



LABASA TOWN COUNCIL



ANNUAL REPORT 2015



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 214 OF 2020



LABASA TOWN COUNCIL

Annual Report for the Year 2015



LABASA TOWN COUNCIL

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IN REPLY Please Quote:

The Honorable Premila Kumar
Minister for Local Government, Housing & Community Development
Gladstone Road

Suva

Dear Madam

I have much pleasure in submitting the Labasa Town Council Annual Report for year 2015.

The report provides details of activities for the Council throughout the year.

The Annual Report 2015 has been prepared in the accordance with the provisions of section 19 (1) (a), (b) and (c) of the Local Government Act Cap.125

Yours Faithfully

A handwritten signature in black ink, appearing to read 'Sumeet Prasad', is written over a horizontal dashed line.

Mr. Sumeet Prasad

For Chief Executive Officer

Labasa Town Council

FORWARD

Labasa Town Council is delighted to present the 2015 Annual Report for Labasa Town Council. The report provides an opportunity to reflect and present details of events that have transpired through the course of the Council' Operation.

For the past years, the Labasa Town Council has sincerely endeavored to pursue its mandate of providing effective and efficient basic services to our people. Labasa Town Council was able to deliver its expected services, despite financial challenges posed to the council in year 2015, through the rates collected from 1408 rate payer, business licenses and taxi, carrier and bus operators and the assistance of the government funding through annual grants.

To conclude, Labasa Town Council with the devoted staffs and the supportive ratepayers and with the much needed support from our ministry continues to work and achieve the desired vision of achieving excellence through dedication.



Mr.Sumeet Prasad

For Chief Executive Officer

Labasa Town Council

INTRODUCTION

Annual Report is a summary of proceedings and activities of the Council from January 1, 2015 to December 31, 2015 (s19).

THE COUNCIL

The Ministry of Local Government, Urban Development, Housing and Environment appointed **Mr. Vijay Chand JP** as the Special Administrator of Labasa and Savusavu Town Council's on the 11th of February, 2009.

This appointment was as in Section 9A (1) of the Local Government (Amendment) Promulgation 2008 (Promulgation no. 29 of 2008).

The Special Administrator under subsection 1 shall be deemed to the duly constituted council of the assigned municipality and shall subject to any general or specific directions issued by the Minister, have the power to perform and discharge all rights, privileges, powers, duties and functions vested in or conferred or imposed on the council, and any officer of the council by the Act or ant other written Law.

SENIOR OFFICERS OF THE COUNCIL

Chief Executive Officer	-	Mr Jitendra Prasad
Accountant	-	Mr Abinesh Sudan Lal Ms. Farina Bi
Health Inspector/Building Surveyor	-	Mr Mohammed Faiz Ali
Works Supervisor	-	Mr Deepak Chand
Properties Officer	-	Mr Ashneel Singh
Market Manager	-	Mr Shalendra A. Chand
Senior Enforcement Officer	-	Mr Ashok Kumar
Librarian	-	Mrs Subhag L Nadan

POPULATION

Estimated population for 2014 (census 2007):

Labasa Urban	-	7,700
Labasa Peri Urban	-	20,200

Other Provinces that the council indirectly serves:

Bua	-	14,000
Macuata	-	72,250
Cakaudrove	-	49,250

RATES

Town Rates are the highest income source for the Council Rates are levied on unimproved capital value of all rateable properties within the town.

Rates Levied for the year 2015 were as follows:-

General Rate	-	0.937 cents in the \$ on UCV
Lighting Rate	-	0.125 cents in the \$ on UCV

1.062 cents in the \$ on UCV
=====

ACTIONS AGAINST DEFAULTING RATEPAYERS

The Council is taking the following actions against defaulting ratepayers to enhance rate collection, especially arrears of rates:

- House to house rate collections (most effective)
- Payment of rates by instalments (most effective)
- Reminder notices served to defaulters
- Summons through Small Claims Tribunal
- Lodging of Fiji Charge on property owing huge rates
- Deductions at source
- Attornment of leases
- Data Bureau registration
- Exercising other provisions in the Local Government Act

TOTAL VALUE OF PROPERTIES

Total value of rateable properties based on year 2010 valuation:
\$67,199,500 UV

COUNCIL AUDITORS

The Auditor General's Office of Fiji.

COUNCIL BANKERS

Bank of Baroda
Westpac Banking Corporation Limited
Australia and New Zealand Banking Group Limited
Bank of South Pacific

OVERVIEW

Vision

Vision for the Community

To build Labasa Town as a great place to live, work, visit and do business.

Vision for the Organization

Strive to honor our past, manage our present and embrace our future to create a quality, unique place for families and businesses.

Mission

To provide a framework for a high quality of life, promote a strong sense of community and provide responsive public services in a caring, ethical, innovative and accountable manner.

Values

In delivering its mission statement, Labasa Town Council believes in the following values:

Communication

Simplicity

Good Governance

Responsibility and Responsiveness

Community Participation

Sustainable Development

Quality

Accountability

Leadership

Strategic priority areas:

Key strategic priorities by which Council will achieve its Vision and Mission are:

1. *Community and Lifestyle*
2. *Health and Safety*
3. *Economic Development*
4. *Environment Sustainability*
5. *Infrastructure Services*
6. *Transport Services*
7. *Organizational Performance*
8. *Governance*

DRAFT ANNUAL CORPORATE PLAN 2015 ACHIEVEMENTS

Key Strategic Priority 1: Community & Lifestyle

The Council had conducted ratepayer consultations in 3 settlements over 3 wards namely PRB Flats at Naodamu, Topline area in Batinikama and Tuatua Housing. This consultation is basically done to expose the Council's services to the residents and also to take note of their grievances and expectations in their area.



Ratepayers and stakeholders are encouraged to attend Ordinary Full Council meetings of the Council which happens once a month. This is a vital time to convey one's feedback to the members of the Council.



The Festival of the Friendly North 2015 was held at the Subrail Park. Being an annual event for Labasa the Festival of the Friendly North Committee 2015 successfully organized this event and collected a major sum in charity for its future projects. Council also had a queen contestant and won the 2nd Runner Up in the Queens category. The theme was "*Building A Better North*".



The Northern Crime Prevention Carnival 2015 was also held at the Subrail Park. Now this is also an annual event for Labasa which is held at the Subrail Park. The Duavata Crime Prevention Committee 2015 successfully organized this carnival and collected sufficient sum in charity for its projects.



The Agriculture Show Case 2015 was held at the Subrail Park ground no. 2. Organized by the Ministry of Agriculture, Fisheries and Forest there were show case and display of major agricultural products via individual farmers, government depts., corporate organizations and businesses houses. Council displayed and advocated on its home composting program during that week.



The Council issued 2 newsletters for the year. The newsletter is named "Babasiga Beat" and contains achievements, activities and highlights of the Council every 6 months. The website updates was done by the Council to ensure that Council activities are updated and available for view by the residents and citizens of the town locally or abroad from the convenience of their homes.

The Ministry of Local Government, Housing and Environment had its road show at Labasa Market Taxi Stand in March and Council was also part of this open day and public consultations. The Labasa Chamber of Commerce were consulted the Council meeting Chambers in the evening a day prior to the roadshow.



The following other events also took place during the year:

The Fiji Day celebration was also held at the Subrial Park and Council took part in the marching parade from the Y corner to the Subrail Park. This was the centre for the Northern Division celebrations as usually done.



The Labasa Soccer Team won the Fiji Fact 2015 and a celebration was held in Labasa to mark the victory and thank the players and team officials.



The International Women's Day celebration was held at civic centre with Hon. Rozy Akbar Minister for Women and Social Welfare as the Chief Guest to the occasion.

Christmas lights were put up by the Vodafone Fiji Limited at the vacant Carpenters Properties site in main town street and the lights were officially launched by the Special Administrator, Mr. Vijay Chand.

Key Strategic Priority 2: Health & Safety

The Council undertook stray dog trapping to abate the nuisance for a 4 weeks program. 2 weeks program in each half of the year was scheduled. A total of 64 dogs were trapped and put to sleep by the dept. of animal health.

The anti mosquito spraying campaign was undertaken for 2 rounds via mist blowers to eliminate adult mosquitoes and abate powder to destroy mosquito breeding grounds with town area.

Enter and abate of overgrowth for 41 vacant lots within the town boundary were undertaken upon approval of the Medical Officer Northern. This is normally contracted out to the Maintenance Services contractor and the cost per lot is invoiced or added to the town rates of the individual property owner.

A complaints register is maintained by the Council and complaints when received are registered. Upon the receipt of any complaint council officers attend to it with 24 to 48 hours and submit a report for Council's actions. There were 41 registered complaints for the year.

There were a number of cases where residents or business proprietors act in contrary to laws and regulations and the following actions are taken (provisional figures):

- No. of unauthorized development notices served: 19
- No. of improvement notices served: 234
- No. of closing orders served: 0
- No. of court cases: 4



Citizens have been found to be taking the Law into their own hands and undertaking illegal developments at their properties. Council had to take legal actions against few ratepayers who contravene these Laws.

Key Strategic Priority 3: Economic Development

A new Industrial Subdivision at Vakamasisuasua, Stage 3 of 10 lots is being undertaken by the Dept of Lands. This will bring about industrial growth in Labasa town.

The Captain Cook Cruise made 3 visits to the Northern town as part of its 7 day tour for tourists around the Country. These were day visits only and had increased visitor arrivals in our town.

The building industry in the town had been slow; however the following provisional figures could be noted:

- 84 building applications received
- 66 building permits granted
- 6 completion certificate issued
- 17 Building applications with DTCP

Business operations in town have been normal and influx of people due to various events and activities had been exceptionally well, however 35 cases of illegal operations were found and formalized. Public health license inspections done were for 379 businesses. Also, the annual business License survey for the year was completed and the records updated accordingly.

Key Strategic Priority 4: Environmental Sustainability

A 4 weeks Dengue Fever Clean Up for North was undertaken and the same happened for the town area to reduce the outbreak of dengue in the Northern Division. A Diwali Clean Up was also organized in addition to the above cleanup, whereby residents cleared their compounds of unwanted debris in preparation for the festive season.





The washing of the Bus Station is undertaken by the Bus Operators themselves to clean up the area and any oil spillage that may suffice. It is done on a monthly basis, subject to approval to use the fire hydrants by the WAF.

The Green & Clean Town assessment by the Ministry of Local Government, Housing and Environment happened only once this year. Also noted that maintenance works and garbage collection services for the Council had been contracted out to contractors and weekly monitoring of their work was undertaken by the Council.

For the year 2015 Garbage & Refuse Collection (provisional figures) had been as follows: household waste was 5589 m³ and green waste was 4380 m³.



The Namara Landfill site is maintained by the Council and its Garbage Contractor on a daily basis.



The Council has enhanced its home composting method at the Landfill site with the help of a JICA Volunteer, Mr. Iori Yasuda.



The Clean School program was also undertaken by the Council with advocating on home composting and 3R program.



In March the Council also undertook town washing exercise in order to control the dust nuisance in town area and the main CBD. NFA was also assisting the Council on this activity.

Council had done few beautification projects in town area and also the upgrade of children's facility for the ratepayer's children to enjoy.



For litter offences, the Council vigorously pursued enforcement of the Litter Decree with awareness on the field by the appointed litter prevention officers and the following provisional figures could be noted:

	2012	2013	2014
Warnings	113	83	51
Bookings	71	80	11
Fines paid	53	29	6
Court cases	18	51	5
Warrants	11	7	0
Pending	7	44	5

Key Strategic Priority 5: Infrastructure Services

Upgrade of Subrail park grandstand mainly painting and maintenance of the structure was undertaken for the year. This was the first phase of the works on pavilion upgrade.



Re-aligning of v drains and rock lining of broken and earth drains was also undertaken and Tuatua and Naodamu subdivisions. Council bought v drain moldings and construction its own precast v drains, which was cheaper than the local market.



The 1st floor Market extension was completed this year as this was a rollover project from year 2015. This project was funded by the challenge fund under the Ministry of Local Government, Housing and Environment and partially by the Council. The construction of the project was contracted out to Azaad Construction Limited for \$607,500 VIP. The space is now utilized for Handicraft Centre, Women's Sleeping Accommodation and Training Centre. The ground floor is utilized by vegetable vendors. UN Women came on board to reimburse 50% of the total project cost, which the Council could utilize for future projects.





The market taxi stand pavement was resealed by the Council with the contractors Fulton Hogan Hiways at a sum of a sum of \$30,000.



The Tauranga City Library Mrs. Jill Best had visited the Council and also sent over few cartons of library books for the Labasa Library through the Library Services of Fiji.



The Fiji Roads Authority via its contractors Fulton Hogan undertook certain rehabilitation and renewal works to the existing footpaths along Jaduram Street and the Naseakula Road after various requests from the Council due to complaints received from the residents.



The Ministry of Local Government, Housing and Environment under its Challenge Fund program also funded part of the new construction of footpath along Naseakula Road to support the commercial developments coming up in that area. Funding received was of \$40,000 whilst the total project cost was \$57,200 VIP. The difference was paid for by the Council.





A new multi purpose court has been constructed at the Naodamu grounds so that citizens in the area can utilize it for the recreation purposes. The project cost was \$74,000 and there were 2 contractors, one doing the pavement, court marking and equipments and the other doing the fencing and the open shed.



The Civic Centre building at Jaduram Street underwent a painting and maintenance of the entire building to give it a facelift and keep administration building in good order for the public to visit, use and do business. The meeting chamber and the toilet facilities were also ungraded during this project. It had cost the Council \$65,000 plus \$18,000 for replacement of the all asbestos gutters in the roof.



The Council fabricated and installed 10 litter public bins on the streets for control of litter at a cost of \$750 each. Another 5 similar bins were sponsored by the local corporate teams as part of their contribution to keep Labasa clean.

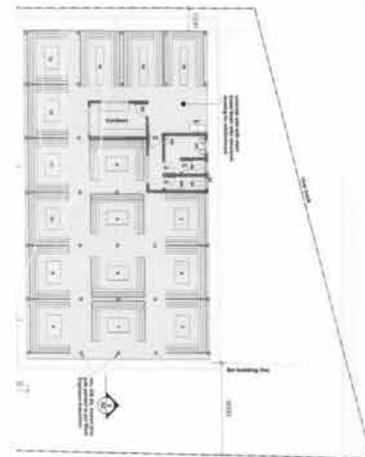
A brand new 3 ton tipper truck was acquired by the Council to enhance its service delivery from Niranjans Autoport at a cost of \$92,000 VIP. Council owned a 2 ton tipper truck which was more than 15 years old and was sold through tender process. This truck was a replacement one with a bigger capacity and better performance.



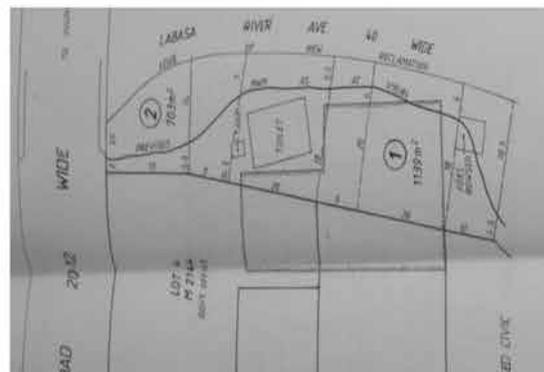
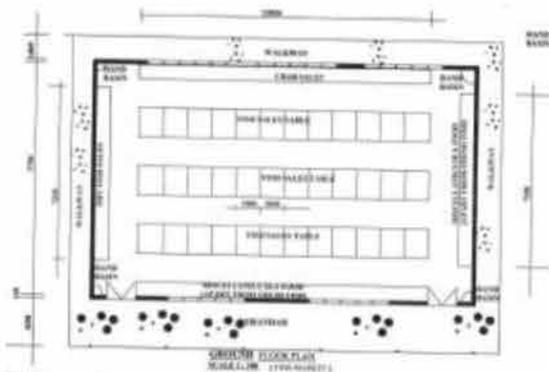
A nursery was constructed at the Landfill site to plant flowers cutting as part of our beautification project for the town at a cost of \$. Due to the weather conditions in the North it was important to have one. At the same time compost shed was constructed by the Council, where we shred all the market green waste that is brought in from the market for the composting program. The cost was \$.



Construction of a new mixed kava stall behind the Pacific Energy Service Station and opposite the market site was put on hold by the Ministry. This was to cater for 16 vendors selling mixed grog somewhat like a kava saloon. The old stalls were dismantled in preparation for the new one and a temporary shed was erected to temporarily cater for the existing 12 vendors.



Council managed to acquire an approval notice to lease for its Fish Market project after paying a sum of \$50,000 as compensation as assessed on the reclaimed area market 2 on the scheme plan. However, part of the area where the fuel bowser is located was excluded in the approval notice. Reason being that that side of the area is still under dispute and once resolved could be given to the Council. The Council is imminent to build the fish market on the area that has been excluded as the fish vendors are currently selling illegally from the same spot and the vendors are eager not to move away from this spot in future.



As part of the City wide Project, Council received a sum of \$100,000 for the upgrade of gravel access road and drainage system at Vuniwai Subdivision in Namara, Labasa. Fiji Roads Authority contractors Fulton Hogan Highways were appointed through tender process to do the upgrading works.





Upon requests by the Council and the Festival of the Friendly North Committee, the Fiji Roads Authority via its contractors Fultan Hogan Hiways construction a new concrete pavement along the Siberia Road towards the Hospital side. This has eased the human traffic that visit the hospital and the Government Depts along the site. It has also become part of the health walk program for the citizens in town area.





Key Strategic Priority 6: Transport Services

There were 3 stakeholders meeting conducted on PSV Operators with Land Transport Authority and Police Dept. to look into areas of illegal operations and how each stakeholder could be assisted to better services in the North.



Traffic, street signs and lane markings had been vested to Fiji Roads Authority since 2012 and are looked after by them. Council does its inspections bi-monthly with FRA representative and any defects are conveyed to them accordingly for rectification.

Key Strategic Priority 7: Organizational Performance



The monthly and weekly routine work of the Council continued normal, however some hindrance were experienced due to rainy season during the start of the year and prolonged dry weather conditions during the later part of the year on outdoor activities. Weekly payment schedules and monthly reports were submitted to Council on a timely basis for decision making. OHS committee meetings, Council committee meetings and Ordinary Full Council meetings of the Council was done and completed for the year.

In-house HOD meetings with CEO continued every week and resolutions of the Council were planned accordingly for execution and implementation with progress of activities noted on a weekly basis.

Due to the introduction of the ENI Decree and lapse of the Trade Unions and Collective agreements Council implemented its Human Resource Policy and all employees were placed on a 3 year contractual employment.

The Audited Financial Accounts for 2013 was received and the Council published it in the local newspaper for public information. Audit for Financial Accounts for year 2014 has been done by AG's Office; however reports are yet to be finalized by them.

Board of Survey for the end of year 2014 was also completed and reports submitted to Council. Annual reports for year 2013 was done and for 2014 was in progress, awaiting audit reports from AG's Office.

Key Strategic Priority 8: Governance

The Council is mainly empowered and governed by the Local Govt Act, Cap. 125, Town Planning Act Cap. 139 and Public Health Act Cap. 111. Other relevant laws of Fiji are also directly or indirectly facilitated and enforced by the Council.



After the general elections in September 2014 the Council has started to re-align its policies to the Constitution and manifesto of the Government of the Day and support the growth of SME's in the local economy.

The Council encourages an open door policy for the residents and citizens of the town. Even participation of ratepayers, stakeholders and government agencies in Ordinary Full Council meetings is encouraged, which happens at least once a month.

All monthly Full Council minutes and deliberations of the Council are sent to the Ministry of Local Government for necessary actions and advice to the Council. Estimate Budget for 2016 was done in November and the Annual Corporate Plan for 2016 was in progress.

Submitted to the Honorable Minister for Local Government, Housing, Environment.

Mr. Vijay Chand
SPECIAL ADMINISTRATOR
LABASA TOWN COUNCIL

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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Website: <http://www.oag.gov.fj>



File: 735/1

5 September 2017

Mr. Vijay Chand
Special Administrator
Labasa Town Council
P O Box 92
LABASA

Dear Sir

**AUDITED FINANCIAL STATEMENTS
LABASA TOWN COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2015**

Audited financial statements for Labasa Town Council for the year ended 31 December 2015 together with my audit report on them are enclosed.

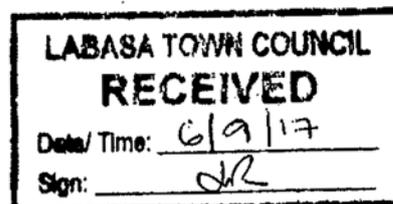
Particulars of the errors and omissions arising from the audit have been forwarded to the Management for necessary actions.

Yours sincerely

Ajay Nand
AUDITOR GENERAL

Encl.

Cc: Acting CEO – Labasa Town Council



*Refer to Accountant
+ admin
J/Ga.*

LABASA TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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**LABASA TOWN COUNCIL
COUNCILS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

COUNCIL REPORT

The Council herewith submits the statement of financial position at 31 December 2015, the related statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and reports as follows:

Management staff

Vijay Chand - Special Administrator
Mohammed Faiz Ali - Acting Chief Executive Officer

Principal activities

The principal activities of the Council under the Local Government Act is to provide for the health, welfare and convenience of the inhabitants of the Labasa Town Municipality and to preserve the amenities or credit thereof.

Results

The operating (deficit) / surplus for the year is (\$167,608) (2014: \$358,288).

Bad and doubtful debts

Prior to the completion of the Council's financial statements, management took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts.

As at the date of this report, the management 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 Council, management 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 Council. 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 Council is not aware of any circumstances which would render the values attributed to non-current assets in the Council's financial statements misleading.

Basis of accounting

The Council believes the basis of the preparation of the financial statements is appropriate and the Council will be able to continue in operation for at least twelve months from the date of this statement. Accordingly the management believes the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

Unusual transactions

Apart from matters specifically referred to in the financial statements, in the opinion of the management, the results of the operations of the Council during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, in the opinion of the management, to affect substantially the results of the operations of the Council in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Council, the results of those operations, or the state of affairs of the Council in future financial years.

LABASA TOWN COUNCIL
COUNCIL'S REPORT - (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

Other circumstances

As at the date of this report:

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

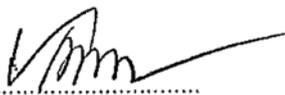
As at the date of this report, management are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Council's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Council misleading or inappropriate.

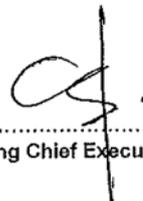
Management benefits

Since the end of the previous financial year, no management staff 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 management shown in the financial statements or received as the fixed salary of a full-time employee of the Council) by reason of a contract made by the Council with the management 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 Council and in accordance with a resolution of the Special Administrator and the management.

Dated this 28th day of August 2017.


.....
Special Administrator


.....
Acting Chief Executive Officer

LABASA TOWN COUNCIL
STATEMENT BY THE COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2015

In accordance with a resolution of the Council, we state that:

- (a) the accompanying statement of comprehensive income of the Council is drawn up so as to give a true and fair view of the results of the Council for the year ended 31 December 2015;
- (b) the accompanying statement of changes in equity is drawn up so as to give a true and fair view of the movement in the Council's funds for the year ended 31 December 2015;
- (c) the accompanying statement of financial position of the Council is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 December 2015;
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the state of the cash flows of the Council for the year ended 31 December 2015;
- (e) at the date of this statement there are reasonable grounds to believe the Council will be able to pay its debts as and when they fall due; and
- (f) all related party transactions have been adequately recorded in the books of the Council.

For and on behalf of the Council and in accordance with a resolution of the Special Administrator and the management.

Dated this *28th* day of *August* 2017.


.....
Special Administrator


.....
Acting Chief Executive Officer

OFFICE OF THE AUDITOR GENERAL

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Website: <http://www.oag.gov.fj>



INDEPENDENT AUDITOR'S REPORT

To the Labasa Town Council

I have audited the accompanying financial statements of Labasa Town Council, which comprise the statement of financial position as at 31 December 2015, statement of changes in equity, the statement of statement of comprehensive income, 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 17.

Management's Responsibility for the Financial Statements

The Special Administrator and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of Section 57 (2) of the Local Government Act. These responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material miss-statements, 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 Council'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 Council'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 for Qualified Audit Opinion

1. Included in the opening balance of Trade receivables is an adjustment of \$157,584 which could not be substantiated. As a result I was unable to confirm the accuracy of the opening balance of trade receivable of \$1,353,067 as stated in the financial statements.

2. Including in Pre-payments and other receivables (Note 4) is VAT receivable of \$74,855. The council did not perform reconciliation of this account. I was also unable to obtain sufficient audit evidence through other audit procedures. As a result, I am unable to confirm the accuracy of the VAT receivable stated in the financial statements.

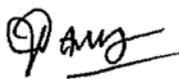
Audit Opinion

In my opinion, except for the effects of the matters raised in the basis of the qualified audit opinion paragraphs, the financial statements present fairly in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities the financial position of the Labasa Town Council as of 31 December 2015 and of the results of its operations and its cash flows for the year then ended.

Emphasis of Matter

Without further qualifying the audit opinion attention is drawn to the following matter:

Internal controls for property, plant and equipment, revenue and receivables needs to be improved in terms of its reconciliation and independent review to ensure accountability and transparency.



Ajay Nand
AUDITOR GENERAL



Suva, Fiji
5 September, 2017

LABASA TOWN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 \$	Re-stated 2014 \$
Income		
Rates:		
General	679,148	786,325
Light	82,358	43,208
	<u>761,506</u>	<u>829,533</u>
Less: rates discount	(59,577)	(6,652)
Less: interest waiver	(118,048)	-
Less: town rate waiver	(56,207)	-
	<u>527,674</u>	<u>822,881</u>
Amortisation of capital grant	23,928	19,196
Business licence fees	127,500	213,667
Fees, charges and rent	801,194	791,821
Interest	143,633	149,144
Parking meter	14,243	9,847
Car park	23,292	37,306
Others	37,581	20,589
	<u>1,699,045</u>	<u>2,064,451</u>
Total Income		
Expenses		
Administrative and operating costs	493,215	474,645
Auditor's remuneration	12,125	8,500
Doubtful debts	237	13,225
Depreciation and amortization	173,040	197,263
Employees salaries and benefits	557,240	517,366
Finance cost	3,597	2,870
Maintenance costs	627,199	492,294
	<u>1,866,653</u>	<u>1,706,163</u>
Total expenses		
Operating (deficit) / surplus for the year	(167,608)	358,288
Other comprehensive income	-	-
Total comprehensive (loss) / profit for the year	<u>(167,608)</u>	<u>358,288</u>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 20.

LABASA TOWN COUNCIL
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2015

COUNCIL MUNICIPAL FUNDS	2015	Re-stated 2014
	\$	\$
Opening balances as restated under IFRS for SMEs adoption	9,253,644	10,399,016
Adjustment to roads, drains and footpaths	-	(1,477,798)
(Deficit) / surplus for the year		
- General Fund (Page 21)	(274,003)	292,336
- Lighting Fund (Page 23)	81,653	40,090
Balance at 31 December 2015	9,061,294	9,253,644

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 12 to 20.

LABASA TOWN COUNCIL
 STATEMENT OF CHANGES IN EQUITY (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

COUNCIL OTHER FUNDS

	Notes	Parking Meter Fund	Car Park Fund	Total Trust Funds
		\$	\$	\$
Opening balances as restated under IFRS adoption		(255,787)	64,878	(190,909)
(Deficit) / surplus for the year	2	(11,444)	37,306	25,862
At 31 December 2014		<u>(267,231)</u>	<u>102,184</u>	<u>(165,047)</u>
Surplus for the year	2	1,450	23,292	24,742
At 31 December 2015		<u><u>(265,781)</u></u>	<u><u>125,476</u></u>	<u><u>(140,305)</u></u>

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 12 to 20.

LABASA TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 \$	Re-stated 2014 \$
ASSETS			
Current assets			
Cash at bank and on hand	3	1,003,384	914,861
Trade receivables		1,129,491	1,353,067
Prepayments and other receivables	4	94,761	63,948
Total current assets		<u>2,227,636</u>	<u>2,331,876</u>
Non current assets			
Property, plant and equipment	5	2,182,143	2,314,590
Investment properties	6	5,847,581	5,163,023
Intangible assets	7	10,212	8,721
Total non current assets		<u>8,039,936</u>	<u>7,486,334</u>
TOTAL ASSETS		<u>10,267,572</u>	<u>9,818,210</u>
EQUITY AND LIABILITIES			
Council Municipal Funds			
Retained earnings	Page 8	9,061,294	9,253,644
Council Trust Funds			
Parking meter fund	Page 9	(265,781)	(267,231)
Car park fund	Page 9	125,476	102,184
Total funds		<u>8,920,989</u>	<u>9,088,597</u>
Current liabilities			
Trade and other payables	8	386,442	324,331
Employee entitlement		8,808	8,808
Total current liabilities		<u>395,250</u>	<u>333,139</u>
Non current liabilities			
Deferred grant	9	951,333	396,474
Total non current liabilities		<u>951,333</u>	<u>396,474</u>
TOTAL EQUITY AND LIABILITIES		<u>10,267,572</u>	<u>9,818,210</u>

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 20.

For and on behalf of the Council and in accordance with a resolution of the Special Administrator and the management.


.....
Special Administrator


.....
Acting Chief Executive Officer

LABASA TOWN COUNCIL
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
		Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		1,867,643	1,763,835
Payments to suppliers and employees		(1,476,150)	(1,428,335)
Net (payments) for /receipts from parking meters		-	(10,834)
Net cash provided by operating activities		<u>391,493</u>	<u>324,666</u>
Cash flows from investing activities			
Acquisition of capital assets		(881,757)	(216,965)
Acquisition of parking meter capital assets		-	(2,177)
Net cash flows used in investing activities		<u>(881,757)</u>	<u>(219,142)</u>
Cash flows from financing activities			
Government grant		578,787	252,500
Net cash flows provided by / (used) in financing activities		<u>578,787</u>	<u>252,500</u>
Net increase in cash and cash equivalents		88,523	358,024
Cash and cash equivalents at the beginning of the year		914,861	556,837
Cash and cash equivalents as at the end of the year	3	<u><u>1,003,384</u></u>	<u><u>914,861</u></u>

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 12 to 20.

**LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. Corporate Information

The Labasa Town Council was incorporated in Fiji under the Local Government Act, 1972. The address of its registered office and principal place of business is Reddy's Place, P O Box 92, Labasa Town Council, Labasa. The principal activities under the Local Government Act is to provide for the health, welfare and convenience of the inhabitants of the Labasa Town Municipality and to preserve the amenities or credit thereof.

1.2 Basis of preparation of the financial statements

The financial statements have been prepared on accrual basis under the historical cost convention using the accounting policies described below and except where stated, do not take into account current valuations of non-current assets. The financial statements are presented in Fijian dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

Standards, amendments and interpretations issued

The following standards, amendments and interpretations to existing standards were published and are mandatory for the accounting periods beginning on or after 1 January 2014 or later periods. No significant impact arose out of these standards, amendments and interpretations. The amendments to existing standards were for the following:

- IAS 27, 'Investment Entities' (Amendments to IFRS 10 and 12); and
- IAS 32, 'Offsetting Financial Assets and Financial Liabilities'.

Standards issued but not effective

The standards and interpretations that are issued, but not effective, up to issuance of the council's financial statements disclosed below.

- IFRS 9, 'Financial Instruments'

The council will review the impact of this standard in the next financial year.

Statement of compliance

The financial statements of Labasa Town Council have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board and the Local Government Act.

1.3 The Labasa Town Council reporting entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of these financial statements.

The Labasa Town Council has received parking monies in compliance with the Traffic Act and contributions from developers under the Town Planning Act. As the Council performs a custodial role, these funds are excluded from Council funds.

Amounts received as tender deposits and retention amounts controlled by the Council are included in the financial statements, disclosed as "sundry deposits" under current liabilities.

1.4 Significant accounting judgments, estimates and assumptions

The preparation of the council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and 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 company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

1.4 Significant accounting judgments, estimates and assumptions (continued)

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment of non financial assets

The council 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.

1.5 Summary of significant accounting policies

a) 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.

b) Investments and other financial assets

Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit and loss, any directly attributable incremental costs of acquisition or issue.

Receivables

Rates receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Rates receivables are initially recognised as receivables from the commencement of each rating period (inclusive of VAT where applicable). After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognised in the income statement when the receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written-off as incurred.

Rates received in advance of the rating period are recognised as a liability.

c) Impairment of financial assets

The Council assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Council will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

1.5 Summary of significant accounting policies -

d) **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs 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 income statement as incurred.

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

- Land and building	2.5%	- Motor vehicle	18%
- Office equipment	10%	- Tools, plant and equipment	10%

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 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.

e) **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 the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets for the Council 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 intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains 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 the income statement when the asset is derecognised.

f) **Impairment of non-financial assets**

The Council assesses at each reporting date or more frequently if events or changes and circumstances indicate that the carrying value may be impaired, whether there is an indication that a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount.

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 Council makes an estimate of the 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.

1.5 Summary of significant accounting policies - continued

g) Investment Property

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes the cost of replacing part of the investment property 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 investment property as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in income statement as incurred.

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

Land and Building 2.50%

Premiums on leasehold land are capitalised and amortised over the term of the lease.

An item of investment property 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 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.

h) Fund Accounting

The Labasa Town Council has adopted a fund accounting system, as a considerable part of annual revenues comprises of rates for different purposes and special purpose funds as required by the Local Government Act. Accordingly, it is necessary to establish a separate fund to record the amount received, expenditure incurred and the net balance of funds available to be carried forward into the next financial year.

The identification of funds is maintained throughout the accounting system, thus providing the control necessary to ensure that each fund is used only for the purpose for which it is received.

Details of Special Purpose Funds maintained by the Council are:

Parking meter fund

The Council, in compliance with the Traffic Act, has to maintain a separate account for the operation of parking meters in designated areas of roads within the city.

Car park fund

This fund has been created for contributions received from developers under the Town Planning Act. The fund is used to construct and develop car parks.

i) Provisions

Provisions are recognised when the Council 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 Council 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

j) Employee entitlements

Employee entitlements relating to wages, salaries, annual leave, sick leave, long service leave and retirement benefit represents the amount which the Council 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.

LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

1.5 Summary of significant accounting policies - continued

k) **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.

Council as a lessee

Finance leases, which transfer to the Council 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 income statement.

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 Council will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

l) **Trade and other payables**

Liabilities for other payables are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

m) **Deferred grant**

Plant and equipment acquired through donations and grant are brought to account as assets. Such donations and fundings are treated as deferred income which are brought to income over the asset's estimated useful life.

n) **Revenue recognition**

Revenue is recognised in the financial statements using the accrual concept of accounting.

o) **Income tax**

The Council is exempt from income tax in accordance with the provisions of Section 17(4) of the Income Tax Act.

p) **Comparative figures**

Comparative figures have been amended where necessary, for changes in presentation in the current year.

LABASA TOWN COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2015

2. SURPLUS FOR TRUST FUNDS	2015	2014
Surplus for the year has been determined after:	\$	\$
<u>Parking meter fund</u>		
Total revenue	14,243	9,847
<u>Expenditure</u>		
Salaries and wages	7,586	14,568
Repairs and maintenance	2,400	3,734
Others	2,807	2,989
Total expenditure	<u>12,793</u>	<u>21,291</u>
Net surplus / (deficit) for the year	<u>1,450</u>	<u>(11,444)</u>

3. CASH AT BANK AND ON HAND

Cash at bank	695,325	663,933
Cash at bank- Trust funds	308,116	250,963
Cash on hand	(57)	(35)
Total cash at banks and on hand	<u>1,003,384</u>	<u>914,861</u>

As the Council performs a custodian role, Cash at bank- Trust Funds are only to be used for development of car parks and parking meter areas.

4. PREPAYMENTS AND OTHER RECEIVABLES

Advances	2,274	1,974
Prepayments/deposit	7,612	14,046
Value Added Tax receivables	74,855	42,253
Other receivables	10,020	5,675
	<u>94,761</u>	<u>63,948</u>

5. PROPERTY, PLANT AND EQUIPMENT

<u>Land and buildings</u>		
Deemed cost:		
At 1 January	1,726,380	1,775,686
Additions	6,103	-
Adjustment	-	(49,306)
At 31 December	<u>1,732,483</u>	<u>1,726,380</u>

LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

5. PROPERTY, PLANT AND EQUIPMENT - continued	2015	2014
<u>Land and buildings - continued</u>	\$	\$
Depreciation and impairment		
At 1 January	22,873	12,331
Depreciation charge for the year	10,760	11,098
Reclassification	-	(556)
At 31 December	<u>33,633</u>	<u>22,873</u>
Net book value	1,698,850	1,703,507
<u>Office equipment</u>		
Deemed cost:		
At 1 January	135,821	143,702
Additions	8,652	5,355
Adjustment	-	(13,236)
At 31 December	<u>144,473</u>	<u>135,821</u>
Depreciation and impairment		
At 1 January	36,444	16,583
Depreciation charge for the year	16,374	16,866
Adjustment	-	2,995
At 31 December	<u>52,818</u>	<u>36,444</u>
Net book value	91,655	99,377
<u>Plant machinery and tools</u>		
Deemed cost:		
At 1 January	149,688	45,785
Additions	25,183	2,360
Disposals	-	(38,000)
Adjustment	-	65,644
At 31 December	<u>174,871</u>	<u>75,789</u>
Depreciation and impairment		
At 1 January	45,492	(24,686)
Disposals	-	(23,370)
Depreciation charge for the year	17,250	14,969
Adjustment	-	11,339
At 31 December	<u>62,742</u>	<u>(21,748)</u>
Net book value	112,129	97,537
<u>Motor vehicles</u>		
Deemed cost:		
At 1 January	379,789	338,642
Additions	80,000	33,000
Disposals	(25,000)	-
At 31 December	<u>434,789</u>	<u>371,642</u>
Depreciation and impairment		
At 1 January	118,519	48,523
Disposals	(16,124)	-
Depreciation charge for the year	52,885	50,885
At 31 December	<u>155,280</u>	<u>99,408</u>
Net book value	279,509	272,234

LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2015

5. PROPERTY, PLANT AND EQUIPMENT (Continued)	2015	Re-stated 2014
	\$	\$
<u>Work in progress</u>		
Deemed Cost:		
At 1 January	141,935	141,935
Transfers	(141,935)	-
At 31 December	<u>-</u>	<u>141,935</u>
Total property, plant and equipment	<u>2,182,143</u>	<u>2,314,590</u>
6. INVESTMENT PROPERTIES		
Deemed cost:		
At 1 January	5,341,337	5,327,066
Additions	760,328	27,771
Disposals	-	-
Adjustment	-	(13,500)
At 31 December	<u>6,101,665</u>	<u>5,341,337</u>
Depreciation and impairment		
At 1 January	178,314	75,879
Disposals	-	-
Depreciation charge for the year	75,770	102,435
At 31 December	<u>254,084</u>	<u>178,314</u>
Net book value	<u>5,847,581</u>	<u>5,163,023</u>
7. INTANGIBLE ASSETS		
Deemed cost:		
At 1 January	8,721	-
Additions	1,491	8,721
Disposals	-	-
At 31 December	<u>10,212</u>	<u>8,721</u>
Net book value	<u>10,212</u>	<u>8,721</u>
8. TRADE PAYABLES		
Trade creditors	119,331	67,039
Deposits	273,049	256,363
Income received in advance	(3,774)	3,774
Other payable	(2,164)	(2,845)
	<u>386,442</u>	<u>324,331</u>
9. DEFERRED GRANT		
At 1 January	396,474	163,170
Grant received	578,787	252,500
Released to the income statement	(23,928)	(19,196)
At 31 December	<u>951,333</u>	<u>396,474</u>

The deferred grant relates to a backhoe loader donated by the Japanese embassy in December 2011. In 2015 a grant of \$247,500 and \$331,287 was received from Ministry of Local Government and UN Women respectively for the upgrade of Labasa market.

88,034-34
31,296-66

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - GENERAL FUND
 FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 \$	Re-stated 2014 \$
Revenue		
General rates	679,148	786,325
Less: Rates discount	(59,577)	(6,652)
	<u>619,571</u>	<u>779,673</u>
Interest on overdue rates	143,633	149,144
Less: Town rates waiver	(56,207)	-
Less: Interest written off	(118,048)	-
	<u>(30,622)</u>	<u>149,144</u>
Fees, charges and rents	801,194	791,821
Amortisation of capital grant	23,928	19,196
Business and trading licenses	127,500	213,667
Miscellaneous	37,581	20,589
Total revenue	<u>1,579,152</u>	<u>1,974,090</u>
LESS: Expenditure		
Advertising	4,839	5,856
Awareness expenses	1,752	3,902
Audit fee	12,125	8,500
Contracted - maintenance and cleaning	286,183	274,247
Depreciation and amortization	173,040	197,263
Doubtful debts	237	13,225
Fiji National Provident Fund	39,368	38,219
Garbage service	175,702	118,708
Insurance	10,407	15,879
Incidental	20,457	7,606
Wages and salaries and other benefit	517,872	502,798
Land lease	15,418	14,243
Legal	18,936	11,181
Maintenance	341,016	254,035
Printing and stationery	21,518	26,038
Travel and subsistence	22,145	14,646
Utilities	83,099	92,689
Uniform and protective clothing	13,703	12,651
Fiji National University levy and fringe benefit tax	7,347	6,903
Other expenses	87,991	63,264
Total expenditure	<u>1,853,155</u>	<u>1,681,754</u>
Operating (deficit) / surplus for the year	<u>(274,003)</u>	<u>292,336</u>

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - PARKING METER
 FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
Revenue		
Meter tolls	9,827	6,387
Infringement fine	4,400	3,460
Miscellaneous	16	-
Total revenue	<u>14,243</u>	<u>9,847</u>
LESS: Expenditure		
Depreciation	-	99
Fiji National Provident Fund	607	1,164
Maintenance of parking meters including parking bays	2,400	3,734
Miscellaneous	703	1,172
Printing and stationery	617	554
Wages and related payments	7,586	14,568
Other expenses	880	-
Total expenditure	<u>12,793</u>	<u>21,291</u>
Operating surplus / (deficit) for the year	<u>1,450</u>	<u>(11,444)</u>

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - LIGHTING FUND
 FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
Revenue		
Lighting rate	82,358	43,208
Total revenue	<u>82,358</u>	<u>43,208</u>
LESS: Expenditure		
Maintenance and installation of festoon light	634	3,118
Maintenance of street light	71	-
Total expenditure	<u>705</u>	<u>3,118</u>
Net surplus for the year	<u><u>81,653</u></u>	<u><u>40,090</u></u>

LABASA TOWN COUNCIL
DETAILED INCOME STATEMENT - CAR PARK
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	\$	\$
Revenue		
Contribution for car parks	23,292	37,306
Total revenue	<u>23,292</u>	<u>37,306</u>
LESS: Expenditure		
Management expenses	-	-
Total expenditure	<u>-</u>	<u>-</u>
Operating surplus for the year	<u>23,292</u>	<u>37,306</u>

7th October, 2017

Annual Statement

In accordance with section 57 (3) of the Local Government Act , the statement of Financial Position and a summarized statement of the Revenue and Expenditure together with the audit report on the Accounts and Financial Statement for the year 2015 are published for information.

Any ratepayer or any person holding security charged upon the property of the council may, at all reasonable times inspect at the council's office, the full Annual Statement was certified by the Auditor and the Council's Annual Statement pursuant to provisions of section 19 may take copies from any part of the statement of report.

Dated at Labasa this 7th October, 2017



.....
Mr. Mohammed Faiz Ali
Acting Chief Executive Officer

30th September, 2017

Annual Statement

In accordance with section 57 (3) of the Local Government Act , the statement of Financial Position and a summarized statement of the Revenue and Expenditure together with the audit report on the Accounts and Financial Statement for the year 2015 are published for information.

Any ratepayer or any person holding security charged upon the property of the council may, at all reasonable times inspect at the council's office, the full Annual Statement was certified by the Auditor and the Council's Annual Statement pursuant to provisions of section 19 may take copies from any part of the statement of report.

Dated at Labasa this 30th September, 2017



.....
Mr. Mohammed Faiz Ali
Acting Chief Executive Officer

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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Website: <http://www.oag.gov.fj>



File: 735/1

9 August 2017

The Chief Executive Officer
Labasa Town Council
P O Box 92
LABASA

Dear Sir

**DRAFT SUPPLEMENTARY AUDIT MEMORANDUM
LABASA TOWN COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2015**

Enclosed is the Draft Supplementary Audit Memorandum that has been prepared following the audit of the Labasa Town Council for the year ended 31 December 2015.

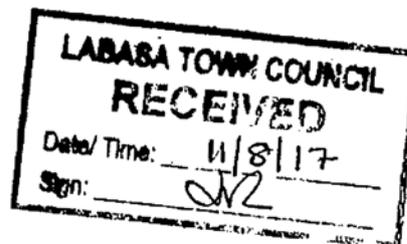
We would appreciate if your written comments to issues highlighted in the Draft Audit Memorandum are provided to this Office within 7 days from the date of this letter.

We look forward for your cooperation and should you require any clarifications, please do not hesitate to contact the undersigned on telephone 3309032 ext 393207.

Yours sincerely

Dineshwar Prasad
for AUDITOR GENERAL

Encl.



3.0 AUDIT OBJECTIVES AND SCOPE

The principal objective of the audit was to perform sufficient audit work to enable the Auditor General to form an opinion on the accounts and records of the Labasa Town Council.

The audit comprised of:

- An examination of the accounts and records from which the annual financial statements of the Council are prepared; and
- The verification and validation of the Financial Statements.

The audit approach of the Labasa Town Council comprised of:

- An audit of the account balances to prove that all items are accurate and complete; and
- Testing the reliability and integrity of the system which produces the accounts for the purpose of ensuring that the classification and regularity of transactions are correct and are in compliance with the provisions of the Fiji Local Government Act and the International Financial Reporting Standards for Small and Medium sized Entities.

4.0 AUDIT METHODOLOGY

The audit was conducted in accordance with the functions of the Auditor General specified in the Audit Act [Cap 70] and section 152 of the Constitution including those stipulated in the OAG Audit Manual. Relevant provisions, principles, and guidelines contained in the International Standards on Auditing (ISA) were also applied.

Risk analysis of the overall control environment of the Council was carried out before the commencement of the actual audit to assist in assessing the inherent and control risks associated with the audit.

The risk – based approach was used to obtain material account balances and test programs were designed for these items/systems and executed to form an opinion on the same.

The audit procedures included such tests and reviews of the accounting and subsidiary records maintained by the Council that were deemed necessary in the circumstances to achieve the audit objectives mentioned in paragraph 3.0 above.

5.0 CAUTION ABOUT AUDIT FINDINGS AND REPORT

This report contains findings that were detected from normal audit procedures designed primarily for the purpose of forming an opinion on the accounts of the Labasa Town Council. There is an unavoidable risk that some material misstatement(s), fraud, or irregularity may not have been detected despite the fact that the audit was planned and conducted with due care.

Hence, this Draft Audit Memorandum should not be regarded as a comprehensive statement of all the weaknesses that may exist or of all improvements that could be made.

The Labasa Town Council is therefore advised to maintain perpetual vigilance on the internal controls and conduct its own investigation where deemed necessary to ensure that irregularities are appropriately addressed.

6.0 APPRECIATION

The assistance provided by the Management and staffs of the Council during the course of the audit is acknowledged. We look forward to the continuation of such fruitful relationship in future audits.

7.0 DETAILED AUDIT FINDINGS

7.1 No assessment carried out for non-financial assets

Prior to the completion of the financial statements of the council, management 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 council. 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.¹

The Council assesses at each reporting date or more frequently if events or changes and circumstances indicate that the carrying value may be impaired, whether there is an indication that a non-financial asset may be impaired.²

Audit found no evidence that the council had taken any reasonable steps to ascertain whether any non-current assets were unlikely to be realized in the ordinary course of business.

Non complying with accounting policies may result in incorrect financial reporting of non-current assets.

Recommendation

The council should ensure that it assess the non-financial assets for any possible indication of impairment on an annual basis and make adjustments to the assets where required.

Council Comments

7.2 Negative balance in Asset and Liability accounts

There shall not be negative balances for asset and liability accounts.

Audit noted that the following figures were disclosed in the financial statements as negative amounts under trade payables and cash and cash equivalents. Refer to Table 7.1 for details.

Table 7.1: Negative balance in Asset and liability accounts

Account	Amount (\$)
Cash on hand	57

¹ Labasa Town Council Financial statement – Council's report page 2

² Labasa Town Council Financial statement – Note 1.6 (f)

Account	Amount (\$)
Income in advance	3,774
Other payables	2,164

Audit was unable to propose audit adjustment due to lack of sufficient information provided for these negative balances.

Negative asset and liability balance will result in incorrect financial information. In addition there is a risk that incorrect entries may have been made to the accounts which could result in incorrect financial reporting.

Recommendation

The council should carry out a detailed review of these accounts and make appropriate adjustments to correct the negative balance.

Council Comments

