



LAMI TOWN COUNCIL

Annual Report for the Year 2004



LAMI TOWN COUNCIL



ANNUAL REPORT

(Section 19 – Local Government Act, Cap 125)

**FOR THE YEAR ENDED
31 DECEMBER, 2004**



25th September, 2020

The Honorable Minister
for Local Government, Housing & Environment
FFA House
Gladstone Road
SUVA

Dear Madam,

In accordance with the requirements of Section 19 of the Local Government Act 1972, I have pleasure in presenting, on behalf of the Lami Town Council, the Annual Report and Statement of Accounts for the year ended 31st December, 2004.

Yours faithfully,

Azam Khan
Chief Executive Officer (Acting)

LAMI TOWN COUNCIL

ANNUAL REPORT 2004

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ADMINISTRATION

MEMBERS OF THE COUNCIL

The members of the Council for the year were:

EASTERN WARD

Cr Chandra Dutt (JP)
Cr Dip Narayan
Cr Ulaiyasi Daunitutu
Cr Mereoni Ratu
Cr Arthur Ho
Cr Malia Talau

The Council before the closing of the year 2004 had 6 of its members from the Eastern Ward.

WESTERN WARD

Cr Jasper Hemant Singh (His Worship the Mayor)
Cr Unaisi Buinimasi (Deceased on 16/02/04))
Cr John Webster St Julian
Cr Tevita Koiniu
Cr Joshua Shaw
Cr Anare Wailevu
Cr Tukituku Kelera (from 16/04/04)

Under Section 16(A)(2) of the Local Government Act the Council had declared the Office held by late Cr Unaisi Buinimasi to be vacant. The Supervisor of the Elections called for a by election. The vacancy was filled by Cr Tukituku Kelera from the Western Ward on 16/04/04.

CO-OPTED MEMBERS

The Council under the provisions of Section 27(2) appointed Co-opted Members into various Committees as follows:

MARKET, PARKS & TOWN BEAUTIFICATION COMMITTEE

Mr. Paula Navunisaravi

TRAFFIC, SPORTS & COMMUNITY PROJECTS COMMITTEE

Inspector Nacanieli Veremalua

TOWN OF LAMI

Statistics in Brief

Declared Town on 1 March, 1977

Population 18,928 including peri-urban (1996 census)

Area 680 Hectares

Length of Public Roads 31.59Km

UCV of Rateable Land \$41,658,370

Number of Assessments 1,143

MAYORAL ELECTION

At the Annual General Meeting held on 21st October 2004, Councilor Jasper Hemant Singh was elected Mayor and Councilor Tevita Koiniu was elected Deputy Mayor.

COUNCIL MEETING

Meeting of the Council and Standing Committees were held during the year as follows:

Ordinary 12

Annual 1

Special 1

Total 14

STANDING COMMITTEES

| | |
|--|----|
| TOWN PLANNING BUILDING & DEVELOPMENT | 8 |
| HEALTH AND ENVIRONMENT & MARKET | 8 |
| WORKS, PROPERTIES & TENDER | 9 |
| PARKS, GARDENS & TOWN BEAUTIFICATION | 8 |
| TRAFFIC, SPORTS AND COMMUNITY PROJECTS | 8 |
| FINANCE, STAFF AND GENERAL PURPOSES | 12 |

OFFICERS OF THE COUNCIL

The Principal Officer of the Council as at the end of 2004 was:

| | | |
|----------------|-------------------|--------------------------------|
| Town Clerk/CEO | Mr Jone T Wailevu | from 1 st June 2004 |
|----------------|-------------------|--------------------------------|

Other Support Staff were as follows:

| | | |
|------------------------------|---------------------|---|
| Building Inspector | Sandeep Narayan | |
| Health Inspector | John R Narayan | |
| Works Supervisor | Afzal Mohammed | |
| Personal Assistant/Secretary | Ashveen P Devi | |
| IT/Accounts Officer | Ritu Singh | Resigned on 29 th January 2004 |
| IT/Accounts Officer | Preeya Ieli | |
| Revenue Officer | Laisani Raikoti | |
| Litter Prevention Officer | Samuela Tavasias | Resigned on 25 th June 2004 |
| Enforcement Officer | Jonetani Suguturaga | from 1 st November 2004 |
| Town Ranger | Petaia Vuli | |
| Administrative Assistant | Saiyad Kutty | |
| Assistant Works Supervisor | Tajim Khan | |
| Computer Operator | Naleem Raj | |
| Accounts Officer | Yadhna Sharma | |
| Cleaner/Tea Lady | Sisilia Kaisa | Resigned on 21 st June 2004 |
| Cleaner/Tea Lady | Jowana Tora | from 24 th June 2004 |

With 24 other unestablished employees engaged in field works

SOLICITORS FOR THE COUNCIL

Messrs Muaror & Co and M A Khan were appointed as the Councils Solicitors for the year.

AUDITOR FOR THE YEAR

Auditor-General of Fiji by virtue of Section 51 of the Local Government Act.

FINANCE

FUND BALANCES

A summary of the results of each fund for the year were as follows:

| FUND | 2004 REVENUE | 2004 EXPENDITURE | SURPLUS/ (DEFICIT) | ACCUMULATED SURPLUS/(DEFICIT) 2004 AS AT 31 DECEMBER |
|-------------|-------------------------|-----------------------------|-------------------------------|---|
| GENERAL | 1,135,908 | 768,390 | 367,518 | 2,551,502 |
| LOAN | 137,288 | 61,191 | 76,097 | 883,906 |
| | 1,273,196 | 829,581 | 443,615 | 3,435,408 |

The General Fund Expenditure of \$768,390 includes Capital Expenditure in the sum of \$520,815.

RATES

The rates for the year were struck on a total Unimproved Capital Valuation of \$41,549,970 of which land exempted from General Rates amounted to \$4,982,100.

Vat inclusive rate levy was:

| | | |
|--------------------|---|-----------------------------------|
| General rates | - | 0.9490 cents in the \$ on the UCV |
| Special Loan rates | - | 0.5476 cents in the \$ on the UCV |

DISCOUNT ON RATES

In 2004 a discount of 7% on the rates struck for the year was allowed in respect of rates paid on or before 28th February 2004. Total discount shown as a note in the accounts amounted to \$18,167. During the year the combined general and loan services rates were budgeted to earn \$451,900 out of which the Council was able to collect 79.20% of its current rates, which amounted to \$357,904 out of the total revenue of \$1,273,196 collected during the year.

ARREARS OF REVENUE

The Council's arrears of rates inclusive of interest charges at the end of 2004 were \$3,887,698. \$2,228,256 was due on un-alienated native land. The Council had looked at all the avenues of rate collection currently in place and had opted for various methods in the Court, deduction at source, recovery from mortgage sale, attornment of leases, arrangement to pay on installments and offering discount etc.

LOAN FUND

During the year loan repayments inclusive of interest charges totaling \$107,213 were made reducing the principal balance at the end of 2004 to \$663,197. The opening balance at the beginning of the year was \$765,653.

CASH FLOW

The Council had a surplus balance of \$12,732 at the close of the year and has been funding its capital projects from its re-current revenue.

ROLE OF COUNCIL

The Council continued to carry out its role and responsibilities as required under the Local Government Act (1972). The Council discharged its duties and responsibilities delegated through several other legislations such as Public Health Act (Cap III), Town Planning Act (Cap 139), Business Licensing Act (Cap 204), Fair Rents Act (Cap 269), Advertisements Regulations Cinematography Films Act (Cap 195), Petroleum Act (Cap 157), Pound Act (Cap 165), Pure Food Act (Cap 116), Shop (regulation of hours and employment) Act (Cap 100), Subdivision of Lands Act (Cap 140), Land Transport Act and Litter Decree/Amendment Act.

CAPITAL PROJECTS

Capital Expenditure totaling \$317,652 was used for the following works:

1. \$301,769 was for road upgrading works;
2. \$7,028 was for construction of Market & public toilet;
3. \$6,599 for Council's Computer & Programs; and
4. \$2,256 for improvement & extension of Councils buildings.

WORKS SERVICES

ROADS & DRAINS

The Council continued with routine maintenance of Roads repairs and maintenance works in within its budget. Normal routine services and maintenance such as garbage/refuse collection, grass cutting desilting and cleaning of public road/drains, clean-up campaigns, mowing of road verges, parks and upkeep of gardens were carried out throughout the year.

PARKS/GARDENS/OPEN SPACES

Routine maintenance work were carried out during the year to keep the parks and reserves in a good environmental condition.

Planting of trees and flowers was also undertaken in residential, commercial and industrial areas as part of an ongoing beautification of the town and to keep up with the image of Lami being a “Garden Town”.

PUBLIC HEALTH/ENVIRONMENT, BUILDING AND SUBDIVISION

INTRODUCTION

In this area, the Council performed its responsibilities under the guidance of the following legislation:

- a) Public health Act and its Regulations
- b) Pure Food Act and its Regulations
- c) Anti-Litter Decree/Amendment Act
- d) Town Planning Act
- e) Local Government Act and its Regulation
- f) Lami Town By-Laws
- g) Lami Town Planning Scheme and its General Provision
- h) Subdivision of Land Act
- i) Business Licensing Act
- j) Liquor Act

The Council was able to maintain the public health and development standard at a reasonably level.

SERVICES

In addition to the duties under the Public Health Act the Council provided the residents of Lami with the following sanitary services:

1. Public Health/Environment Services

Refuse Collection: demand for frequent refuse (Green waste) collection. People tend to start heaping them on the roadside. This becomes potential breeding grounds for vermin and eyesore.

2. Anti-Mosquito

House to house inspection and issuing notice to remove/abate breeding grounds is the only solution.

3. Litter Decree

The Council had employed an Enforcement Officer who went around issuing notices etc. in order to curb the nuisance.

SQUATTERS

Squatter settlement details at Lami showed:

| Area | No. of Houses | No. of Occupants |
|----------------------------------|----------------------|-------------------------|
| Delainavesi | 10 | 33 |
| Marine Drive (Opposite Kalekana) | 13 | 65 |
| Uduya Point | 7 | 35 |
| Wailekutu | 12 | 65 |
| Marine Drive | 10 | 43 |
| Qauia | <u>30</u> | <u>192</u> |
| Total | <u>82</u> | <u>433</u> |

COMMUNICABLE DISEASE

Lami Town Council did not receive any report during the year of the incidence of communicable disease in Lami Town.

a) Summary of Inspection

| Types of Inspections | Inspection | Re-inspection | Total |
|-------------------------------|--------------------|----------------------|--------------------|
| House to House inspection | 554 | 234 | 788 |
| Investigations of Complaints | 109 | 77 | 186 |
| New Building site | | | |
| Before approval | 58 | 50 | 108 |
| New Building work in progress | 60 | 51 | 111 |
| Hotels | 55 | 45 | 100 |
| Restaurants/Ref/Bar | 70 | 45 | 115 |
| Schools | 7 | 3 | 10 |
| Bake house | 45 | 41 | 86 |
| Butcher Shops | 38 | 28 | 66 |
| Drainage | 82 | 80 | 162 |
| Illegal disposal of Refuse | 99 | 40 | 139 |
| Overgrowth abatement | 48 | 25 | 73 |
| Barber Shop | 6 | 6 | 12 |
| Food Shop | <u>65</u> | <u>58</u> | <u>123</u> |
| Total | <u>1112</u> | <u>812</u> | <u>1924</u> |

b) Summary of Sanitary Improvements

| Items | Ordered | Completed |
|-------------------------------------|-------------------|-------------------|
| Repairs/Cleaning of Kitchen | 50 | 23 |
| Repairs/Cleaning of existing drains | 60 | 55 |
| Removing of accumulated Refuse | 100 | 55 |
| Cleaning of overgrowth of grass | 55 | 35 |
| Provision of garbage bin | 43 | 30 |
| Cleaning of food premises | 88 | 66 |
| Repairing of sewer pipes | <u>44</u> | <u>35</u> |
| Total | <u>440</u> | <u>299</u> |

BUILDING

a) Summary of Building Applications

Building applications dealt with during the year:

| Type of Application | Number | Value (\$) |
|--|------------------|----------------------------|
| Commercial | 12 | 476,577 |
| New Dwelling | 10 | 1,689,875.98 |
| Additional/Alterations/Repairs to Residential Buildings | 28 | 587,170.50 |
| <u>Miscellaneous</u> Retaining Wall/Fence Sewer Connection/Underground Cabling | 6 | 101,758 |
| Industrial Building/School | <u>4</u> | <u>1,838,652.95</u> |
| Total | <u>60</u> | <u>4,694,034.43</u> |

b) Registration of Food Premises

| | |
|----------------------------|---|
| Refreshment Bar | 4 |
| Bake House | 5 |
| Hotels | 3 |
| Kava Pounding | 2 |
| Restaurants without Liquor | 2 |
| Restaurants with Liquor | 1 |
| Food Processing Factories | 9 |
| Butcher Shops | 2 |
| Meat Canning | 2 |
| Supermarket | 4 |

| | |
|-------------------|------------------|
| Exporting of Fish | 2 |
| Food Shop | 12 |
| Food Exporter | 1 |
| Hawkers | 3 |
| Ice Factory | 0 |
| Takeaways | <u>5</u> |
| Total | <u>57</u> |

INDUSTRIAL RELATIONS

The Council maintained good relationship with its management, employees and no disputes were registered with the Trade Unions.

PUBLIC RELATIONS AND PARTICIPANTS

Public relations with ratepayers and the general public were of paramount importance to the Council and as such it dealt with matters of general concern and interest as expeditiously as possible.

ACKNOWLEDGEMENT

Council's would like to thank the Management, Staff and General Workers for their outstanding work they have carried out.



REPUBLIC OF THE FIJI ISLANDS

OFFICE OF THE AUDITOR GENERAL



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File: 1295

10 December 2007

Ms. Preeya Ieli
Town Clerk
Lami Town Council
P O Box 3160
LAMI

Dear Ms. Ieli

**AUDIT OF THE ACCOUNTS OF THE LAMI TOWN COUNCIL FOR THE YEAR
ENDED 31 DECEMBER 2004**

Two copies of the audited financial statements of the Lami Town Council for the year ended 31 December 2004 together with my audit report on them are enclosed.

A copy of the audit report is being sent to the Minister for Local Government, Urban Development and Public Utilities in accordance with section 53 of the Local Government Act.

Particulars of errors and omissions arising from the audit have been forwarded to the Chief Executive Officer/Town Clerk for necessary action.

Yours sincerely

Eroni Vatuloka
AUDITOR GENERAL

cc. Minister for Local Government, Urban Development and Public Utilities

Encl.



REPUBLIC OF THE FIJI ISLANDS

OFFICE OF THE AUDITOR GENERAL



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LAMI TOWN COUNCIL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

DRAFT INDEPENDENT AUDIT REPORT

Scope

I have audited the financial statements of the Lami Town Council for the year ended 31 December 2004 in accordance with section 57(2) of the Local Government Act and section 13 of the Audit Act. The Lami Town Council is responsible for the preparation and presentation of the financial statements and the information they contain.

I have conducted an independent audit of these financial statements in order to express an opinion on them.

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

The audit opinion expressed in this report has been formed on the above basis.

Qualification

The Council has not provided a provision for doubtful debts for its Rates Debtors totalling \$3,387,698 as at 31 December 2004.

Qualified Audit Opinion

In my opinion, due to the significant effect that the matter disclosed in the qualification paragraph has on the financial position of the Council at 31 December 2004 and on the results for the year ended on that date, the accompanying financial statements do not give a true and fair view of the state of affairs of the Council as at 31 December 2004 and the results of its operations and its cash flows for the year then ended.


Eroni Vatuloka
AUDITOR GENERAL
Suva, Fiji

10 December 2007



**LAMI TOWN COUNCIL
GENERAL FUND ACCOUNT
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004**

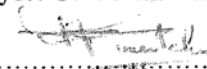
| | NOTES | YEAR 2004 \$ | 2003 \$ |
|---|-------|--------------------|-------------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash at Bank | | 12,732 | 199,496 |
| Receivables | 2 | 4,006,886 | 3,398,900 |
| VAT Receiveable | | 7,347 | 25,755 |
| Sundry Advance | | 731 | 731 |
| TOTAL CURRENT ASSETS | | 4,027,696 | 3,624,882 |
| <u>NON CURRENT ASSETS</u> | | | |
| Property, Plant and Equipment | 3 | 16,706,141 | 16,421,105 |
| Work in Progress | | 0 | 178,776 |
| TOTAL NON CURRENT ASSETS | | 16,706,141 | 16,599,881 |
| TOTAL ASSETS | | 20,733,837 | 20,224,763 |
| <u>CURRENT LIABILITIES</u> | | | |
| Bank Overdraft | | 75,938 | 0 |
| Creditors | | 96,818 | 22,370 |
| Provision for Employee Entitlement | | 640 | 1,774 |
| Sundry Deposits | 4 | 26,052 | 43,830 |
| Rates & Business Licenses received in advance | 5 | 5,792 | 8,052 |
| Loan funds less repayments | 6 | 107,213 | 68,512 |
| | | 312,453 | 144,538 |
| <u>NON CURRENT LIABILITIES</u> | | | |
| Loan funds less repayments | 6 | 663,197 | 765,653 |
| TOTAL LIABILITIES | | 975,650 | 910,191 |
| NET ASSETS | | 19,758,187 | 19,314,572 |
| Represented By : | | | |
| <u>RESERVES AND EQUITY</u> | | | |
| Asset Revaluation Reserve | | 16,322,779 | 16,322,779 |
| Accumulated Funds | 7 | 3,435,408 | 2,991,793 |
| | | 19,758,187 | 19,314,572 |

(The accompanying notes are to be read in conjunction with the Financial Statements)


Councils Statement

In our opinion, the financial statements have been drawn up as to give a true and a fair view of the state of affairs, operations and cash flows of the Lami Town Council for the year ended 31 December 2004.

Mayor: Cr Tevita Vuatalevu


Date: 15/11/07

Town Clerk: Mrs. Preeya Ieli


Date: 13/11/07

**LAMI TOWN COUNCIL
GENERAL FUND ACCOUNT
STATEMENT OF REVENUE & EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2004**

| | YEAR | |
|--|-------------------------|-------------------------|
| | 2004 | 2003 |
| | \$ | \$ |
| <u>REVENUE DERIVED FROM :</u> | | |
| General Rates | 245,572 | 268,959 |
| Rates in Arrears | 620,576 | 2,811,964 |
| Interest on Overdue rates | 88,902 | 0 |
| License and Permit Fees | 62,199 | 57,783 |
| Market Fees | 15,875 | 15,160 |
| Hire& Rental of Council Properties | 37,152 | 45,650 |
| Contractual Receipts | 52,260 | 103,133 |
| Miscellaneous | 6,784 | 7,182 |
| Garbage Fees | 1,588 | 2,495 |
| Govt Grant | 5,000 | 0 |
| TOTAL REVENUE | <u>1,135,908</u> | <u>3,312,326</u> |
| <u>EXPENDITURE INCURRED ON :</u> | | |
| <u>Recurrent Expenditure</u> | | |
| Depreciation | 228,937 | 485,411 |
| Council Expenses | 44,304 | 20,524 |
| General Administration | 157,641 | 205,239 |
| Parks,Gardens and Recreation areas | 8,306 | 24,497 |
| Health Services | 94,742 | 110,978 |
| Public Works and Services | 228,618 | 228,732 |
| Foreshore Reclamation | 0 | 10,016 |
| Loss on Sale of Assets | 5,842 | 0 |
| Total Expenditure | <u>768,390</u> | <u>1,085,397</u> |
| Net Surplus for the year | 367,518 | 2,226,929 |
| Add (Surplus/Deficit) Balance as at 1 January | 2,165,895 | (61,034) |
| Leaving a Surplus Balance at 31 December | <u>2,533,413</u> | <u>2,165,895</u> |

**LAMI TOWN COUNCIL
FIRE SERVICE ACCOUNT**

STATEMENT OF REVENUE & EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2004

| | YEAR | |
|---|--------|--------|
| | 2004 | 2003 |
| | \$ | \$ |
| THE REVENUE FOR THE YEAR WAS DERIVED FROM: | | |
| Fire Service Rate | 0 | 0 |
| TOTAL REVENUE | 0 | 0 |
| THE EXPENDITURE FOR THE YEAR WAS INCURRED ON: | | |
| Contribution to National Fire Authority | 0 | 0 |
| TOTAL EXPENDITURE | 0 | 0 |
| NET SURPLUS / DEFICIT FOR THE YEAR WAS | 0 | 0 |
| ADD: SURPLUS BALANCE AS AT 1 JANUARY | 18,089 | 18,089 |
| LEAVING A SURPLUS AS AT 31 DECEMBER | 18,089 | 18,089 |

LAMI TOWN COUNCIL
SPECIAL LOAN SERVICE ACCOUNT
STATEMENT OF REVENUE & EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2004

| | YEAR | |
|--|------------------------------|------------------------------|
| | 2004 | 2003 |
| | \$ | \$ |
| THE REVENUE FOR THE YEAR WAS DERIVED FROM: | | |
| Special Loan Rates | 137,288 | 838,852 |
| TOTAL REVENUE | <u>137,288</u> | <u>838,852</u> |
| THE EXPENDITURE FOR THE YEAR WAS INCURRED ON: | | |
| Interest On Loan | 61,191 | 42,142 |
| TOTAL EXPENDITURE | <u>61,191</u> | <u>42,142</u> |
| NET SURPLUS FOR THE YEAR WAS | 76,097 | 796,710 |
| BALANCE AS AT 1 JANUARY WAS | 807,809 | 11,099 |
| LEAVING A SURPLUS BALANCE AT 31 DECEMBER OF | <u><u>883,906</u></u> | <u><u>807,809</u></u> |

LAMI TOWN COUNCIL
STATEMENT OF CASH FLOWS - GENERAL FUND FOR
THE YEAR ENDING 31 DECEMBER 2004

| | YEAR | |
|---|---------------------------|------------------|
| | 2004 | 2003 |
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Receipts from customers | 832,183 | 518,587 |
| Payments to suppliers and employees | (469,711) | (577,616) |
| Insurance proceeds received | | 146,011 |
| Deposits received | 0 | 558 |
| Rates received in advance | (2,260) | 3,421 |
| Net Vat paid | (39,344) | (22,378) |
| Sundry Deposits | 0 | 40,809 |
| Employee Entitlement | 0 | 1,774 |
| Net cash provided by Operating Activities | 10(a)(i) 320,868 | 111,166 |
| Cash flows from Investing Activities | | |
| Acquisition of property, plant & equipment | (520,815) | (322,772) |
| Payment for capital works (roads, footpaths and drains) | 0 | |
| Proceeds from sale of property, plant and equipment | 1,000 | 0 |
| Net cash used in Investing Activities | (519,815) | (322,772) |
| Cash flows from Financing Activities | | |
| Payments for lease finance | 0 | 454,190 |
| Repayment of borrowings | (63,755) | 87,680 |
| Loan repayments | 0 | (101,908) |
| Net cash provided by Financing Activities | (63,755) | 439,962 |
| Net Decrease in Cash & Cash Equivalents | (262,702) | 228,356 |
| Cash and Cash Equivalent at the Beginning of the Year | 199,496 | (28,860) |
| Cash and Cash Equivalent at the End of the Year | 10(a)(ii) (63,206) | 199,496 |

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 31 DECEMBER 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out hereunder are the significant accounting policies adopted by the Council in the preparation of the accounts for the year ended 31 December 2004. Unless otherwise stated, similar policies were adopted in the previous year.

a) Basis of Accounting

The accounts have been prepared using the accrual basis of accounting since 2003. Prior to the year 2003, the cash basis of accounting was used by the Council.

b) Fixed Assets and Depreciation

Acquisition

Items of property, plant and equipment are stated at cost less accumulated depreciation as at balance date. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of overheads.

Depreciation

Depreciation has been provided using straight line method to write off the assets over their useful lives.

The principal rates adopted are:

| | |
|----------------------------|-----------------|
| Office Equipment | 10% per annum |
| Furniture & Fittings | 10% per annum |
| Plant and Machinery | 8% per annum |
| Motor Vehicle | 8% per annum |
| Buildings, Roads & Bridges | 1.25% per annum |

c) Revenue

Revenue is recognized in the Statement of Income and Expenditure when charged to the ratepayers by the Council. The major sources of revenues are collections from General rates, loan rates, and rental income from the Council properties.

d) Income Tax

The Council is exempted from income tax in accordance with the provisions of section 17(4) of the Income Tax Act (Cap 201).

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 31 DECEMBER 2004 (Continued...)

| | YEAR | |
|-------------------------------|------------------|------------------|
| | 2004 | 2003 |
| | \$ | \$ |
| NOTE 2: <u>DEBTORS</u> | | |
| Rates Debtors | 3,887,698 | 3,313,508 |
| Other Debtors | 119,188 | 85,392 |
| | <u>4,006,886</u> | <u>3,398,900</u> |

Of the total Rates arrears the sum of \$2,228,256 or 57% inclusive of interest, is due on unalienated native land.

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 DECEMBER 2004 (Continued)

| NOTE 3: PROPERTY, PLANT AND EQUIPMENT | 2004 | 2003 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Land | 962,931 | 962,931 |
| Less provision for depreciation | - | - |
| | <u>962,931</u> | <u>962,931</u> |
| Office Equipment | 31,861 | 24,353 |
| Less provision for depreciation | (8,159) | (4,973) |
| | <u>23,702</u> | <u>19,380</u> |
| Furnitures & Fittings | 7,196 | 7,196 |
| Less provision for depreciation | (2,024) | (1,305) |
| | <u>5,172</u> | <u>5,891</u> |
| Motor Vehicles | 212,359 | 214,661 |
| Less provision for depreciation | (130,038) | (127,589) |
| | <u>82,321</u> | <u>87,072</u> |
| Building & Properties | 496,609 | 487,325 |
| Less provision for depreciation | (17,786) | (11,578) |
| | <u>478,823</u> | <u>475,747</u> |
| Roads & Streetlights | 15,578,219 | 15,097,674 |
| Less provision for depreciation | (473,992) | (281,499) |
| | <u>15,104,227</u> | <u>14,816,175</u> |
| Plant & Equipment | 116,775 | 112,377 |
| Less provision for depreciation | (67,810) | (58,468) |
| | <u>48,965</u> | <u>53,909</u> |
| NET WRITTEN DOWN VALUE | <u>16,706,141</u> | <u>16,421,105</u> |

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 31 DECEMBER 2004 (Continued)

NOTE 3 (i) Movement in Carrying Amounts

Movements in carrying amount for each class of property, plant and equipment

| | 2004 | 2003 |
|-----------------------------------|--------------------------|--------------------------|
| | \$ | \$ |
| <u>Office Equipment</u> | | |
| Carrying amount at beginning | 19,380 | 9,310 |
| Additions | 7,508 | 12,223 |
| Depreciation Expense | (3,186) | (2,153) |
| Balance as at 31 December | <u>23,702</u> | <u>19,380</u> |
| <u>Furnitures & Fittings</u> | | |
| Carrying amount at beginning | 5,891 | 6,539 |
| Depreciation Expense | (719) | (648) |
| Balance as at 31 December | <u>5,172</u> | <u>5,891</u> |
| <u>Motor Vehicles</u> | | |
| Carrying amount at beginning | 87,072 | 102,871 |
| Additions | 19,080 | - |
| Disposal | (6,842) | - |
| Depreciation Expense | (16,989) | (15,799) |
| Balance as at 31 December | <u>82,321</u> | <u>87,072</u> |
| <u>Buildings & Properties</u> | | |
| Carrying amount at beginning | 475,747 | 438,944 |
| Additions | 9,284 | 42,825 |
| Depreciation Expense | (6,208) | (6,022) |
| Balance as at 31 December | <u>478,823</u> | <u>475,747</u> |
| <u>Roads and Streetlights</u> | | |
| Carrying amount at beginning | 14,816,175 | 14,938,448 |
| Additions | 480,545 | 65,274 |
| Depreciation Expense | (192,493) | (187,547) |
| Balance as at 31 December | <u>15,104,227</u> | <u>14,816,175</u> |
| <u>Plant & Equipment</u> | | |
| Carrying amount at beginning | 53,909 | 35,854 |
| Additions | 4,398 | 22,743 |
| Depreciation Expense | (9,342) | (4,688) |
| Balance as at 31 December | <u>48,965</u> | <u>53,909</u> |
| <u>Land</u> | | |
| Carrying amount at beginning | 962,931 | 962,931 |
| NET WRITTEN DOWN VALUE | <u>16,706,141</u> | <u>16,421,105</u> |

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 31 DECEMBER 2004 (Continued...)

| | YEAR | |
|--|------|------|
| | 2004 | 2003 |
| | \$ | \$ |

NOTE 4: SUNDRY DEPOSITS

This comprises of:

| | | |
|-------------------|---------------|---------------|
| Sundry Deposits | 330 | 330 |
| Security Deposits | 25,722 | 43,500 |
| | <u>26,052</u> | <u>43,830</u> |

NOTE 5: RATES, BUSINESS LICENSE AND TAXI BASE FEES RECEIVED IN ADVANCE

| | 2004 | 2003 |
|------------------------------------|--------------|--------------|
| | \$ | \$ |
| Rates Received in Advance | 4654 | 6,789 |
| Business License Prepayments | 911 | 1,161 |
| Taxi Base Fees Received in Advance | 228 | 102 |
| | <u>5,793</u> | <u>8,052</u> |

NOTE 6: LOAN FUNDS LESS REPAYMENTS

Loans raised by the Council bear interest ranging from 8.5% to 11.75% per annum and are repayable over a period of 10 years. All loans are raised under the provisions of the Local Government Act, and are secured by debentures covering the present and future assets of the Council.

| | 2004 | 2003 |
|---|----------------|----------------|
| | \$ | \$ |
| Balance as at 1 January | 834,165 | 439,741 |
| Adjustment to Opening Balance | (4,190) | 0 |
| Add: Bank Charges Capitalised | 355 | 4,190 |
| Add: Additional Loan (Merchant Finance) | 19,080 | 450,000 |
| Less: Interest Refund | (5,352) | 0 |
| Less: Loans Repaid | (73,648) | (59,766) |
| Balance as at 31 December | <u>770,410</u> | <u>834,165</u> |
| Analysed as: | | |
| Current | 107,213 | 68,512 |
| Non Current | 663,197 | 765,653 |
| | <u>770,410</u> | <u>834,165</u> |

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 31 DECEMBER 2004 (Continued...)

| | YEAR | |
|----------------------------------|------------------|------------------|
| | 2004 | 2003 |
| | \$ | \$ |
| NOTE 7: <u>ACCUMULATED FUNDS</u> | | |
| General Fund | 2,533,413 | 2,165,895 |
| Fire Service | 18,089 | 18,089 |
| Loan Service | 883,906 | 807,809 |
| Balance as at 31 December | <u>3,435,408</u> | <u>2,991,793</u> |

NOTE 8: DISCOUNT ON RATES

In accordance with Council resolution of 11 December, 2002 discount of 7% was allowed on current rates paid in full up to 28 February, 2004. Discount allowed during the year were as follows:

| | 2004 | 2003 |
|-------------------|---------------|---------------|
| | \$ | \$ |
| General Fund | 11,809 | 12,812 |
| Loan Service Fund | 6,358 | 4,556 |
| Total | <u>18,167</u> | <u>17,368</u> |

NOTE 9: CONTRACTUAL RECEIPTS

The amount represents recoveries from Public Works Department for expenditure contractually incurred by the Council on the maintenance of Marine Drive and Nasevou Street.

LAMI TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL ACCOUNTS FOR
THE YEAR ENDING 31 DECEMBER 2004 (Continued...)

NOTE 10: NOTES TO THE STATEMENT OF CASH FLOWS

(a) General Fund

| | 2004 | 2003 |
|---|----------------|------------------|
| (i) Reconciliation of Net Cash Provided by | | |
| Operating Activities of Net Surplus | \$ | |
| Net (deficit)/surplus for the year | 443,615 | 2,495,484 |
| Depreciation | 228,937 | 216,856 |
| (Gain)/loss on disposal | 5,842 | 0 |
| Net cash provided by operating activities before | | |
| changes in Assets and Liabilities | 678,394 | 2,712,340 |
| Change in assets and liabilities: | | |
| Decrease in receivables | (429,210) | (2,647,728) |
| Increase in creditors and borrowings | 73,314 | 24,702 |
| (Increase)/Decrease in sundry deposits | (17,778) | 40,809 |
| (Increase)/Decrease in Value Added Tax | 18,408 | (22,378) |
| Decrease in rates received in advance | (2,260) | 3,421 |
| Net cash Inflows from Operating Activities | 320,868 | 111,166 |

(ii) Cash & Cash Equivalents

For the purpose of the statement of cash flows, cash comprises of cash on hand and at bank. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

| | 2004 | 2003 |
|----------------|-----------------|----------------|
| | \$ | \$ |
| Cash at Bank | 12,732 | 199,496 |
| Bank Overdraft | (75,938) | 0 |
| | (63,206) | 199,496 |

