

Annual Report 2016

Public
RENT  **L**
Board



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OUR VISION

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

OUR MISSION

The Public Rental Board will achieve its Vision through:

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

CORPORATE OBJECTIVES

Re-profiling

Re-profiling of customers in order to obtain a better understanding of PRB customers. Provide Government with a more precise determination of rental subsidy and Non Commercial Obligation (NCO).

Definition and assertion of the socio-economic standing of income range of PRB customers. Encourage homeownership for customers earning above \$317 weekly household combined income.

Rent Review

Equitable distribution of subsidy and social cost (non-commercial obligation) compensated by Government.

Maintain rentals at viable level.

Increase income.

Government Grant

Continue assisting financially disadvantaged tenants.

Building more flats that are affordable to customers.

Subsidy on construction costs.

Rental subsidy requested to Government to make rental affordable to customers.

Rental Property Stock versus Demand

Better information and viable partnerships with other developers of low cost rental accommodation to meet demand.

Plan and construct at least 1,000 flats per annum.

Determine economic rental at different income levels and establish demand.

PRB's Revenue and Cost Structure

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

Socio Economic Obligation

Reduce squatter settlements.

Promote healthy living.

House urban workforce.

Housing tenants in export finance and import substitute industries.

LETTER TO THE **MINISTER**

7th December 2017

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

Dear Hon Minister

Re: 2016 ANNUAL REPORT

Please find attached the PRB 2016 Annual Report. This report incorporates details of the operations and activities of PRB for year ending 31st December 2016.

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

We acknowledge Government's commitment in the support to the financially disadvantaged tenants of PRB and we look forward for a continued partnership with Government in serving the low income earners in the coming years.

Yours Sincerely,



.....
Mr Umarji Musa
Acting Board Chairman

BOARD MEMBERS



Umarji Musa- Acting Board Chair

Mr. Musa holds a Bachelor of Arts degree in Economics and a number of professional credentials. He joined Fiji Development Bank in 1974 and retired in 2010 after serving 36 years. He has had a distinguished career, having held the position of General Manager in the Bank's Lending Operations for 21 consecutive years prior to his retirement. Mr. Musa was appointed as PRB Director in September 2010 and brings across extensive experience in Banking, Financial Analysis, Project Finance, Agricultural Credit and managing large scale, complex and diverse projects. Currently, he practices as an independent Business and Finance Consultant and also serves on a number of Boards.



Craig Strong – Board Member

Appointed to the Board in May 2016. Mr Strong holds a Bachelor's Degree in Business Studies from Massey University in New Zealand with other professional credentials and is the General Manager for Pacific Agencies Fiji Limited. With an extensive commercial and shipping background, Mr Strong is also a member of various business councils between Fiji and a few regional countries and is a board member in various organizations in Fiji.



Roveen Permal – Board Director

Appointed to the Board in May 2016. Mr Permal holds a Bachelor's Degree in Civil Engineering from the University of New South Wales in Australia. Currently Mr Permal is a Senior Civil Engineer at HLK Jacob Limited with extensive background in structural engineering, construction engineering and project management. He is a member of the Institute of Engineers of both Fiji and Australia.



Nesbitt Hazelman – Board Director

Appointed to the Board in May 2016, Mr Hazelman holds a Post-Graduate Certificate in Human Resource Management from Australian Training and Quality College, a Bachelor of Arts with double majors in Management and Sociology and a Diploma in Industrial Relations and Personnel Management from the University of the South Pacific. He has over 31 years of experience in Human Resources, Industrial Relations and Executive Management. He is the current Chief Executive Officer of the Fiji Commerce Employers Federation.

CHAIRMAN'S REPORT



The Public Rental Board has continued to deliver quality and affordable rental flats while striving to meet its challenges to improve business efficiency, construct new rental flats and secure sustainability.

On behalf of the Board of Directors, it gives me great pleasure to deliver the Chairman's report for the year 2016.

The Public Rental Board reported another year of favorable results achieving increased revenues and higher operating profits. It recorded an adjusted profit of \$1,077,861.00 in 2016 compared to \$359,943.00 in 2015. PRB also achieved four years of increasing and consecutive profits. The operating income increased from \$3.51 million in 2015 to \$3.88 million in 2016, an increase of 11%. This was

a result of increase in rental flats from 1343 to 1553 after the development of Raiwai Flats. The flats were completed in 2015 and were fully allocated for tenancy in 2016.

PRB aims to develop more affordable rental flats for low income earners around Fiji to meet the increasing demand and promote government's objectives in providing affordable rental housing. Moreover, PRB completed upgrading of its ICT infrastructure in 2016 that is now assisting largely our business system improving efficiency at operational level increasing rent collection to 89%.

Furthermore, PRB together in collaboration with Housing Authority is moving towards innovative solutions to meeting the demand for low cost rental housing, facilitate and promote transitional housing to its tenants and rent to own scheme.

The two major on-going projects undertaken by the board were Naqere and Kalabo low cost housing projects and is expected to complete by 2017. This projects will meet the market demand and upon completion of the Housing Projects this will give shelter to 84 new families. Currently, there are 1553 flats and in the coming year demand survey would be undertaken to update its data base and provide a more accurate forecast of demand for long term planning purpose.

Housing remains an essential role in improving the lives of local residents and communities. Whilst there will always be difficult issues to deal with, it is also a time of opportunities for the Public Rental Board. Following a number of challenges over the past years, we have been able to address the contractual and governance issues with tenants which have overshadowed our work, and are now looking forward to the coming year and our plans for major investments in the future particularly the Raiwaqa property development with the concept of building communities, upgrading works and safety of tenants at heart.

I must acknowledge the efforts of the management and staff of Public Rental Board for their significant contribution towards the Board and to the well-being of the community.

I also take this opportunity to thank the Government for its continuing support in the provision of annual subsidy grants and funding for projects. Together with this, a special note of thanks to the Board members of Public Rental Board for their positive contribution in taking the Public Rental Board forward.

A handwritten signature in black ink, appearing to read 'Umarji Musa', written over a dotted line.

Mr Umarji Musa
Acting Board Chairman

GENERAL MANAGER'S REPORT



As the Acting General Manager of Public Rental Board, it is my pleasure to present the Annual Report for the financial year ending 2016.

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

Board is to provide affordable and quality rental housing for all Fijians that are appropriate to their housing needs.

A brief highlight of the activities undertaken by the Board in 2016.

The board continued to promote Community Development especially in estates. Community meetings, awareness and Estate beautification took place in many of our Estates bringing the youth groups, women groups and estate committees together.

The Board has two building projects at Savusavu and Kalabo that are substantially completed which heads in the direction to meet the market demand. Upon completion of the Housing Projects this will give shelter to 84 new families.

Incorporated in the Report are the following financial highlights for 2016;

- Prospective Tenant Waitlist
- Rent Collection Report
- Financial Highlights
- and Ratios

I take this opportunity to give my heartfelt appreciation to the Board of Directors, Management and Staff of Public Rental Board for all their efforts in bringing PRB this far re-assuring Tenants and Stakeholders that we shall always endure to meet their expectations. We will continue to focus on improving and fine-tuning our services towards our customers to ensure we respond to their needs effectively and efficiently.

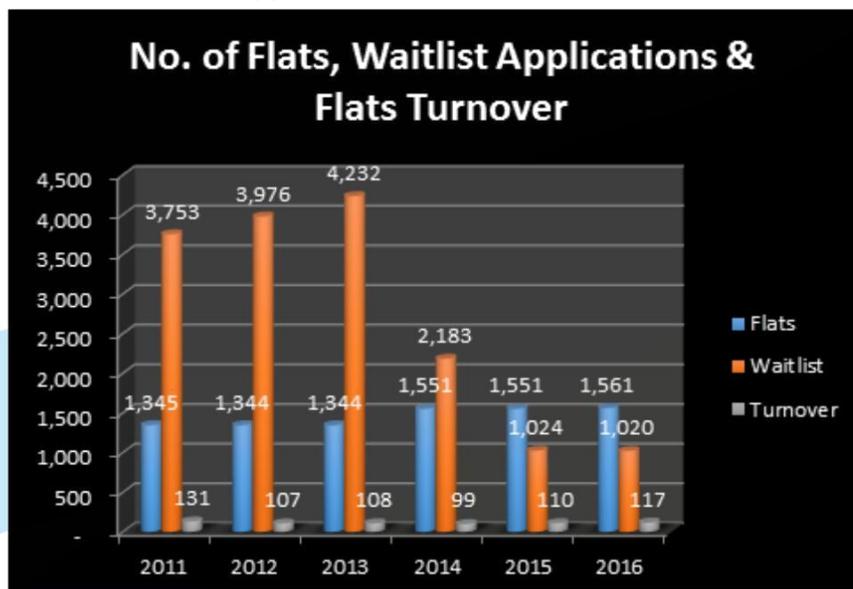
Reduce waitlisted applicants

PRB has had its own challenges in meeting the demand for rental flats. We have never been able to catch up with waitlisted applications registered with the Board. Exorbitant construction cost has not assisted PRB in fulfilling the ever-increasing demand. PRB currently has 1553 flats rented out against further demand which is in excess of 1024. PRB's rental flats are located in 28 estates around the country.

A five - year comparison on the number of flats available for renting against waitlist and turnover of flats is presented in the graph below. Given the current trend of flat turnover, the board is continuously networking with housing stakeholders in an effort to increase the flat turnover and reduce the waitlist at the same time increase the number of flats. Simla housing project comprising of 36 units is expected to commence by early next year.

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

The waitlist in the graph below, decreased drastically from 2014 due to construction of new Raiwai Flats and uninterested applicants.



Corporate Governance

The Board of Directors and Management are responsible for corporate governance and remain committed to upholding high standards of integrity and transparency. The Board continues to further strengthen its Corporate Governance.

Role of the Board

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

PRB in collaboration with Housing Authority is moving towards innovative solutions in meeting the demand for low cost rental housing, facilitate and promote transitional housing to its tenants and rent to own scheme.

Meetings of the Board

The regular business of the Board during its meetings cover business and strategic matters, governance and compliance, Management reports, financial report and overall performance of PRB. The current Board members were appointed in May 2016 and their attendance at Board meetings during the financial year under review is tabled below:

Director	Number of Meetings Conducted	Number of Meetings Attended	Apologies Received
Mr. Umarji Musa	6	6	-
Mr. Roveen Permal	6	6	-
Mr. Nesbitt Hazelman	6	5	1
Mr. Craig Strong	6	3	3

The Board met on 5 occasions for its regular meetings and 1 Special Board Meeting during the year under

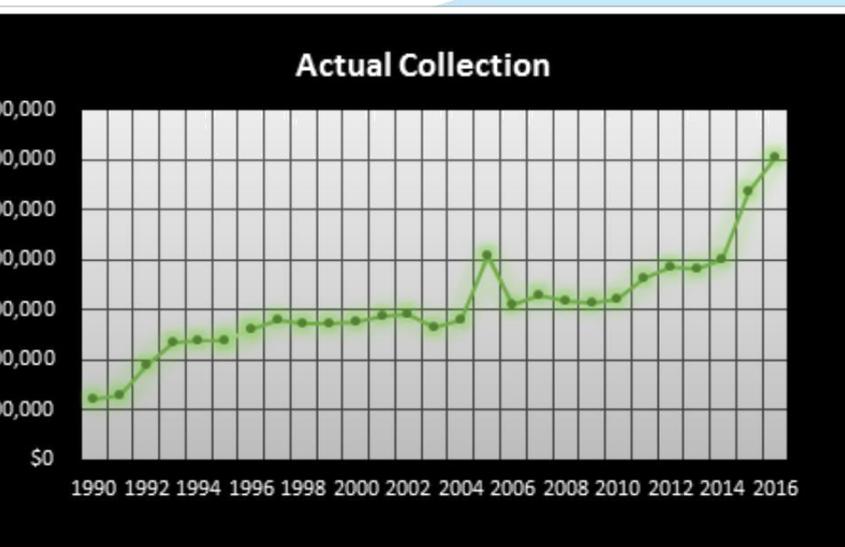
review. No meetings were held between January to April 2016 due to the expiry of the Directors term and there being no Quorum.

Rental Revenue

PRB charged rent of \$3,882,818 in the reporting year. The total rent collected includes rent for the period, arrears payments, and advance rental payments by tenants. The total collection against rental charged as of 2016 was \$3,018,657.01 or approximately 78%.

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

Actual Collections Comparison: 1990 to 2016 : Table 1



ACTUAL COLLECTION	
1990	\$ 615,000
1991	\$ 650,336
1992	\$ 954,104
1993	\$ 1,174,526
1994	\$ 1,187,169
1995	\$ 1,200,756
1996	\$ 1,301,729
1997	\$ 1,401,013
1998	\$ 1,370,155
1999	\$ 1,370,155
2000	\$ 1,389,168
2001	\$ 1,445,754
2002	\$ 1,456,199
2003	\$ 1,332,285
2004	\$ 1,392,923
2005	\$ 2,040,905
2006	\$ 1,555,592
2007	\$ 1,638,105
2008	\$ 1,589,496
2009	\$ 1,573,695
2010	\$ 1,606,895
2011	\$ 1,823,235
2012	\$ 1,921,375
2013	\$ 1,912,632
2014	\$ 1,998,859
2015	\$ 2,683,635
2016	\$ 3,018,657

General Maintenance

PRB commenced the second round of general maintenance program in the year 2008. This second cycle was completed in year 2015. PRB undertakes general improvements and upgrading of its facilities such as tiling wet and living areas, grills, placement of ceiling, over roll painting and repairs. After completion of the general maintenance in all PRB rental estates, rental charges are reviewed accordingly taking into consideration rent.

Financially disadvantaged tenants are assisted with subsidy according to the allocation criteria. General maintenance and review of rental is essentially important for PRB because revenue from rental is the major

contributing source of income for the Board apart from rental subsidy from government. General maintenance undertaken in 2016 were in the following estates as presented in Table 2.

Table 2

Estates	Contractor	Budget (\$)	Expenditure (\$ (2016))
Mead Road	Upgrading of Railings In-house Maintenance Team	\$39,759	\$39,759
Kalabo Flats	In-house Maintenance Team	\$244,000	\$218,957

Distribution of Rental Subsidy

Subsidy is allocated to tenants based on their household Weekly Gross Income (WGI) in accordance with the subsidy allocation criteria. Some 861 financially disadvantaged tenants received a total of \$770,790 subsidy assistance in 2016. Rental subsidy assistance is calculated taking the difference between the actual rent charge and the tenant contribution.

The subsidy criteria were reviewed in year 2010 following a valuation of properties to determine the market rent charge and claim the non-commercial obligations (social cost) from Government's annual subsidy grant. The 2010 subsidy allocation criteria were further reviewed in 2016. Subsidy is allocated according to the subsidy agreement between the Ministry of Housing and the Board. The 2016 subsidy criteria is as follows:

2016 Subsidy Criteria

	Income Range	Criteria	Comments
1	HH Weekly Gross Income \$0 – \$100 less 8% FNPF	5% of Income	Tenant Contribution = 5% of WGI or \$5 as minimum
2	HH Weekly Gross Income \$101 – \$125 less 8% FNPF	8% of Income	Tenant Contribution = 8% of WGI
3	HH Weekly Gross Income \$126 – \$150 less 8% FNPF	11% of Income	Tenant Contribution = 11% of WGI
4	HH Weekly Gross Income \$151 – \$175 less 8% FNPF	14% of Income	Tenant Contribution = 14% of WGI
5	HH Weekly Gross Income \$176 – \$200 less 8% FNPF	17% of Income	Tenant Contribution = 17% of WGI
6	HH Weekly Gross Income \$201 – \$250 less 8% FNPF	20 % of Income	Tenant Contribution = 20% of WGI

Social Cost

The 2016 social cost (difference between market rent and actual rent) was directly funded by Government through the government grant. Government's contribution towards payment of social cost was approximately \$85,498 for the reporting year.

New Developments and Construction Kalabu Housing Project

Government provided a grant of \$1.5 million in the 2014 National Budget and a further grant of 741,344 in the 2015 National Budget. Construction started in June 2014 for 36 one bedroom units at Kalabu. This project has been delayed due to extra works in taking the foundation down about 4 meters to the solid and construction of a retaining wall approximately 8 meters in height to stabilize the rear embankment apart from other contributing factors. This project is anticipated to complete in December 2017.

Savusavu Housing Project

Government provided a grant of \$500,000 in the 2014 National Budget and a further \$3.34 million in the 2015 National Budget for Savusavu project. Construction commenced in March 2015 comprising of 32 one bedroom and 16 two-bedroom flats; total of 48 flats. This project is anticipated to complete in November 2017.

Tenancy Management

The board is reviewing the tenancy agreement in line with its targets to achieve 100% valid tenancies at any time.

Table 3

	No. of flats	Valid Tenancies	Tenancies In-Valid for renewal	No. of Agreements issued in 2016	No. of Agreements issued in 2015
No. of Tenancies	1553	1457	94	370	188

Sale of Rental Flats

Makoi rental estate flats were sold to the sitting tenants in 1992, however, one flat is still pending due to some technical glitch in the registration of titles. Progressive attempts have been made to correct the situation with assistance from the Housing Authority. We anticipate selling this in 2017.

Financial Highlights

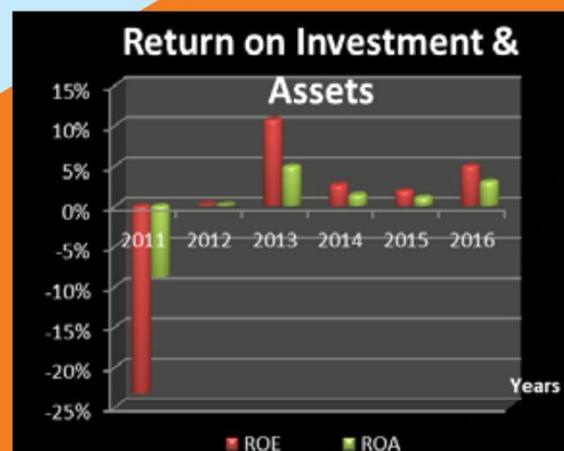
TOTAL ASSETS & SHAREHOLDER'S FUNDS		
Years	Total Assets	Total SH Funds
2011	8,486,877	3,613,371
2012	8,746,018	3,889,559
2013	9,076,368	4,330,386
2014	30,618,946	16,790,770
2015	35,434,598	21,078,972
2016	35,260,982	22,156,833



OPERATING REVENUE & NET PROFIT		
Years	Operating Revenue	Net Profit
2011	2,663,162	(750,412)
2012	2,752,632	8,565
2013	2,872,738	440,827
2014	2,942,694	277,949
2015	3,665,560	359,943
2016	4,046,339	1,077,861



RETURN ON INVESTMENT & ASSETS		
Years	ROE	ROA
2011	-23%	-9%
2012	0.2%	0.1%
2013	11%	5%
2014	3%	1%
2015	2%	1%
2016	5%	3%



Note: The figures for ROA & ROE were amended based on standard formula for computation of ROA & ROE

Financial Report Statement of Comprehensive Income (Extract)

	12 Months period ending 31.12.16	12 Months period ending 31.12.15
Total Income	4,046,339	3,665,560
Total Expenses	-2,823,624	-3,099,829
Operating profit before interest expenses	1,222,715	565,731
<i>Operating profit % to Total Income</i>	<i>30.22%</i>	<i>15.43%</i>
Interest Expenses	144,854	(205,788)
Net profit for the years	1,077,861	359,943
<i>Net Profit % to Total Income</i>	<i>26.64%</i>	<i>9.82%</i>
Other comprehensive income	-	-
Total comprehensive income for the year	1,077,861	359,943
<i>% to Total Income</i>	<i>26.64%</i>	<i>9.82%</i>

Total Income reported as at 31st December 2016 increased by approximately 10% compared against the same period last year. Increases were reported in rental income from Raiwai estate as at 2016 the Raiwai flats were fully occupied.

Total comprehensive surplus (net profits) for year 2016 increased by approximately 199% compared against the same period last year. Total expenses decreased by approximately 10%. The decrease in expenses was noted for utilities/Council/ Insurance and repairs & maintenance expenses.

Statement of Financial Position (Extract)

	12 Months period ending 31.12.16	12 Months period ending 31.12.15
Non Current Asset	29,636,485	28,509,735
Current Asset	5,624,497	6,924,864
Total Asset	35,260,982	35,434,599
Total Equity	22,156,833	21,078,972
Non Current Liabilities	8,896,836	9,698,527
Current Liabilities	4,207,313	4,657,100
Total Liabilities	13,104,149	14,355,627
Total Equity and Liabilities	35,260,982	35,434,599

Non-Current assets increased by approximately 4% taking into consideration the two capital projects still under construction at Kalabu (Nasinu) & Naqere (Savusavu). Current Assets decreased by approximately 19% utilization of the capital grant for the two construction projects. Total equity increased by approximately 5%.

Cash Flow

Net cash flow for the financial year ending 31st December 2016 was managed efficiently.

Financial Ratio Analysis

Liquidity & Activity Analysis

Liquidity analysis measures the adequacy of the Board's cash resources to meet its near-term cash obligations. Activity analysis evaluates revenue and output generated by the Board's assets.

Current Ratio

	2016	2015
Current Asset / Current Liabilities	1.34	1.49

Average No. of Days Receivables Outstanding – Measures the effectiveness of the Board's credit policies and indicates the level of investment in receivables needed to maintain a desired rental income level.

	2016	2015
Average No. of Days Receivables Outstanding	8	8

Average collection days remain same in the reporting year compared against the same period last year.

Long-Term Debt and Solvency Analysis

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

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

	2016	2015
Total Debt / Total Equity	0.59	0.68

The debt to equity ratio for financial year ending 2016 decreased compared against same period last year. This is mainly due to Government Grant reported in Equity.

Profitability Analysis

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

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

ROA is calculated using the formula: Net Profit/Average Total Assets

	2016	2015
Return on Assets	3.05%	1.09%

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

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

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

	2016	2015
Return on Equity	4.99%	1.90%

ROE increased by approximately 3.09% compared against the same period for the previous year. It is generally accepted that a high return on equity is capable of generating cash internally. The required rate of return on equity ratio under the Public Enterprise Act is 10%.

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

	2016	2015
Profitability Ratio	27%	10%

The profitability ratio increased for reporting financial year by approximately 17% compared to the same period in the previous year. The increase is associated to an increase in rent income and decrease in administrative and maintenance expense.

Human Resources, Payroll & Administration Report

Staff Personnel

Public Rental Board's personnel are divided into two categories of Established and Permanent Un-Established Staff. Staff costs continue to be a major expense for the Board. This comprises approximately 24% of the total revenue in the current year. However, this percentage of staff cost against total revenue would have been more than (30%) if market rental were not subsidized by Government. Public Rental Board staff in the financial year is provided as:

DIVISION	No. of Staff
Executive	Nil (Vacant)
Finance & Administration	11
Property	17
Un-Established	19
Total	48

Training

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

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

Courses/Conference	Facilitator	No. of Participant(s)
FIA Congress 2016	FIA	1
Project Management Fundamental	VT Solution	1
PWC IFRS Training Workshop	PWC	1

Market Salary Adjustment and Performance Management System (PMS)

Currently all staff are paid in accordance to the market salary rates implemented in 2012. The Board of Directors approved the review of the market salary rates for 2016 and it would be implemented by year 2017.

Furthermore, the Board of Directors enhanced the PMS framework to reward high performers through the establishment of stretch targets. This framework would be reviewed at a three-year interval with the market salary adjustments.

Information & Communication Technology

The Board of Directors following a recommendation from Management approved to implement the new Microsoft® Business Dynamic Solutions – Navision® 2015 and Pay Global payroll system. The project was implemented successfully. It is understood that this new integrated database system has enhanced the provision of quality information for better decision making for the Board.

Modules integrated in the new Nav 15 are:

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

The Board had also approved to purchase a new Firewall. The main reason to change the firewall was that the licenses were about to expire and the cost of attaining new licenses were more expensive than attaining a new hardware. We successfully switched from Fortigate to SonicWall Firewall. All new licenses are set to expire in 2019.

Acknowledgement

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

On behalf of the Management Team, I wish to take this opportunity to thank all Managers, Team Leaders and staff members for the hard work, perseverance, commitment and support in achieving the current results. I also acknowledge our valued tenants, private sector and key stakeholders for their invaluable support throughout the year.

Finally, I would like to acknowledge and express my sincere appreciation to the Board of Directors and members of the Ministry of Housing, Ministry of Finance, and the Ministry of Public Enterprises for their valuable contributions, leadership, and dedication in steering the company through the challenges and ensuring that satisfactory growth is achieved. And we look forward to their continued support in the years to come.



Patrick Veu
Acting General Manager

FINANCIAL REPORT for the year ended **31 December 2016**

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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File: 1283

18 October 2017

Mr. Umarji Musa
Acting Chairman of the Board
Public Rental Board
RAIWAQA

Dear Sir

PUBLIC RENTAL BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Audited financial statements for the Public Rental Board for the year ended 31 December 2016 together with my audit report on them are enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the management of the Board for their actions.

Yours sincerely

Ajay Nand
AUDITOR GENERAL

Encl.

PUBLIC RENTAL BOARD
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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**PUBLIC RENTAL BOARD
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2016**

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of the Board as at 31 December 2016, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Directors

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

<i>Directors</i>	<i>Appointed</i>
Mr. Umarji Musa (Acting Chairman)	May-16
Mr. Roveen Permal	May-16
Mr. Nesbitt Hazelman	May-16
Mr. Craig Strong	May-16

Principal Activities

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

Results

The operating profit for the year was \$1,077,861 (2015: \$359,943).

Dividends

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

Reserves

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

Bad and Doubtful Debts

Prior to the completion of the Board's financial statements, the Directors took reasonable steps to ascertain that actions had been taken in relation to writing-off bad debts. In the opinion of the Directors, the provision for doubtful debts is adequate.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts inadequate to any substantial extent.

Non Current Assets

Prior to the completion of the financial statements of the Board, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Board. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

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

PUBLIC RENTAL BOARD
DIRECTORS' REPORT (Continued)
YEAR ENDED 31 DECEMBER 2016

Unusual Transactions

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

Events Subsequent To Balance Date

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

Other Circumstances

As at the date of this report:

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

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

Directors' Benefits

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

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 16th day of October 2017.


.....
Chairman


.....
Member

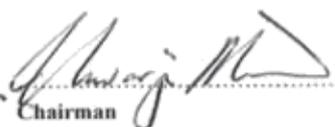
PUBLIC RENTAL BOARD
STATEMENT BY DIRECTORS
YEAR ENDED 31 DECEMBER 2016

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

- (i) the accompanying statement of comprehensive income of the Board is drawn up so as to give a true and fair view of the results of the Board for the year ended 31 December 2016;
- (ii) the accompanying statement of changes in equity of the Board is drawn up so as to give a true and fair view of the changes in equity of the Board for the year ended 31 December 2016;
- (iii) the accompanying statement of financial position of the Board is drawn up so as to give a true and fair view of the state of affairs of the Board as at 31 December 2016;
- (iv) the accompanying statement of cash flows of the Board is drawn up so as to give a true and fair view of the cash flows of the Board for the year ended 31 December 2016;
- (v) at the date of this statement there are reasonable grounds to believe the Board will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the Board.

For and on behalf of the Board and in accordance with a resolution of the Directors.

Dated this 16th day of October 2017.

Act 
Chairman


Member

OFFICE OF THE AUDITOR GENERAL
Excellence in Public Sector Auditing



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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements of Public Rental Board

Opinion

I have audited the financial statements of Public Rental Board ("Board"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Board as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing ("ISA"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Board in accordance with the 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management and Directors for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as the management and directors determine 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, the management and directors are responsible for assessing the Board'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 the management and directors either intend to liquidate the Board or to cease operations, or have no realistic alternative but to do so.

The management and directors are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

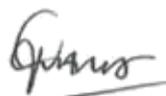
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Housing Act 1985 and the Public Enterprise Act 1996, in my opinion:

- a) proper books of account have been kept by the Board, so far as it appears from examination of those books;
- b) the accompanying financial statements:
 - are in agreement with the books of account; and
 - to the best of my information and according to the explanations given to me, give the information required by the Housing Act 1985 and the Public Enterprise Act 1996.



Ajay Nand
AUDITOR GENERAL



Suva, Fiji
18 October 2017

**PUBLIC RENTAL BOARD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	2015 \$
Revenue			
Rental revenue		3,882,818	3,511,301
Other operating income	2	163,521	154,259
		<u>4,046,339</u>	<u>3,665,560</u>
Expenses			
Amortisation and depreciation expense		(690,755)	(662,458)
Employee benefit expense	3	(983,479)	(1,020,899)
Other operating expenses	4	(1,149,390)	(1,416,472)
		<u>(2,823,624)</u>	<u>(3,099,829)</u>
Profit from operations		1,222,715	565,731
Finance cost	5	(144,854)	(205,788)
Net profit for the year		<u>1,077,861</u>	<u>359,943</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>1,077,861</u>	<u>359,943</u>

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

**PUBLIC RENTAL BOARD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 \$	Restated* 2015 \$
Government equity			
Balance at the beginning of the year		20,692,166	16,578,651
Additions during the year		-	4,113,515
Balance at the end of the year		<u>20,692,166</u>	<u>20,692,166</u>
Accumulated profit			
Balance at the beginning of the year	22	386,806	26,863
Net profit for the year		1,077,861	359,943
Total available for appropriation		1,464,667	386,806
Dividends paid or proposed		-	-
Balance at the end of the year		<u>1,464,667</u>	<u>386,806</u>
Total equity		<u><u>22,156,833</u></u>	<u><u>21,078,972</u></u>

* Certain amount has been restated, refer to Note 22.

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

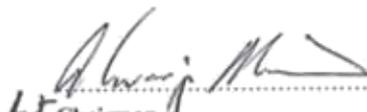
**PUBLIC RENTAL BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	2016 \$	Restated * 2015 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	29,241,863	28,424,228
Intangible asset	7	298,729	7,922
Investments		95,893	77,585
		<u>29,636,485</u>	<u>28,509,735</u>
Current assets			
Cash and short term deposits	8	5,486,265	6,776,564
Rent receivables	9	99,500	85,669
Inventories	10	1,306	963
Prepayments and other assets	11	37,426	61,668
		<u>5,624,497</u>	<u>6,924,864</u>
TOTAL ASSETS		<u>35,260,982</u>	<u>35,434,599</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Government equity		20,692,166	20,692,166
Accumulated profit / (loss)		1,464,667	386,806
Total equity		<u>22,156,833</u>	<u>21,078,972</u>
Non-current liabilities			
Deferred revenue	12	636,944	698,527
Interest bearing debt	13	8,259,892	9,000,000
		<u>8,896,836</u>	<u>9,698,527</u>
Current liabilities			
Trade payables and accruals	14	2,804,938	3,317,847
Interest bearing debt	13	1,014,712	1,014,712
Deferred revenue	12	57,625	57,625
Employee entitlements	15	330,038	266,916
		<u>4,207,313</u>	<u>4,657,100</u>
Total liabilities		<u>13,104,149</u>	<u>14,355,627</u>
TOTAL EQUITY AND LIABILITIES		<u>35,260,982</u>	<u>35,434,599</u>

*Certain amount has been restated, refer to Note 22

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

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


Chairman


Member

**PUBLIC RENTAL BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016**

	Note	2016 Inflows/ (Outflows) \$	2015 Inflows/ (Outflows) \$
Operating activities			
Receipts from customers		3,967,286	3,585,770
Payments to suppliers and employees		(2,784,715)	(2,292,944)
Interest received		84,684	42,812
Cash flows from operating activities		<u>1,267,255</u>	<u>1,335,638</u>
Investing activities			
Payments for property, plant and equipment		(1,799,138)	(2,313,315)
Payments for Investments		(18,308)	-
Cash flows from investing activities		<u>(1,817,446)</u>	<u>(2,313,315)</u>
Financing activities			
Proceeds from Government Equity		(740,108)	4,113,515
Proceeds from Borrowings		-	-
Cash flows from financing activities		<u>(740,108)</u>	<u>4,113,515</u>
Net (decrease)/increase in cash and cash equivalents		(1,290,299)	3,135,838
Cash and cash equivalents at the beginning of the year		6,776,564	3,640,726
Cash and cash equivalents at the end of the year	8	<u>5,486,265</u>	<u>6,776,564</u>

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

**PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

1.0 Corporate information

The Public Rental Board ("the Board") is a fully owned Government of Fiji entity domiciled in Fiji. The financial statements were authorised for issue in accordance with a resolution of the Directors on 16 October 2017.

The principal activities of the Board are described in Note 18.

1.1 Basis of preparation of the financial statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Fijian dollars and all values are rounded to the nearest dollar except when otherwise indicated.

Statement of compliance

The financial statements of Public Rental Board have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Borrowings of the Board that are utilised to fund its on-going operations are guaranteed by the Government of Fiji and on this basis, the Board is satisfied that it will continue as a going concern and will be able to realise its assets and discharge its liabilities in the normal course of business.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the classification of liabilities that may be necessary if the Board is unable to continue as a going concern.

IAS 1 Presentation of Financial Statements

This standard requires the Board to make new disclosures to enable users of the financial statements to evaluate the Board's objectives, policies and processes for managing capital.

1.2 Significant accounting judgments, estimates and assumptions

The preparation of the Board's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

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

Operating Lease Commitments

The Board has entered in commercial property leases. The Board has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership of the property and so accounts for the contracts as operating leases.

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

1.2 Significant accounting judgments, estimates and assumptions (continued)

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant task 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 Board assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

1.3 Summary of significant accounting policies

a) Property, plant and equipment

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

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

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

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

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

b) Intangible assets

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

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

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

1.3 Summary of significant accounting policies (continued)

b) Intangible assets - continued

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangibles assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

c) Impairment of non financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

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

d) Rent receivables

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

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

1.3 Summary of significant accounting policies

e) Inventories

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

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

g) Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

h) Provisions

Provisions are recognised when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

Where the Board expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

i) Employee entitlements

Employee entitlements relating to wages, salaries, annual leave, sick leave, long service leave and retirement benefit represents the amount which the Board has a present obligation to pay resulting from the employees' services provided up to balance date.

Wages and salaries, sick leave and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

1.3 Summary of significant accounting policies (continued)

i) Employee entitlements (continued)

Provision for long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Retirement provision

Provision for retirement leave have been calculated on an actuarial basis, as at end of the reporting period.

j) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Board as a lessee

Finance leases, which transfer to the Board substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Board will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term.

Board as a lessor

Leases where the Board does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Taxes

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

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

1.3 Summary of significant accounting policies (continued)

l) Trade and other payables

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

m) Revenue recognition

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

Rental income

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

Government grant

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

i) Social cost grant

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

ii) Rent subsidy grant

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

iii) Deferred grant

Any other government grant is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Board will comply with the conditions attaching to it. Grants that compensate the Board for the cost of an asset are recognised in the profit or loss as revenue on a systematic basis over the useful life of the asset.

n) Net financing cost

Net financing costs comprise of bank charges, interest received and interest paid and payable on borrowings and are recognised in the profit or loss.

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
2. Other operating income		
Amortisation of deferred revenue from government grants	61,583	61,583
Other income	101,938	92,676
	<u>163,521</u>	<u>154,259</u>
3. Employee benefit expense		
Salaries and wages	800,871	822,171
FNPF contributions	78,618	85,985
TPAF levy	7,938	8,458
Others	96,052	104,285
	<u>983,479</u>	<u>1,020,899</u>
The number of employees at the end of the financial year was 45 (2015:43)		
4. Other operating expense		
Auditors' remuneration - audit fees	10,000	9,300
Bad and doubtful debts	19,447	9,631
Insurance	58,504	57,369
Repairs and maintenance	428,482	726,511
Others	632,957	613,661
	<u>1,149,390</u>	<u>1,416,472</u>
5. Net financing cost		
Interest income	(84,684)	(42,812)
Interest expense	229,538	248,600
Total costs	<u>144,854</u>	<u>205,788</u>
6. Property, plant and equipment		
<u>Land and Buildings</u>		
<i>Cost:</i>		
At 1 January	35,108,188	35,327,192
Transfer from work in progress	-	-
Additions	-	(219,004)
Disposals	-	-
At 31 December	<u>35,108,188</u>	<u>35,108,188</u>
<i>Depreciation and impairment</i>		
At 1 January	10,552,909	9,978,791
Depreciation charge for the year	581,970	574,118
Disposals	-	-
At 31 December	<u>11,134,879</u>	<u>10,552,909</u>
Net book value	<u>23,973,309</u>	<u>24,555,279</u>

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
6. Property, plant and equipment (continued)		
<u>Office premises</u>		
<i>Cost:</i>		
At 1 January	171,071	171,071
Transfer from work in progress	-	-
Additions	-	-
Disposals	-	-
At 31 December	<u>171,071</u>	<u>171,071</u>
<i>Depreciation and impairment</i>		
At 1 January	112,545	108,268
Depreciation charge for the year	1,428	4,277
Disposals	-	-
At 31 December	<u>113,973</u>	<u>112,545</u>
Net book value	<u>57,098</u>	<u>58,526</u>
<u>Motor vehicles</u>		
<i>Cost:</i>		
At 1 January	682,837	633,837
Transfer from work in progress	-	-
Additions	139,800	49,000
Disposals	-	-
At 31 December	<u>822,637</u>	<u>682,837</u>
<i>Depreciation and impairment</i>		
At 1 January	640,611	594,012
Depreciation charge for the year	12,364	46,599
Disposals	-	-
At 31 December	<u>652,975</u>	<u>640,611</u>
Net book value	<u>169,662</u>	<u>42,226</u>
<u>Furniture and fittings</u>		
<i>Cost:</i>		
At 1 January	764,694	584,494
Transfer from work in progress	-	-
Additions	7,845	180,200
Disposals	-	-
At 31 December	<u>772,539</u>	<u>764,694</u>
<i>Depreciation and impairment</i>		
At 1 January	569,548	535,800
Depreciation charge for the year	51,259	33,748
Disposals/Additions	-	-
At 31 December	<u>620,807</u>	<u>569,548</u>
Net book value	<u>151,732</u>	<u>195,145</u>

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
6. Property, plant and equipment (continued)		
<u>Work in progress</u>		
<i>Cost:</i>		
At 1 January	3,573,052	1,263,595
Transfer to land and buildings	-	-
Additions	1,317,010	2,309,457
Disposals	-	-
Net book value	4,890,062	3,573,052
Total Net book value	29,241,863	28,424,228
7. Intangible asset		
<i>Cost:</i>		
At 1 January	340,097	334,997
Additions	334,541	5,100
Disposals	-	-
At 31 December	674,638	340,097
<i>Less amortisation and impairment:</i>		
At 1 January	332,175	328,459
Amortisation	43,734	3,716
Disposals/addition	-	-
At 31 December	375,909	332,175
Net book value	298,729	7,922
8. Cash and short term deposits		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investment in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	2,436,265	3,876,564
Short term deposits	3,050,000	2,900,000
	5,486,265	6,776,564
9. Rent receivables		
Rent receivable	127,997	110,527
Less: provision for doubtful debts	28,497	24,858
	99,500	85,669

As at 31 December 2016 rent receivables at nominal value of \$127,997 (2015: \$110,527) were examined for impairment and \$28,497 (2015: \$24,858) were provided for.

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

9. Rent receivables - continued

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

	2016	2015
	\$	\$
At 1 January	24,858	15,226
Charge for the year	20,880	9,632
Utilised	(13,802)	-
Unused amount reversed	(3,439)	-
	<u>28,497</u>	<u>24,858</u>

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

Current	47,922	55,726
30 - 60 days	25,372	17,817
61 -90 days	11,675	7,573
> 90 days	43,028	29,411
	<u>127,997</u>	<u>110,527</u>

10. Inventories

Inventories - at cost	<u>1,306</u>	<u>963</u>
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11. Prepayments and other assets

Prepayments	11,001	18,207
Interest receivable	15,974	29,101
Sundry receivable	1,355	5,364
Subsidy receivable	570	410
Security deposit - FEA	8,526	8,586
	<u>37,426</u>	<u>61,668</u>

12. Deferred revenue

Opening Balance	756,152	817,735
Less: amortisation transferred to revenue	61,583	61,583
	<u>694,569</u>	<u>756,152</u>
Current	57,625	57,625
Non-current	636,944	698,527
	<u>694,569</u>	<u>756,152</u>

Deferred revenue relates to grant received from the Government for the construction of the Kaukimoce, Newtown stage 2, Kia Street, Newtown stage 3 and Raiwaqa flats in 1997, community halls at Vakatora in 2005, Vunimoli and Natokowaqa in 2008 and Kalabu in 2009. Revenue is brought to account over the periods necessary to match the related cost of the buildings.

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

	2016	2015
	\$	\$
13. Interest bearing debt		
<u>Current</u>		
Housing Authority bond	1,014,712	1,014,712
<u>Non-current</u>		
Borrowings- long term	8,259,892	9,000,000
	9,274,604	10,014,712

(i) The long term loan borrowed by the Ministry of Finance from the EXIM Bank of China, is guaranteed by the Government of the Republic of Fiji. The term loan was borrowed by the Ministry of Finance in 2010 and is payable in bi-annual instalment over fifteen years at a interest rate of 2% . Grace period has expired and Loan repayments commenced in 2016.

(ii) The Housing Authority bond is due and payable to the Government of the Republic of Fiji.

14. Trade payables and accruals		
Trade creditors and accruals	1,677,778	2,227,670
Consultancy	7,510	1,037
Rental deposits	309,146	302,759
Credit balances in receivables	423,184	419,239
Unallocated subsidy	387,320	367,142
	2,804,938	3,317,847

The table below summarises the maturity profile of the Board's financial liabilities at 31 December 2016 and 31 December 2015 based on contractual undiscounted payments. This includes the interest bearing borrowings and the trade payables and accruals.

On demand	2,488,282	3,014,051
3 to 12 months	1,022,222	1,015,749
1 to 5 years	8,569,038	9,302,759
Total	12,079,542	13,332,559

15. Employee entitlements		
At 1 January	266,916	248,868
Arising during the year	63,122	37,817
Utilised	-	(19,769)
Unused amounts reversed	-	-
At 31 December	330,038	266,916

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

16. Related parties

(a) Identity of related parties

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

	<i>Appointed</i>
Mr. Umarji Musa - Acting Chairman	May-16
Mr. Roveen Permal	May-16
Mr. Nesbitt Hazelman	May-16
Mr. Craig Strong	May-16

(b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2016 with approximate transactions value are summarised as follows:

	2016	2015
	\$	\$
Board expenses and allowances	21,195	10,015
Amount owing to the Government for Housing Authority Bond	1,014,712	1,014,712
Government grant received to subsidise rental	876,450	793,969

(i) The Government Grant of \$876,450 received in 2016 and the balance of \$25,296 from 2015 were distributed as rental subsidy amounting to \$771,630 (2015: \$706,256) and compensation of the market rent amounting to \$85,497 (2015: \$89,489). The balance of \$44,619 (2015: \$25,296) would be distributed in 2017.

(ii) The Board did not receive Government Grant for the Kalabu Housing Project in 2016 (2015: \$741,344). Initial capital invested was \$250 and interest income in 2016 equates to \$164 (2015: \$545). Total utilisation in 2016 equates to \$139,359 (2015: \$1,178,149) and the balance of \$213,612 (2015: \$258,421) would be utilised at completion of the project in 2017.

(iii) The Board did not receive Government Grant for the Naqere, Savusavu Housing Project in 2016 (2015: \$3,372,171). Initial capital invested was \$250 and interest income in 2016 equates to \$2,264 (2015: \$2,151). Total utilisation in 2016 equates to \$1,350,861 (2015: \$830,363) and the balance of \$1,617,605 (2015: \$2,965,959) would be utilised at completion of the project in 2017.

(c) Compensation of key management personnel

Short term employee benefits	<u>158,512</u>	<u>162,396</u>
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17. Commitments and contingent liabilities

(a) Capital expenditure commitments

	<u>1,796,387</u>	<u>1,935,671</u>
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(b) Contingent liabilities

	<u>-</u>	<u>-</u>
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(c) Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

Not later than one year	34,515	44,333
Later than one year but not later than five years	138,061	177,332
Later than 5 years	1,999,695	2,429,408
	<u>2,172,271</u>	<u>2,651,073</u>

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

17. Commitments and contingent liabilities (continued)

(c) Operating lease commitments (continued)

The Board has various lease commitments for leasehold land. The leases typically run for a period of between sixteen and ninety nine years. It is not certain whether the land leases will offer an option of renewal after maturity. The annual lease rentals recognised as an expense in the income statement amount to \$34,515 (2015: \$44,333).

18. Principal activities

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

19. Registered office

The Board's Head Office is located at 132 Grantham Road, Raiwaqa.

20. Financial risk management objectives and policies

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

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

Interest rate risk

The Board's exposure to the risk of changes in market interest rates relates primarily to the Board's interest bearing debt. The level of debt is disclosed in Note 13.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase / decrease in interest rate	Effect on profit before tax	Effect on profit before tax
2016	10%	-	(6,308)
	-10%	-	6,308
2015	10%	-	(4,281)
	-10%	-	4,281

PUBLIC RENTAL BOARD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2016

20. Financial risk management objectives and policies (continued)

Credit risk

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

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

	Carrying Amount	
	2016	2015
	\$	\$
Cash and cash equivalents	2,436,265	3,876,564
Trade and other receivables	165,423	173,158
Held-to-maturity investments	3,145,893	2,977,585
	<u>5,747,581</u>	<u>7,027,307</u>

21. SUBSEQUENT EVENTS

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

22. RESTATEMENT OF 2015 FINANCIAL STATEMENTS

The 2015 financial statements were restated due to the following:

- a) Omission of interest expenses and management fees for years 2010 and 2012 of \$608,042 on the loan from EXIM Bank of China. The correction for prior periods have resulted in increase in Trade Payables and Accruals and decrease in accumulated profit/retained earnings by \$608,042.
- b) Reversal of VAT accrued for 2007 to 2012 amounting to \$422,786. The correction for prior periods have resulted in decreased Trade Payable and Accruals and increase in accumulated profit/retained earnings by \$422,786.

	Reported 2015	Adjustment	Restated 2015
	\$	\$	\$
Statement of Financial position			
Trade payables and accruals	3,132,591	185,256	3,317,847
Statement of Changes in Equity			
Accumulated profits - opening balance	212,119	(185,256)	26,863

PRB Management Staff



Back- Jone Malimali Koroitamana, Mohammed Imraan Khan,
Maloni Daurewa, Akuila Matai.
Front- Shalin Lata, Patrick Veu, Ashnita Anjana Dutt



Public
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