



LAMI TOWN COUNCIL

Annual Report for the Year 2014



LAMI TOWN COUNCIL



ANNUAL REPORT

(Section 19 – Local Government Act, Cap 125)

**FOR THE YEAR ENDED
31 DECEMBER, 2014**



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, 2014.

Yours faithfully,

Azam Khan
Chief Executive Officer (Acting)

LAMI TOWN COUNCIL

ANNUAL REPORT 2014

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ADMINISTRATION

ADMINISTRATORS OF THE COUNCIL

The Council had Mr. Jasper Singh as the Special Administrator. The Chief Executive Officer for the Council during the year was Ms. Elisaver Ifreyim.

CO-OPTED MEMBERS

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

District Officer - Suva

Station Officer, Lami Police Station for Traffic, Sports & Community Projects Committee

TOWN OF LAMI

Statistics in Brief

Declared Town on 1 March, 1977

Population	20,223 including peri-urban (2007 census)
Area	680 Hectares
UCV of Rateable Land	\$64,675,290.00
Number of Assessments	1,219

COUNCIL MEETING

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

Ordinary	12
Special	2
Total	14

STANDING COMMITTEES

TOWN PLANNING BUILDING & DEVELOPMENT	9
HEALTH AND ENVIRONMENT & MARKET	9
WORKS, PROPERTIES & TENDER	9
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OFFICERS OF THE COUNCIL

The Principal Officer of the Council as at the end of 2014 was:

Chief Executive Officer	Mr. Ifreyim Elishiver	(Acting on the Post)
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Other Support Staff were as follows:

Building Inspector	Imroz Mukim
Health Inspector	Selaima Maitoga
Ass Health/Building Inspector	Sonam Shandiyah
Personal Assistant/Secretary	Nerolyn L Nofaga
Senior Accounts /Revenue Officer	Vidya Wati
Enforcement Officer	Jonetani Suguturaga
Town Ranger/Market Master	Petaia Vuli
Ass Market Master	Waisea Ravesivesi
Administrative Assistant	Saiyad Kutty
Works Supervisor	Raneel Dutt
Assistant Works Supervisor	Tueta Senileba
IT Officer	Metuisela Mateiwai
Accounts Officer	Yadhna Sharma
Litter Officer	Ashia Nafisha
Tea Lady/Office Assistant	Psalm Hosana

The Council had 26 other unestablished employees engaged in field works.

AUDITOR FOR THE YEAR

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

FINANCE

DISCOUNT ON RATES

In 2014 a discount of 10% in January and 5% in February was being levied to the ratepayers. Total discount shown as a note in the accounts amounted to \$38,480.04. During the year the combined general and loan services rates collected was \$609,531.00. The total revenue collected for the year was \$1,072,780.00 collected during the year.

GARBAGE RATES

The Council levied Garbage Rates of \$80.00 per annum with effect from 1 August 2008. The arrears of Garbage Rates at the end of 2014 were \$178,265.

ARREARS OF REVENUE

The Council's arrears of rates inclusive of interest charges at the end of 2014 were \$1,211,176. 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.

ROLE OF COUNCIL & COMMUNITY ACTIVITIES

The Council as its principal role continue to "do all such things as it lawfully arose and where it considered expedient to promote the health, welfare and convenience of the inhabitants of the municipality".

Other than powers vested to the Council under the Local Government Act, it effectively discharged its duties and responsibilities under 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.

The Lami Town Council continued to support its community and activity involve in the events that take place in Lami.

PROJECTS

1. High Tech Youth Network

The High Tech Youth Network Construction started from 01st July 2014 – 5th January 2015 with its estimated cost information provided of \$1.2M. This includes all the equipment and constructions of the studio.

The Studio is now being utilized by the students after their school hours.



PUBLIC WORKS SERVICES

ROADS & DRAINS

Normal routine services and maintenance such as garbage/refuse collection, grass cutting desilting and cleaning of public road/drains, clean-up campaigns, brush cutting of road verges, parks and upkeep of gardens were carried out throughout the year.

PARKS/GARDENS/OPEN SPACES

Routine maintenance work was 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

Public Health has been an essential duty of the Council. It is primarily focused on preventive aspects of day to day effective operation of such activities, which are essential services.

In this important field 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 high level.

HEALTH

In addition to the duties required under the Public Health Act, the Council also provide the residents of Lami with the following sanitary services:

1. Public Health/Environment Services

Clean up campaign for Green waste and White goods collection. People tend to start piling them on the roadside. This has become a potential breeding grounds for vermin and eyesore.

The Green waste is collected quarterly as per council's schedule.

2. Shop / Supermarkets Inspections

Done to retail shops and all eateries within the Central Business District and Wailada Industrial areas.

3. Anti-Mosquito

With recent parts, vehicles and tyres importation, harboring grounds for mosquitoes has increased resulting in Dengue Fever outbreak. Mosquito spraying was conducted for the two wards for the year 2014.

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

4. Litter Decree

The Council is awaiting Department of Environment to implement the Litter Infringement Notice for all Councils.

Awareness program on 'litter' have been enforced by Council and spot fines will be issued to anyone who litters or breaches the Litter Promulgation 2008.

Green waste and white goods shall be undertaken by residents' subject to the Council schedules.

COMMUNICABLE DISEASE

Lami Town Council has not received any report during this year of the incidence of communicable disease in Lami Town.

TOWN BEAUTIFICATION PROJECT

In maintaining the hygiene and cleanliness of the Central Business District (CBD) pesticide control spraying was also done to control vermin's and insects within the facilities especially with eateries.

All business houses were advised to adhere to the requirements for renewal of business license for the year 2012 such as Waste Permit from department of Environment, OHS Certificate, National Fire Authority Certificate and Floor plan (only for new business).

TRAFFIC & ENFORCEMENT

The Council continued to book illegal taxis that are operating in Lami through issuing of TINS to the offenders. Seven day notices are being issued for illegal parking or obstruction of footpath by private vehicles owners and companies.

TOWN PLANNING – BUILDINGS

a) Summary of Building Applications

Building applications dealt with during the year:

Type of Application	Number
New Residential Buildings	49
Subdivision	1
Rezoning	1
Additional/Alterations/Repairs to Industrial Buildings	2
Additional/Alterations/Repairs to Residential Buildings	1
<u>Miscellaneous</u> Retaining Wall/Fence Sewer Connection/Underground Cabling	
School Building etc	0

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

The Councils appreciates the support and contribution of the Management and Community of Lami individually and collectively in the successful management and welfare of the Council and its citizen during the year, 2014.

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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File: 1295

8 May 2020

Mr. Isikeli Tikoduadua
The Chairman for Special Board of Administrators
Lami Town Council
LAMI

Dear Mr. Tikoduadua

AUDITED FINANCIAL STATEMENT

LAMI TOWN COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2014

Audited financial statements for Lami Town Council for the year ended 31 December 2014 together with my audit report on them are enclosed.

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

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

Encl.

cc: Permanent Secretary – Ministry of Local Government

LAMI TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

**LAMI TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**LAMI TOWN COUNCIL
COUNCILS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

COUNCIL REPORT

In accordance with the resolution of the Council, the Council herewith submits the statement of financial position at 31 December 2014, the related statement of comprehensive income, the statement of movement in funds and the statement of cash flows of the Council for the year then ended and report as follows:

Council Members

Lami Town Council operates under the supervision of the Special Administrator.

A team of special administrators was thereafter appointed by the Ministry of Local Government from 28th August 2019 headed by Mr Isikeli Tikoduadua as Head (Chairperson) of the Council, Mr Vilash Chand, Ms Janice Nand, Mrs Kerry Mara and Mr Vimal .

Management Staff

Special Administrator	Jasper Singh
Acting Chief Executive Officer	Selaima Maitoga
Senior Accounts/Revenue Officer	Vidya Wati Chand (served from June 2014 to January 2015)

Principal Activities

The Lami Town Council was established under the Local Government Act (Cap 125 Rev 2007) and Section 5 of the Subsidiary Legislation. The Council was established after being declared a town in 1977. Currently it has a total of over 1,220 ratepayers and ratable properties in the town. Apart from these services and others as required by the Local Government Act, the Council also provides other services.

Results

The operating deficit for the year is \$17,735 (2013: surplus of \$21,543).

Bad and doubtful debts

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

As at the date of this report, the Council is 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, the Council 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 believe 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 Council believe the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

Unusual Transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the Council, 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 Council, to affect substantially the results of the operations of the Council in the current financial year, other than those reflected in the financial statements.

LAMI TOWN COUNCIL
COUNCILS' REPORT *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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; and
- 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 Council, 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, the Council 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.

Signed for and on behalf of the Council.

Dated this ^{5th} day of *May* 2020.



.....
Chief Executive Officer

**LAMI TOWN COUNCIL
STATEMENT BY COUNCIL
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014;
- (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 2014;
- (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 2014;
- (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 2014;
- (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.

Signed for and on behalf of the Council.

Dated this ^{5th} day of *may* 2020.



.....
Chief Executive Officer

OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

LAMI TOWN COUNCIL

DISCLAIMER OF OPINION

I have audited the accompanying financial statements of the Lami Town Council which comprise the statement of financial position as at 31 December 2014, statement of changes in equity, statement of comprehensive income, statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 13.

I do not express an opinion on the accompanying financial statements of Lami Town Council. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I am unable to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion on these financial statement.

Basis for Disclaimer of Opinion

1. Included in the Property, Plant and Equipment (Note 5) is Roads and Streetlights with book value of \$13,344,649. The Council has not made any adjustment for the transfer of the roads, drains and verges to the Fiji Roads Authority (FRA) in accordance with the Fiji Roads Authority Act 2012. Accordingly, Property, Plant and Equipment and the depreciation expense is overstated by \$13,344,649 and \$196,379 respectively in the financial statements.
2. Included in cash and cash equivalent (Note 3) are bank overdraft for WBC and ANZ bank accounts of \$41,376 and \$18,903 respectively. The Council has used the bank deposits instead of receipts in preparation of the bank reconciliation. As a result, I was unable to obtain assurance whether all receipts have been banked and completely recorded in the general ledger. Consequently, I was unable to satisfy myself on the accuracy of bank overdraft balances stated in the financial statements.
3. There was an unreconciled variance of \$78,275 between the Council's Revenue Management System (CRM) which records all receipts and the total deposits made to the ANZ bank account number 1226653 – Lami Town Council. I was not provided with the details of the variance. Consequently, I was unable to determine whether any adjustments might have been necessary in respect of receipts at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position
4. Included in the Trade and Other Receivables (Note 4) is rates and garbage debtors totaling \$1,389,441. The amount for this receivable has accumulated from prior years. I note that the Council has not assessed for any impairment of this receivable balance. In addition, Council has not provided detail information on other receivables of \$25,663. Consequently, I was unable to obtain sufficient audit evidence to ascertain myself on the accuracy of the trade and other receivables of \$1,415,104 stated in the financial statements.
5. The Council was unable to provide documentary evidence to substantiate rates arrears of \$102,131, License and Permit fees of \$21,185, Stand fees of \$28,108 and Garbage fees of \$1,484. Accordingly, I was unable to satisfy myself on the accuracy of these revenue recorded in the statement of comprehensive income.

6. Included in current liability are Trade and Other payables (Note 6) of \$174,781. The Council was unable to provide a detailed listing of Sundry deposits of \$55,120. Consequently, I was unable to perform appropriate audit tests to ascertain myself on the accuracy of this balance. Additionally, accruals amounting to \$20,983 were not recorded in the general ledger.

As a result, I was unable to satisfy myself if the Trade and Other Payable balance of \$174,781 is fairly stated in the financial statements.

7. The Council has made adjustment to the prior period (Note 10) amounting to \$40,895. I was not provided with necessary supporting documents to substantiate this adjustment. Accordingly, I was unable to satisfy myself on the accuracy of this adjustment.
8. There are a number of differences for the comparative balances of 2014 financial year. The net impact of the variances amount to \$54,537 and \$173,570 on Net Assets and on Operating Surplus, respectively for the comparatives. Consequently, the comparative amount is not fairly stated in the financial statements.
9. The Council has made several entries in the general ledger through general journals. The Council does not have a journal voucher system in place for documenting and authorizing the journals. Consequently, this has limited my scope in verifying the accuracy of the journal entries posted in the general ledger.
10. The Council disclosed Capital Expenditure Commitment of \$386,000 (Note 13). I was not provided with the supporting documents to support this balance. As a result, I was unable to satisfy myself if the Capital Expenditure Commitment is fairly disclosed in the financial statements.

Emphasis of Matter

The Council only holds \$200 as cash on hand at balance date and is relying on bank overdraft for its operations. There has been no improvement from the prior year. This increases the risk of financial sustainability of the Council in future.

Other Matter

The internal controls relating to cash, receivables, revenue, payments, expenditures and processes for recordkeeping, maintenance of source documents and performing reconciliations needs to be reviewed and strengthened to promote better accountability, transparency and avoid possible leakages of Council funds.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS for SMEs, Local Government Act and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The Special Administrator and management are responsible of overseeing the entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My responsibility is to conduct the audit of the Lami Town Council's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. Because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion of these financial statements.

I am independent of the Lami Town Council within the meaning of International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
8 May 2020

LAMI TOWN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Operating Income			
Income	2 (a)	1,072,780	1,336,810
Other operating income	2 (b)	39,200	114,731
Expenses			
Salaries and Wages		(599,557)	(550,569)
Depreciation		(231,227)	(230,738)
Administrative expenses	2 (c)	(139,438)	(177,027)
Other general fund operating costs	2 (d)	(137,873)	(449,997)
Interest on long term borrowings		(21,621)	(21,667)
		<u>(1,129,715)</u>	<u>(1,429,998)</u>
Operating (deficit)/surplus for the year		(17,735)	21,543
Other comprehensive income		-	16,322,779
Total comprehensive (deficit)/ surplus for the year		<u>(17,735)</u>	<u>16,344,322</u>

LAMI TOWN COUNCIL
STATEMENT OF MOVEMENT OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2014

COUNCIL MUNICIPAL FUNDS	2014	2013
	\$	\$
<u>Accumulated funds</u>		
General fund		
Balance at the beginning of the year	13,992,188	(2,178,564)
Net (deficit)/surplus for the year	(183,560)	16,170,752
Balance at end of the year	13,808,628	13,992,188
Parking meter fund		
Balance at the beginning of the year	8,742	5,310
Net (deficit)/surplus for the year	(676)	3,432
Balance at end of the year	8,066	8,742
Loan service fund		
Balance at the beginning of the year	1,899,703	1,729,565
Net surplus for the year	166,501	170,138
Balance at end of the year	2,066,204	1,899,703
Total accumulated funds	15,882,898	15,900,633

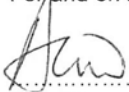
The accompanying notes form an integral part of the Statement of Movement of Funds.

LAMI TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalent	3	200	200
Trade and other receivables	4	1,415,104	1,397,386
		<u>1,415,304</u>	<u>1,397,586</u>
Non-current assets			
Property, plant and equipment	5	15,053,116	15,149,469
		<u>15,053,116</u>	<u>15,149,469</u>
Total assets		<u>16,468,420</u>	<u>16,547,055</u>
Council municipal funds			
Accumulated surplus/(deficit)		15,882,898	15,900,633
Current liabilities			
Trade and other payables	6	174,781	277,608
Employee benefit obligation	7	6,910	21,466
Bank overdraft	8	60,279	33,694
Term loan	8	87,696	87,696
Deferred income	9	116,477	16,237
		<u>446,143</u>	<u>436,701</u>
Non-current liabilities			
Term loan	9	47,442	57,986
Interest bearing borrowings	8	91,937	151,735
		<u>139,379</u>	<u>209,721</u>
Total equity and liabilities		<u>16,468,420</u>	<u>16,547,055</u>

The accompanying notes form an integral part of the Statement of Financial Position.

For and on behalf of the Council.



Chief Executive Officer

LAMI TOWN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 Inflows/ (Outflows)	2013 Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		1,077,588	1,387,229
Payments to suppliers		(994,250)	(1,176,679)
Interest and other costs of finance paid		(21,621)	(21,667)
Rates received in advance		-	1,178
Net cash flows provided by operating activities		<u>61,717</u>	<u>190,061</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(134,874)	(25,451)
Net cash flows (used in) investing activities		<u>(134,874)</u>	<u>(25,451)</u>
Cash flows from financing activities			
Proceed from grant		106,370	-
Net proceeds from borrowings		(59,798)	(126,409)
Net cash flows provided by/(used in) financing activities		<u>46,572</u>	<u>(126,409)</u>
Net (decrease)/increase in cash and cash equivalents		(26,585)	38,201
Bank overdraft at beginning of the year		<u>(33,494)</u>	<u>(71,695)</u>
Bank overdraft at the end of the year	3	<u><u>(60,079)</u></u>	<u><u>(33,494)</u></u>

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

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1.1 Corporate Information

The financial statements of Lami Town Council ("the Council") for the year ended 31 December 2014 were authorised for issue by the Chief Executive Officer on 5/5/20. The Council was incorporated in Fiji under the Local Government Act, 1972.

The principal activities of the Council are described in Note 16.

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 valuation of non - current assets. The financial statements are presented in Fijian dollars.

Statement of compliance

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

1.3 Changes in accounting policy and disclosures

For all periods up to and including the year ended 31 December 2013, the council prepared its Financial Statements in accordance with Fiji Accounting Standards. These Financial Statements for the year ended 31 December 2014 are the first the Council has prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

Accordingly, the Council has prepared Financial Statements which comply with IFRS for SMEs applicable for periods beginning on or after 1 January 2014 as described in the accounting policies. In preparing these Financial Statements, the Council's opening statement of financial position was prepared as at 1 January 2013, the Council's date of transition to International Financial Reporting Standard for Small and Medium-sized Entities. This note explains the principal adjustments made by the council in restating its Fiji Accounting Standards balance sheet as at 1 January 2013 and its previously published Fiji Accounting Standards financial statements for the year ended 31 December 2013.

Adoption of these standards did have certain effects on the performance or position of the council. It also gave rise to additional disclosures, including in some cases, revisions to accounting policies.

Changes to accounting policies as a result of the adoption of IFRS for SMEs are:

Section 3: *Financial Statement Presentation*

Section 8: *Notes to the Financial Statements*

Section 20: *Leases*

Section 24: *Government Grants*

Section 33: *Related Party Disclosure*

Section 3 Financial Statement Presentation

This section requires the Council to make disclosures to enable users of the financial statements to evaluate the Council's compliance with IFRS for SMEs, frequency of reporting, consistency of presentation and complete set of financial statements. These new disclosures are shown in the statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and notes to the financial statements.

Section 8 Notes to the Financial Statements

This section requires the Council to make disclosures to enable users of the financial statements to evaluate the Council's basis of presentation, disclosure of accounting policies, information about judgments, information about key sources of estimation uncertainty. The new disclosures are shown in the notes to the financial statement.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

1.3 Changes in accounting policy and disclosures *continued*

Section 20 Leases

This section requires the Council to make disclosures for finance lease and related lease commitments for leasehold land. These new disclosures are shown in property, plant and equipment and lease commitments notes.

Section 24 Government Grants

This section requires the Council to make disclosures for grants received from the government, Japanese Embassy and Asian Coalition. These new disclosures are shown in deferred revenue notes.

Section 33 Related Party Disclosure

The section requires that the Council's financial statements contain the disclosures necessary to draw attention to the possibility that its statement of financial position and statement of comprehensive income may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The new disclosure included the requirement to disclose the compensation paid to the key management personnel. This is reflected in related party disclosure note.

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 Council's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of Financial position 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.

Impairment losses on rates and fees receivable

The Council reviewed its rates and fee receivables at each reporting date to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgment by council is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

1.5 Summary of significant accounting policies

a) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 Summary of significant accounting policies *continued*

b) Financial instruments - initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

IFRS for SMEs allows for the adoption of IAS 39, financial assets within the scope of IAS 39 are classified as financial assets at fair value through statement of comprehensive income, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The council determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through statement of comprehensive income, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the council commits to purchase or sell the asset.

The Council's financial assets include cash and cash equivalents, and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through statement of comprehensive income

Financial assets at fair value through statement of comprehensive income includes financial assets held for trading and financial assets designated upon initial recognition at fair value through statement of comprehensive income. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through statement of comprehensive income are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the statement of comprehensive income. The Council has not designated any financial assets upon initial recognition at fair value through statement of comprehensive income.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or cost that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired,
- the Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Council has transferred substantially all the risks and rewards of the asset, or (b) the Council has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Council has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Council's continuing involvement in the asset.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 Summary of significant accounting policies *continued*

b) Financial instruments - initial recognition and subsequent measurement *continued*

i) Financial assets *continued*

Derecognition *continued*

In that case, the Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Council has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Council could be required to repay.

ii) Impairment of financial assets

The Council assesses at each reporting date whether there is any objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be readily estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Council first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Council.

If in the subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a receivable has a variable interest rate, the discount rate for measuring any impairment loss is current effective interest rate.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 Summary of significant accounting policies *continued*

b) Financial instruments - initial recognition and subsequent measurement *continued*

iii) Financial liabilities

Initial recognition and measurement

IFRS for SMEs allow the adoption of IAS 39, financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through statement of comprehensive income and borrowings, as appropriate. The Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of borrowings, plus directly attributable transaction costs.

The Council's financial liabilities include bank overdraft, trade and other payables and borrowings.

Subsequent measurements

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through statement of comprehensive income

Financial liabilities at fair value through statement of comprehensive income includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through statement of comprehensive income.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

The Council has not designated any financial liabilities upon initial recognition as at fair value through statement of comprehensive income.

Borrowings

After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount so recognised in the statement of comprehensive income.

iv) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 Summary of significant accounting policies *continued*

c) 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 statement of comprehensive income as incurred.

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

Office equipment	10% - 15%
Furniture and fittings	10%
Plant and machinery	8%
Motor vehicle	8%
Building, roads and bridges	1.25%

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 statement of comprehensive income 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.

d) 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.

e) Fund Accounting

The Lami 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.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

1.5 Summary of significant accounting policies *continued*

e) Fund Accounting *continued*

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 town.

Loan rate fund

This fund was created in 2003 for road upgrade and purchase of a rental property.

f) Provisions

Employee entitlements relating to wages, salaries and annual leave represent the amount which the Council has a present obligation to pay resulting from the employees' services provided up to balance date.

Wages and salaries 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.

g) 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 fulfillment 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 statement of comprehensive income.

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 statement of comprehensive income on a straight line basis over the lease term.

h) 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.

i) Revenue recognition

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

j) Income tax

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

k) Comparative figures

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

LAMI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2014

2. RESULTS FROM OPERATING ACTIVITIES	2014	2013
(a). Income	\$	\$
General fund	878,513	1,135,503
Parking meter fund	6,145	9,502
Loan service fund	188,122	191,805
	<u>1,072,780</u>	<u>1,336,810</u>
(b). Other operating income	\$	\$
Amortization of deferred income	10,544	10,544
Amortization of grant received - dump truck	6,130	-
Fiji Roads Authority claim	-	23,457
Grant	16,237	53,674
Photocopy	139	43
Miscellaneous income	6,150	27,013
	<u>39,200</u>	<u>114,731</u>
(c). Administrative Expenses	2014	2013
	\$	\$
Advertising	9,761	9,297
Accounting Fees	1,717	-
Audit Fees	6,814	15,307
Bank Charges	3,768	6,638
Computer Maintenance and Services	6,131	6,111
Councils Office Building improvements	-	11,131
Electricity and Water	12,269	10,832
Furniture and Fixtures special administrator office/chambers	-	313
Improvements to council building (Rental properties)	6,908	6,458
Insurance	5,285	20,800
Land Rental	14,094	6,115
Legal Expense	21,423	23,817
Office Equipment/Maintenance services	14,485	1,887
Printing and Stationary	17,303	19,698
Telephone	11,027	19,437
Training	-	773
Uniform	8,348	16,429
Valuation fees	104	-
Security and Surveillance	-	1,986
	<u>139,438</u>	<u>177,027</u>
(d). Other General Funds Expenses	2014	2013
	\$	\$
Enforcement services	6,550	8,140
Health Services	47,452	50,868
Parks, gardens and recreation areas	10,459	8,944
Public works and services	69,233	373,169
Council expense	4,178	8,876
	<u>137,873</u>	<u>449,997</u>

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	\$	\$
3. CASH AND CASH EQUIVALENT		
Cash on hand	200	200

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2014	2013
	\$	\$
Cash on hand	200	200
Bank overdraft - WBC (refer note 8)	(41,376)	(26,455)
Bank overdraft - ANZ (refer note 8)	(18,903)	(7,239)
Bank overdraft	(60,079)	(33,494)

	2014	2013
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Rate debtors	1,211,176	1,196,773
Garbage fee debtors	178,265	162,682
	1,389,441	1,359,455
Other receivables and prepayments	25,663	37,931
Total trade and other receivables	1,415,104	1,397,386

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

5. PROPERTY, PLANT AND EQUIPMENT	2014 \$	2013 \$
<u>General fund</u>		
<u>Land</u>		
Cost:		
At 1 January	962,931	962,931
Additions	-	-
At 31 December	962,931	962,931
Net book value	962,931	962,931
<u>Office equipment</u>		
Cost:		
At 1 January	77,361	69,426
Additions	12,267	7,935
At 31 December	89,628	77,361
<i>Depreciation and impairment:</i>		
At 1 January	(56,359)	(50,909)
Depreciation charge for the year	(5,649)	(5,450)
At 31 December	(62,008)	(56,359)
Net book value	27,620	21,002
<u>Furniture and fittings</u>		
Cost:		
At 1 January	16,657	10,272
Additions	-	6,385
At 31 December	16,657	16,657
<i>Depreciation and impairment:</i>		
At 1 January	(9,863)	(8,917)
Depreciation charge for the year	(1,042)	(946)
At 31 December	(10,905)	(9,863)
Net book value	5,752	6,794
<u>Motor vehicles</u>		
Cost:		
At 1 January	408,480	408,480
Additions	122,607	-
At 31 December	531,087	408,480
<i>Depreciation and impairment:</i>		
At 1 January	(364,167)	(350,539)
Depreciation charge for the year	(16,974)	(13,628)
At 31 December	(381,141)	(364,167)
Net book value	149,946	44,313

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

5. PROPERTY, PLANT AND EQUIPMENT *continued*

	2014 \$	2013 \$
<u>General fund continued</u>		
<u>Building and properties</u>		
Cost:		
At 1 January	619,998	608,867
Additions	-	11,131
At 31 December	619,998	619,998
Depreciation and impairment:		
At 1 January	(81,210)	(73,600)
Depreciation charge for the year	(7,609)	(7,610)
At 31 December	(88,819)	(81,210)
Net book value	531,179	538,788
<u>Roads and street lights</u>		
Cost:		
At 1 January	15,778,477	15,778,477
Additions	-	-
At 31 December	15,778,477	15,778,477
Depreciation and impairment:		
At 1 January	(2,237,449)	(2,041,070)
Depreciation charge for the year	(196,379)	(196,379)
At 31 December	(2,433,828)	(2,237,449)
Net book value	13,344,649	13,541,028
<u>Plant and equipment</u>		
Cost:		
At 1 January	128,160	128,160
Additions	-	-
At 31 December	128,160	128,160
Depreciation and impairment:		
At 1 January	(126,781)	(123,629)
Depreciation charge for the year	-	(3,152)
At 31 December	(126,781)	(126,781)
Net book value	1,379	1,379
<u>Parking meter fund</u>		
<u>Plant and equipment</u>		
Cost:		
At 1 January	44,677	44,677
Additions	-	-
At 31 December	44,677	44,677

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

5. PROPERTY, PLANT AND EQUIPMENT *continued*

	2014	2013
	\$	\$
<u>Parking meter fund <i>continued</i></u>		
<u>Plant and equipment <i>continued</i></u>		
<i>Depreciation and impairment:</i>		
At 1 January	(11,443)	(7,869)
Depreciation charge for the year	(3,574)	(3,574)
At 31 December	(15,017)	(11,443)
Net book value	29,660	33,234
Net written down value	15,053,116	15,149,469

On transition to IFRS for SMEs, the Council has elected to measure all items of property, plant and equipment at deemed costs, and has used the revalued amounts as at 1 January 2013 as the deemed cost. The revaluation resulted in a gain of \$16,322,779.

6. TRADE AND OTHER PAYABLES

	\$	\$
<u>General fund</u>		
Rates received in advance	7,697	8,916
Sundry deposits	55,120	55,120
Taxi base fees received in advance	1,006	-
Trade creditors	108,757	211,344
Value added tax payable	-	1,298
	172,580	276,678
<u>Parking meter fund</u>		
Trade creditors	2,201	930
Total trade and other payables	174,781	277,608

Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing and are normally settled on 30-60 days term.

7. EMPLOYEE BENEFIT OBLIGATION

	\$	\$
Annual leave - general fund	6,420	5,143
Annual leave - parking meter fund	490	16,323
	6,910	21,466

8. INTEREST BEARING BORROWINGS

		\$	\$
<u>Bank Overdraft</u>			
Bank overdraft - WBC	8(a)	41,376	26,455
Bank overdraft - ANZ	8(b)	18,903	7,239
		60,279	33,694
<u>Term Loan - Current</u>			
Secured loan	8(c)	87,696	87,696
		87,696	87,696

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

8. INTEREST BEARING BORROWINGS *continued*

2014
\$

2013
\$

Non-current

Secured loan	8(c)	<u>91,937</u>	<u>151,735</u>
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Particulars relating to interest bearing borrowings:

- a) The Council has an overdraft facility. Interest is charged at the rate of 8.49% per annum;
- b) The Council has an overdraft facility. Interest is charged at the rate of 15% per annum;
- c) The loan bears interest of 8.49% per annum and is repayable over a period of 10 years. The loan is secured by:
 - i) Registered first mortgage number 510552 by Lami Town Council;
 - ii) Registered first mortgage number 510554 by Lami Town Council;
 - iii) Registered Pari Passu debenture for \$385 over all its assets and undertakings without any preference of priority of existing debenture over another; and
 - iv) Registered Pari Passu debenture for \$450 over all its assets and undertakings without any preference of priority of existing debenture over another.

9. DEFERRED INCOME

\$

\$

Government grant - garbage truck

9(a)

Balance at 1 January	-	-
Grant received during the year	122,607	-
Deferred income recognised during the year	(6,130)	-
Balance at 31 December	<u>116,477</u>	<u>-</u>

Asian Coalition grant - sanitary facility

9(b)

Balance at 1 January	16,237	69,911
Deferred income recognised during the year	(16,237)	(53,674)
Balance at 31 December	<u>-</u>	<u>16,237</u>

Japanese grant - garbage compactor truck

9(c)

Carrying amount at the beginning of the year	57,986	68,530
Depreciation charge for the year	(10,544)	(10,544)
Carrying amount at the end of the year	<u>47,442</u>	<u>57,986</u>

Total deferred income	<u>163,919</u>	<u>57,986</u>
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The deferred income is shown on the statement of financial position as follows:-

Current	116,477	16,237
Non-current	47,442	57,986
	<u>163,919</u>	<u>74,223</u>

Particulars relating to deferred income:

- a) Represents grant received from the government for the purpose of acquiring garbage truck;
- b) Represents grant received from Asian Coalition for community action - building a sanitary facility for the residents of Kalekana; and
- c) Represents garbage truck donated by the Japanese Embassy in February 2007.

LAMI TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS *continued*****FOR THE YEAR ENDED 31 DECEMBER 2014**

10. PRIOR PERIOD ADJUSTMENT

The statement of comprehensive income, the statement of changes in equity, and the statement of financial position of the general fund for the year 2013 was restated due to double posting of rates discount adjustment in the books of account. The discrepancy was material to the council's comprehensive income. The correction of prior period discrepancy has resulted in decreases in the following general fund accounts in the statement of comprehensive income, the statement of changes in equity, and the statement of financial position:

	2013
<u>Statement of comprehensive income</u>	\$
Collection of arrears of rates	(40,895)
Total revenue	(40,895)
 <u>Statement of changes in equity</u>	 \$
Accumulated funds	(40,895)
Total accumulated funds	(40,895)
 <u>Statement of financial position</u>	 \$
Accumulated funds	(40,895)
Total accumulated funds	(40,895)
Trade and other receivables	(40,895)
Total current assets	(40,895)
Total assets	(40,895)

11. RELATED PARTY TRANSACTION

Lami Town Council operates under the supervision of the Special Administrator.

12. CONTINGENT LIABILITIES

Contingent liabilities as at balance date amounted to nil (2013: \$nil).

13. EXPENDITURE COMMITMENTS

	2014	2013
	\$	\$
a) Capital expenditure commitments	386,000	-
Capital expenditure commitment of \$386,000 relates to the following:		
- Upgrading of public utilities such as market, bus shelter, restrooms, wheel clamps, Tikaram Park and Johnny Singh Park;		
- Improvements to the Council's rental properties and office building;		
- Purchase of parking meters and vehicles; and		
- Construction of vehicle garage, taxi booth and carrier booth.		

14. SUBSEQUENT EVENTS

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.

15. COUNCIL DETAILS

The registered office and the principal place of operation of the Council is:

59 Marine Drive

GPO Box 3160

Lami

LAMI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

16. PRINCIPAL ACTIVITIES

The Lami Town Council was established under the Local Government Act (Cap 125 Rev 2007) and Section 5 of the Subsidiary Legislation. The Council was established after being declared a town in 1977. Currently it has a total of over 1,220

17. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Chief Executive Officer on behalf of the Council and authorised for issue on

_____.

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

17. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO INTERNATIONAL FINANCIAL REPORTING
STANDARD FOR SMALL AND MEDIUM-SIZED ENTITIES ("IFRS FOR SMEs")

RECONCILIATION OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

	FAS \$	Adjustments \$	IFRS for SMEs \$
Operating Income			
Income	1,377,705	-	1,377,705
Other operating income	114,731	-	114,731
Expenses			
Administrative expenses	(287,474)	-	(287,474)
Depreciation	(230,738)	-	(230,738)
Interest on long term borrowings	(21,667)	-	(21,667)
Other general fund operating costs	(887,622)	-	(887,622)
Parking meter fund operating costs	(2,497)	-	(2,497)
	<u>(1,429,998)</u>	<u>-</u>	<u>(1,429,998)</u>
Operating surplus for the year	62,438	-	62,438
Other comprehensive income	-	16,322,779	16,322,779
Total comprehensive surplus for the year	62,438	16,322,779	16,385,217

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

17. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO INTERNATIONAL FINANCIAL REPORTING STANDARD FOR SMALL AND MEDIUM-SIZED ENTITIES ("IFRS FOR SMEs") *continued*

RECONCILIATION OF EQUITY AS AT 1 JANUARY 2013

	FAS	Adjustments	IFRS for SMEs
Current assets			
Cash and cash equivalent	100	-	100
Trade and other receivables	1,322,546	-	1,322,546
	<u>1,322,646</u>	<u>-</u>	<u>1,322,646</u>
Non-current assets			
Property, plant and equipment	<u>15,354,757</u>	<u>-</u>	<u>15,354,757</u>
TOTAL ASSETS	<u>16,677,403</u>	<u>-</u>	<u>16,677,403</u>
Council municipal funds			
Accumulated deficit	(443,689)	16,322,779	15,879,090
Asset revaluation reserve	16,322,779	(16,322,779)	-
	<u>15,879,090</u>	<u>-</u>	<u>15,879,090</u>
Current liabilities			
Trade and other payables	258,960	-	258,960
Employee benefit obligation	16,950	-	16,950
Interest bearing borrowings	159,491	-	159,491
Deferred income	69,911	-	69,911
	<u>505,312</u>	<u>-</u>	<u>505,312</u>
Non-current liabilities			
Deferred income	68,530	-	68,530
Interest bearing borrowings	224,471	-	224,471
	<u>293,001</u>	<u>-</u>	<u>293,001</u>
TOTAL EQUITY AND LIABILITIES	<u>16,677,403</u>	<u>-</u>	<u>16,677,403</u>

LAMI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

**17. RESTATEMENT OF EQUITY FROM FIJI ACCOUNTING STANDARDS TO INTERNATIONAL FINANCIAL REPORTING
STANDARD FOR SMALL AND MEDIUM-SIZED ENTITIES ("IFRS FOR SMEs") *continued***

RECONCILIATION OF EQUITY AS AT 31 DECEMBER 2013

	FAS	Adjustments	IFRS for SMEs
Current assets			
Cash and cash equivalent	200	-	200
Trade and other receivables	1,397,386	-	1,397,386
	<u>1,397,586</u>	<u>-</u>	<u>1,397,586</u>
Non-current assets			
Property, plant and equipment	<u>15,149,469</u>	<u>-</u>	<u>15,149,469</u>
TOTAL ASSETS	<u>16,547,055</u>	<u>-</u>	<u>16,547,055</u>
Council municipal funds			
Accumulated surplus/(deficit)	(422,146)		(422,146)
Asset revaluation reserve	16,322,779		16,322,779
	<u>15,900,633</u>	<u>-</u>	<u>15,900,633</u>
Current liabilities			
Trade and other payables	277,608	-	277,608
Employee benefit obligation	21,466	-	21,466
Interest bearing borrowings	151,735	-	151,735
Deferred income	16,237	-	16,237
	<u>467,046</u>	<u>-</u>	<u>467,046</u>
Non-current liabilities			
Deferred income	57,986	-	57,986
Interest bearing borrowings	151,735	-	151,735
	<u>209,721</u>	<u>-</u>	<u>209,721</u>
TOTAL EQUITY AND LIABILITIES	<u>16,577,400</u>	<u>-</u>	<u>16,577,400</u>

LAMI TOWN COUNCIL
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

GENERAL FUND	2014	2013
	\$	\$
Revenue		
Advertising	13,571	18,057
Collection of arrears of rates	102,131	117,816
Contractual receipts	-	3,975
Garbage fees	90,978	221,100
General rates	421,409	356,106
Hire and rental of council properties	107,474	107,675
Interest on overdue rates	13,606	40,478
License and permit fees	76,456	74,239
Market fees	29,320	26,369
Rates in arrears	-	129,709
Stand fees	23,568	39,979
	<u>878,513</u>	<u>1,135,503</u>
Other Income		
Amortization of deferred income	10,544	10,544
Amortization of grant received - dump truck	6,130	-
Fiji Roads Authority claim	-	23,457
Grant	16,237	53,674
Photocopy	139	43
Miscellaneous income	6,150	27,013
	<u>39,200</u>	<u>114,731</u>
Total revenue	<u>917,713</u>	<u>1,250,234</u>
Less: Expenditure		
Council expenses	5,154	9,071
Depreciation	227,653	227,165
Enforcement services	87,110	111,617
General administration	235,545	287,474
Health services	222,670	250,616
Parks, gardens and recreation areas	37,709	28,018
Public works and services	285,432	488,300
Total expenditure	<u>1,101,273</u>	<u>1,402,261</u>
Operating deficit for the year	<u>(183,560)</u>	<u>(152,027)</u>

LAMI TOWN COUNCIL
DETAILED STATEMENT OF COMPREHENSIVE INCOME *continued*
FOR THE YEAR ENDED 31 DECEMBER 2014

PARKING METER FUND	2014	2013
	\$	\$
Revenue		
Infringement fines	2,206	2,601
Parking meter tolls	3,939	6,901
Total revenue	<u>6,145</u>	<u>9,502</u>
Less: Expenditure		
Depreciation	3,574	3,573
Repairs and maintenance	3,247	2,497
Total expenditure	<u>6,821</u>	<u>6,070</u>
Operating (deficit)/surplus for the year	<u><u>(676)</u></u>	<u><u>3,432</u></u>

LAMI TOWN COUNCIL
 DETAILED STATEMENT OF COMPREHENSIVE INCOME *continued*
 FOR THE YEAR ENDED 31 DECEMBER 2014

LOAN SERVICE FUND	2014 \$	2013 \$
Revenue		
Loan rates	188,122	191,805
Total revenue	<u>188,122</u>	<u>191,805</u>
Less: Expenditure		
Interest	21,621	21,667
Total expenditure	<u>21,621</u>	<u>21,667</u>
Operating surplus for the year	<u><u>166,501</u></u>	<u><u>170,138</u></u>