent receivables at nominal value of \$92,320 (2013: \$92,437) were examined for impairment and \$15,226 (2013 : \$11,030) were provided for.

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

	2014	2013
	\$	\$
At 1 January	11,030	18,270
Charge for the year	4,196	-
Utilised	-	-
Unused amount reversed	-	(7,240)
At 31 December	15,226	11,030

Year ended 31 December 2014

Notes to Financial Statements Continued

9. Rent receivables Con't

At 31 December, the ageing analysis of rent receivables is as follows:

Current	20,995	22,546
30- 60 days	29,989	35,440
61 -90 days	(9,826)	(7,599)
> 90 days	51,162	42,049
	92,320	92,436

10. Inventories

	2014	2013
	\$	\$
Inventories - at cost	2,004	2,781

11. Prepayments and other assets

	2014	2013
	\$	\$
Prepayments	9,931	9,458
Interest receivable	18,503	10,386
Sundry receivable	2,815	1,895
Subsidy receivable	410	-
	31,659	21,739

12. Deferred revenue

	2014	2013
	\$	\$
Current	57,625	57,625
Non current	760,110	821,693
	817,735	879,318

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

	2014	2013
	\$	\$
Current		
Housing Authority bond	1,014,712	1,014,712
Promissory notes	-	-
	1,014,712	1,014,712
Non current		
EXIM Bank Loan- Raiwai Housing Project	9,000,000	-
	10,014,712	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 loan owing to Ministry of Finance but ultimately to EXIM Bank of China, is guaranteed by the Government of the Republic of Fiji. The term loan was borrowed by the Ministry of Finance in 2010 and is payable in bi-annual instalment over fifteen years at a interest rate of 2%. There is a grace period of 5 years on principal however the interest is payable together with commitment fee of 0.075% and management fee of 1% during the grace period.
- The Housing Authority bond is due and payable to the Government of the Republic of Fiji.

Year ended 31 December 2014

Notes to Financial Statements Continued

14. Trade payables and accruals

	2014	2013
	\$	\$
Trade creditors and accruals	1,694,411	1,465,204
Consultancy	1,037	25,547
Rental deposits	259,322	235,362
Credit balances in receivables	436,713	417,736
Unallocated subsidy	355,378	472,862
	<u>2,746,861</u>	<u>2,616,711</u>

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2014 and 31 December 2013 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

	2014	2013
On demand	2,486,502	2,355,802
3 to 12 months	1,015,749	1,040,259
1 to 5 years	9,259,322	235,362
Total	<u>12,761,573</u>	<u>3,631,423</u>

15. Employee entitlements

	2014	2013
	\$	\$
At 1 January	235,241	194,495
Arising during the year	24,054	40,746
Utilised	(10,427)	-
Unused amounts reversed	-	-
At 31 December	<u>248,868</u>	<u>235,241</u>

16. Related parties

(a) Identity of related parties

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

	Appointed	Served Until
Mr. Narendra Prasad - Chairman	Jan-14	Feb-15
Mr. Mosese Tikoitoga - Chairman	Feb-10	Jan-14
Mr. Umarji Musa	Sep-10	-
Mr. Petero Daurewa	Jun-11	Jun-14
Ms. Maraia Ubitau	Jun-11	Jun-14
Mr. Ashok Balgovind	Sep-14	-
Mr. Samuela Namosimalua	Feb-15	-

(b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2014 with approximate transaction value are summarised as follows:

Board expenses and allowances	27,300	39,929
Amount owing to the Government for FPNP Bond	1,014,712	1,014,712
Government grant received to subsidise rental	(i) 725,000	750,000

(i) The government grant of \$725,000 was received in 2014 and the balance of \$109,851 from 2013 were directed towards rental subsidy of \$636,316 (2013: \$635,214), compensation for the market rent of \$171,463 (2013: \$211,279)

Year ended 31 December 2014

Notes to Financial Statements Continued

(b) Transactions with related parties Con't

A balance of \$27,071 (2013: \$206,344) remains which would be distributed in 2015.

(c) Compensation of key management personnel

Short term employee benefits	159,589	190,554
	<u>159,589</u>	<u>190,554</u>

17. Commitments and contingent liabilities

(a) Capital expenditure commitments

Capital expenditure commitments as at balance date are as follows:

Property, plant and equipment	1,116,681	-
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Capital expenditure commitments relates to housing projects in 2015 approved by Board.

(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	42,001	55,365
Later than one year but not later than five years	168,003	221,461
Later than 5 years	2,288,567	3,240,875
	<u>2,498,571</u>	<u>3,517,701</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 \$42,001 (2013: \$55,365).

18. Principal activities

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

19. Registered office

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

20. Financial risk management objectives and policies

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

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

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:

Year ended 31 December 2014

Notes to Financial Statements Continued

20. Financial risk management objectives and policies con't

	Increase/ decrease in interest rate	Effect on profit before tax
2014	+10%	(1,065)
	-10%	1,065
2013	+10%	(434)
	-10%	434

Credit risk

It is the Boards policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Board's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Board.

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

	Carrying Amount	
	2014	2013
	\$	\$
Cash and cash equivalents	1,690,726	255,639
Trade and other receivables	125,983	116,957
Held-to-maturity investments	<u>2,027,584</u>	<u>1,177,584</u>
	<u>3,844,293</u>	<u>1,550,180</u>

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.



Public
RENT  **L**
Board

Public Rental Board

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