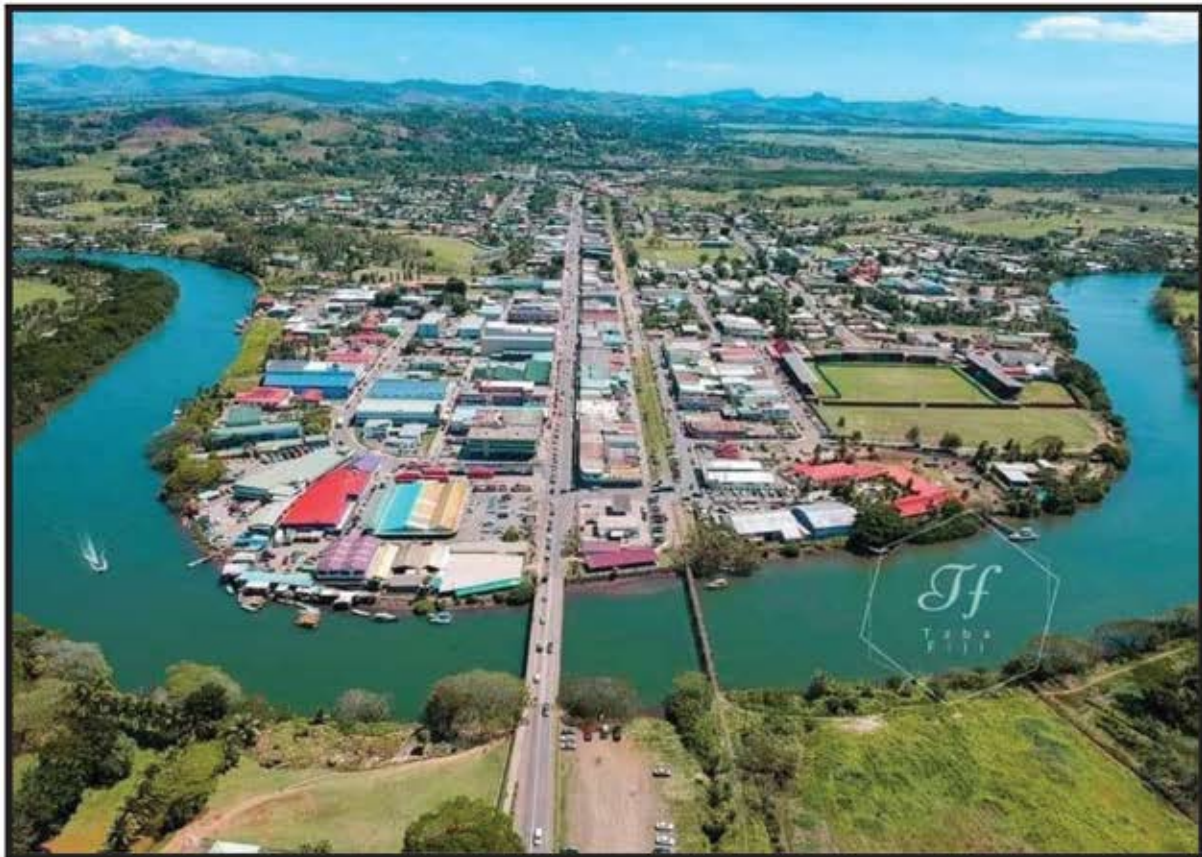




LABASA TOWN COUNCIL



ANNUAL REPORT 2005



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 105 OF 2020



LABASA TOWN COUNCIL

Annual Report for the Year 2005



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 105 OF 2020

**LABASA TOWN COUNCIL
CIVIC CENTRE BUILDING**

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9th August 2021

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

Dear Madam

In accordance with the requirement of Section 19 of the Local Government Act 1972, Chapter 125, I have pleasure in presenting, on behalf of the Labasa Town Council, the Annual Report for the year ended 31st December, 2005.

Yours faithfully


.....


M.F.ALI
ACTING CHIEF EXECUTIVE OFFICER

FORWARD

Labasa Town Council is delighted to present its 2005 Annual Report. The report provides an opportunity to reflect on the events that had transpired through the course the Council's Operation. This report also explains the work we did, our financial results, the standard of service we provided and the contribution our work made to Labasa Town.

For the past years, the Labasa Town Council has sincerely endeavored to pursue its mandate of providing effective and efficient basic services to our people. The Council was able to deliver its expected services, despite constrained budget and financial challenges posed in the year 2005. Through rates collection, business license fee, taxi, bus, carrier base fee and the assistance of the government funding through annual grants the Council continued to maintain all the civic amenities within the scope of the budget.

The Labasa Town Council with the dedicated staffs and supportive ratepayers and with the much needed support from the Ministry continues to work effectively and achieve its vision.


.....

M F ALI

ACTING CHIEF EXECUTIVE OFFICER

INTRODUCTION

Annual Report is a summary of proceedings and activities of the Council from January 1, 2005 to December 31, 2005 (s19)

The Municipal Election was held on October, 2005

The composition of the Council was heavily weighted in favour of Fiji Labour Party seats and 2 remaining seats were won by the Labasa Ratepayers Association. The Council continued to operate with a very prevalent political divide.

COUNCILLORS IN OFFICE

NASEA NORTH WARD

Cr.Dr. Pradeep Singh - Mayor (October 2005 to October 2006)

Cr.Kalyan Sharma -

Cr.Pardeep Chandra Pratap-

NASEA SOUTH WARD

Cr.Ram Deo JP MF

Cr.Karan Singh

Cr.Paulini Waqaniboro

NASEKULA WARD

Cr.Lesile David Williams -Deputy Mayor (October 2005 - October 2006)

Cr.Shiu Lal Nagin

Cr.Malakai Yadraca

VATIA WARD

Cr. Aporosa Rakai

Cr. Charan Jeath Singh MOF JP

Cr.Ashwin Rajesh Chand

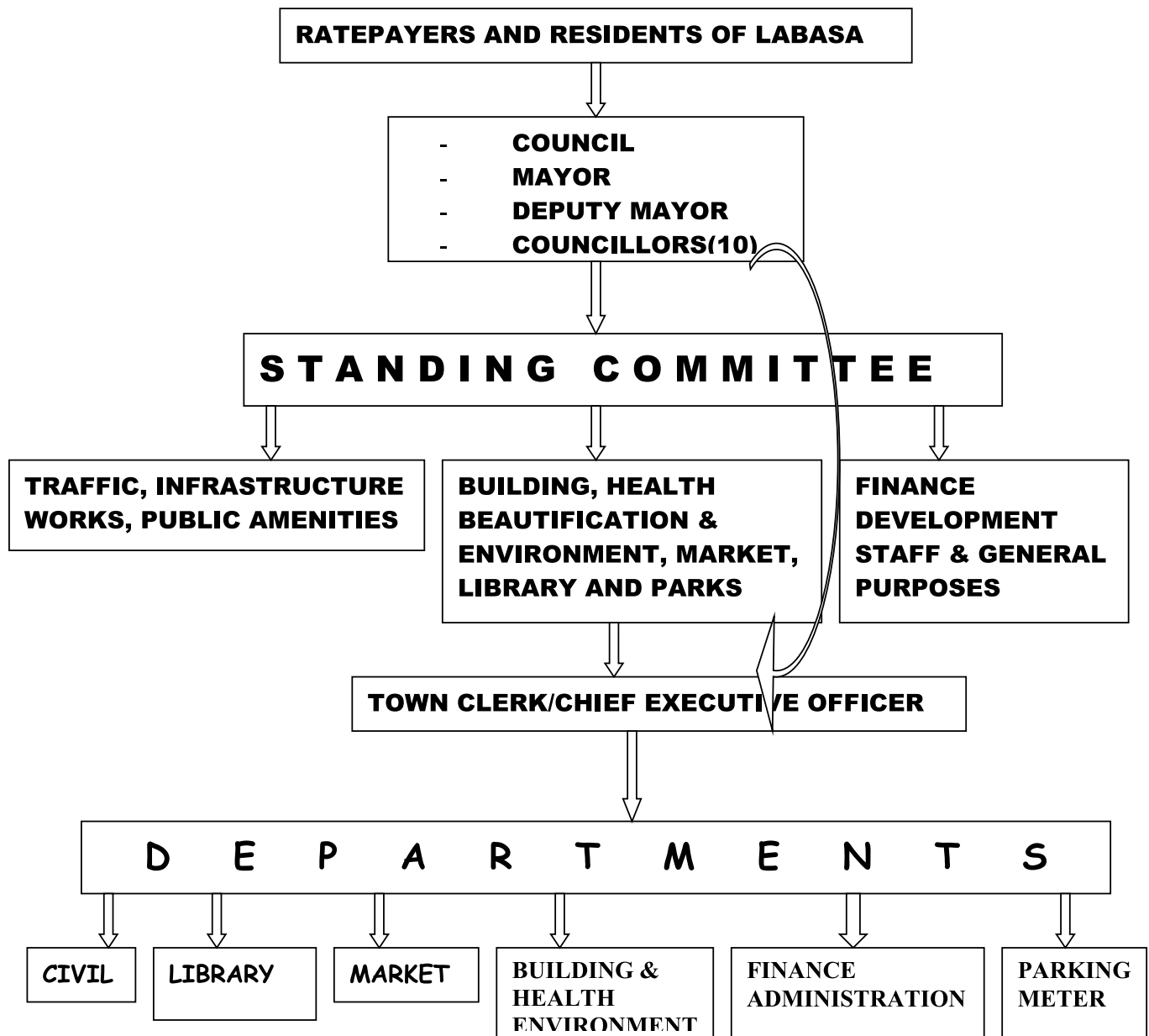
FINANCIAL LOSS ALLOWANCE PAID IN 2004

Financial Loss Allowance amounting to \$ 6425 was paid to the Councillors who attended Standing Committee and Ordinary Full Council Meetings. The Council does not pay Financial Loss Allowance for Special Full council Meetings and Adhoc Committees appointed by it.

PRINCIPAL OFFICERS OF THE COUNCIL

Town Clerk/Chief Executive Officer	-	Mr Sharma Nand JP
Deputy Town Clerk/Treasurer	-	Mr Chandrika Prasad
Health Inspector/Building Surveyor	-	Mr Mohammed Faiz Ali
Librarian	-	Mrs Subhag L Nandan
Market Master	-	Mr Satya Nand
Town Ranger	-	Mr Ram Datt
Parking Meter Supervisor	-	Mr Ashok Kumar

ORGANISATION STRUCTURE



FINANCE

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

Rates Levied for the year 2005 were as follows:-

General Rate	-	0.737 cents in the \$ on UCV
Lighting Rate	-	0.125 cents in the \$ on UCV
Loan Repayment Rate	-	0.200 cents in the \$ on UCV

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

Audited Financial Statement is attached as Appendix I

PUBLIC HEALTH, SANITARY SERVICES AND ENVIRONMENT

Anti-mosquito and fly spraying was (two round of the town and some pocket spraying to specific areas) carried out to prevent likely outbreak of disease. Fortunately there was no outbreak of any disease.

Detailed report is attached as Appendix II.

FINANCIAL SITUATION OF THE COUNCIL

We have inherited a town, which was virtually bankrupt.

First and foremost we pledged to work as a team putting wrong doing and by-gone as by-gone and reassured the staff and workers that the days of working under fear and dictatorship rule are gone. The Council will be open and will listen to the good guidance coming from its executive.

As first steps after taking the helm we look at the finance. We were not even from hand to mouth but managed by making arrangement with creditors and careful expending.

The Council's application for further 5% overdraft was stopped. Similarly the 15% overdraft was abandoned. The Council, which was run under the pretext of a business but was not in, anyway even near it .

A forensic audit was being requested and advertisements in the papers have not attracted any chartered accountants.

Public Accounts Committee had its sitting in Labasa where former Mayor chose not to attend but would meet the Committee in Suva instead.

PRESENT SITUATION

Infrastructure particularly roads and drainage need more attention and call for major financial outlay. Critics have their share to pour in on our sour experience.

STANDING COMMITTEES

The standing committees appointed were working well and devoting their valuable time discussing issues thoroughly. I have been attending the meetings and find the Council is equipped with enough talents and an abundance of enthusiasm with lot of pride to serve.

The vision for the Council is set as follows: -

- (a) Rate arrears - approach the ratepayers and convince them
To pay their rates assure us then that we
have an accountable Council in office.
- (b) Should there be difficulties find ways of assistance to them either by
permitting to pay in installment or if certain discounts could be given
within the law.
- (c) Legal Action. The Solicitors will be asked to report case by case what
they have done this far and take further recourse to recover long
overdue rates.
- (d) Special cases, particularly those in which judgment have been
Entered - will be pursued further.
- (e) Cases where nothing is done will be withdrawn and given to another
Lawyer.

The Council will go to the extent of selling properties to recover rates.

In addition the amendment to Local Government Act Cap 125 should also
create non-payment of municipal tax, a criminal offence rather than, making
it a civil matter.

While the desire is to do a whole lot more we all have to tread carefully and
keep ourselves focused so that we do not make the same mistakes as past
Council.

The principles policies and practices of FLP will be held high and the service
will not be marginalized to the preferred few.

The Council will stand for its entire people.

BORROWINGS

The Council borrowed \$163,000.00 as short term loan from Bank of Baroda.

The balance at 31/12/05 was

\$300,000.00 FNPF loan	154,541.99
\$400,000.00 FNPF loan	248,191.93
\$163,000.00 BOB Loan	80,206.28
Total	\$482,940.28

INTERNET LIBRARY

The Council's plans to have an internet library for public with the help of government ITC Department which failed to get off the ground.

The objective was to provide a new dimension to information and education for our people from the convectional library. The Council will pursue this with friendly government embassies to acquire funding for their project.

APPRECIATION

I sincerely appreciate the assistance my Council has received from the government through the Hon. Minister for Local Government and other departments which we deal with.

Submitted to the Hon. Minister for Local Government, Urban Development and Public Utilities.

CR.DR. PRADEEP SINGH
MAYOR OF LABASA



REPUBLIC OF THE FIJI ISLANDS

OFFICE OF THE AUDITOR GENERAL



8th Floor, Ratu Sukuna House, ACCOUNTABILITY IN THE PUBLIC SERVICE SECTOR THROUGH QUALITY AUDIT SERVICES
MacArthur Street,
P. O. Box 2214,
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Telephone: (679) 330 9032
Fax: (679) 330 3812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>

File: 735/1

3 August 2007

Cr. Leslie William
The Lord Mayor
Labasa Town Council
PO Box 92
LABASA

Dear Cr. William

**AUDITED FINANCIAL STATEMENT FOR LABASA TOWN COUNCIL FOR
THE YEAR ENDED 31 DECEMBER 2005**

Two copies of the financial statements for the year ending 31 December 2005 together with the audit reports on them are enclosed.

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

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

Yours sincerely

Eroni Vatuloka
AUDITOR GENERAL

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

Encl.



REPUBLIC OF THE FIJI ISLANDS

OFFICE OF THE AUDITOR GENERAL



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LABASA TOWN COUNCIL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

INDEPENDENT AUDIT REPORT

Scope

I have examined the financial statements of the Labasa Town Council for the year ended 31 December 2005 in accordance with the provisions of Section 57(2) of the Local Government Act and Section 13 of the Audit Act. The Labasa Town Council is responsible for the preparation and presentation of the financial statements and the information they contain.

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

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

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

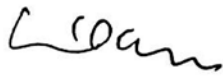
Qualifications

1. The Statement of Revenue and Expenditure of the Council at 31 December 2005 has been prepared using the cash basis of accounting and does not take into account revenues not received and expenditures not paid at balance date. Similarly, property, plant & equipment have not been incorporated in the Statement of Financial Position as at 31 December 2005, contrary to Fiji Accounting Standards (FAS) 16 and section 57(1) of the Local Government Act.
2. The Council used the General Fund Account for Parking Meter expenses without obtaining approval from the Minister, contrary to section 48 of the Local Government Act.
3. Section 10 of the National Fire Authority Act requires the Council to pay fire rates collected by the Council from 1995 to the National Fire Authority. Fire rates amounting to \$19,130 were still held in the Fire Service Account at 31 December 2005.

4. Separate accounting records and bank accounts were not maintained for special rates levied by the Council and the Parking Meter Fund Account. All monies collected were banked in one account maintained for the General Fund, contrary to section 47(2) and 59(3) of the Local Government Act.
5. Funds held by the Council at 31 December 2005 do not sufficiently cover the deposits totaling \$193,846.
6. The amount of VAT payable disclosed in the financials does not reconcile with the amount in the Statement of VAT Account. The quantum of the additional VAT liability required cannot be determined with accuracy.
7. The Council's receipt books for 2005 were destroyed in the February 2007 flood. We were unable to verify income received for 2005 to source documents.
8. The Council has going concern problem. Its current liabilities exceeded current assets by \$66,694 (2004: \$38,479) while there is an overall excess liabilities over assets (deficiency) of \$249,444 (2004: \$221,229).

Qualified Audit Opinion

Due to the significance of matters discussed in the qualification paragraphs, I am unable to express an opinion as to whether the financial statements present fairly in accordance with Fiji Accounting Standards the financial position of Labasa Town Council as at 31 December 2005 and the results of its operations, cash flows and changes in equity for the year then ended.


Eroni Vatuloka
Auditor General

Suva, Fiji

1 August 2007



**LABASA TOWN COUNCIL
AUDITED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2005**

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**LABASA TOWN COUNCIL
GENERAL FUND ACCOUNT
STATEMENT OF FINANCIAL POSITION**

	NOTES	2005 \$	2004 \$
Current Assets			
Cash at bank	2	5,151	-
Advances	4	267,918	255,944
Total Current Assets		<u>273,069</u>	<u>255,944</u>
Non-Current Assets			
Fixed assets less depreciation	3	300,190	382,280
Total Assets		<u>573,259</u>	<u>638,224</u>
Current Liabilities			
Bank overdraft	2	-	32,196
Miscellaneous deposits	5	193,846	195,692
Vat payable		116,749	66,535
Rates received in advance		29,168	-
Total Current Liabilities		<u>339,763</u>	<u>294,423</u>
Non-Current Liabilities			
Loan funds less repayment	6	482,940	565,030
Total Liabilities		<u>822,703</u>	<u>859,453</u>
Net Deficiency		<u>(249,444)</u>	<u>(221,229)</u>
Accumulated Fund in Deficit	7	<u>(249,444)</u>	<u>(221,229)</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 15.

COUNCIL'S STATEMENT

In our opinion, the financial statements have been properly drawn up so as to show a true and fair view of the Labasa Town Council's operations for the year ended 31 December 2005 and of the state of affairs and cash flows as at that date.

.....
Mayor

Cr Mr. Leslie Williams

Date:

.....
Town Clerk/CEO

Mr. Sharma Nand JP

Date: 5/7/07

**LABASA TOWN COUNCIL
GENERAL FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE**

	NOTES	2005 \$	2004 \$
The Revenue for the year was derived from :			
Administration cost		885	490
Building fees		4,182	4,998
Bus station, car park and taxi base fees		49,374	41,774
Business, trading, professional & other licences		104,983	103,684
Contribution for management expenses	10	4,037	4,037
Festival of Friendly North Recovery		2,425	-
Garbage fees arrears	9	-	485
Gate fees - sports ground/squash courts		19,364	6,051
General rates		224,102	329,655
General rates on state land		20,876	20,276
Interest charges		-	325
Interest on overdue account		2,681	2,375
Interest on overdue rates		28,397	36,027
Library fines		44	7
Library subscription		164	201
Market fees		167,019	170,623
Miscellaneous		8,757	39,037
Playing field hire charge		27,556	18,061
Rent from council properties		109,761	113,772
Squash court - membership fees		-	10
Swimming pool admission charges		5,909	5,837
Total Revenue		780,516	897,725

The Expenditure for the year was:

Acquisition of land		-	30
Advertising		3,091	9,912
Anti mosquito campaign litter awareness		3,496	9,076
Audit fees		3,111	-
Bank interest		1,395	5,039
Civic reception & entertainment		12,885	11,790
Computer software		5,270	-
Construction of float		568	-
Cyclone Ami rehabilitation		1,022	25,099
Destruction of stray dogs		16	449
Election expenses		10,819	106
Festival of Friendly North		2,411	3,687
Fiji National Training Council levy		1,714	3,549
Financial loss allowance	11	6,425	10,445
FNPF contribution		14,929	33,505
Garbage services		52,737	73,285

LABASA TOWN COUNCIL
GENERAL FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE (Cont'd)

	NOTES	2005	2004
		\$	\$
Incidental		3,260	8,284
Insurance		10,935	11,081
Interest on overdue account		2,079	-
Internet services		-	1,516
Land rent		14,598	4,959
Legal expenses		8,195	16,104
Maintenance and operation of expense of plants & equipment		21,715 <i>5603</i>	17,219
Maintenance expenses - market, pavillion & public convenience		67,243 <i>8701</i>	75,060
Maintenance of flood lights		802	1,874
Maintenance of roads, footpath, drains and parks		58,445	64,625
Maintenance of swimming pool		22,293	10,807
Maintenance services on contract		77,679 <i>2369</i>	78,877
Mayoral allowance		3,500	-
Medical consultation fees		225	549
Office equipment maintenance		696	2,533
Personal emoluments		229,860	295,979
Printing, stationery and equipment		9,623	14,002
Staff training development		705	-
Subscription		550	550
Tea expenses		724	627
Telephone/water and electrical charges		46,749	67,545
Travelling & subsistence		9,973 <i>/50</i>	6,111
Uniform & protective clothing expenses		5,476	2,576

**LABASA TOWN COUNCIL
GENERAL FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE (Cont'd)**

	NOTES	2005 \$	2004 \$
Capital Expenditure			
Construction of bus stand shelter		1,913	-
Construction of carrier stand shelter		604	-
Construction of food shelter		3,478	-
Construction of kava stalls		502	445
Construction of market		1,865	7,654
Construction of portable stage		1,682	-
Construction of taxi stand shelter		445	-
Construction of toilets		1,161	146
Improvement to market		-	400
Installation of water tank		-	584
Purchase of computer		-	8,144
Purchase of tools and equipment		23,605	6,889
Reclamation of river bank		10,378	11,852
Traffic and street signs		939	5,543
Upgrading of roads		5,867	-
Total Expenditure		<u>767,653</u>	<u>908,507</u>
 Transfer from Sewerage fund		 -	 20,369
Surplus Balance		<u>12,863</u>	<u>9,587</u>
 Add Deficit Balance at 1 January of		 (273,152)	 (282,739)
 Leaving a Deficit Balance at 31 December of		 <u><u>(260,289)</u></u>	 <u><u>(273,152)</u></u>

**LABASA TOWN COUNCIL
LIGHTING FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE**

	NOTES	2005	2004
The Revenue for the year was derived from		\$	\$
Lighting rate		48,797	56,926
Lighting rate on state land		4,824	3,439
Total Revenue		<u>53,621</u>	<u>60,365</u>
 The expenditure for the year was incurred on			
Administrative charges to general fund	10	1,011	1,011
Installation of street lights		8,391	8,880
Maintenance & installation of festoon lights		488	1,667
Maintenance of street lights		39,362	26,528
Total Expenditure		<u>49,252</u>	<u>38,086</u>
 Net surplus for the year was		4,369	22,279
Add Balance at 1st January of		65,370	43,091
Leaving a surplus Balance as at 31 December of	7	<u><u>69,739</u></u>	<u><u>65,370</u></u>

**LABASA TOWN COUNCIL
FIRE SERVICE FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE**

<hr/>		
The Revenue for the year was derived from	2005	2004
	\$	\$
Fire service rate - arrears	142	747
	<hr/>	<hr/>
Total revenue	142	747
	<hr/>	<hr/>
The expenditure for the year was incurred on		
	-	-
	<hr/>	<hr/>
Total Expenditure	-	-
	<hr/>	<hr/>
Net surplus for the year was	142	747
Add Surplus balance at 1 January was	19,130	18,383
	<hr/>	<hr/>
Leaving a surplus balance at 31 December of	19,272	19,130
	<hr/>	<hr/>

(The fire service was taken over by National Fire Authority with effect from 1 February 1995)

**LABASA TOWN COUNCIL
LOAN REPAYMENT FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE**

	2005	2004
The Revenue for the year was derived from	\$	\$
Loan rate	78,244	91,685
Loan rate on state land	7,718	5,502
Total Revenue	85,962	97,187
 The expenditure for the year was incurred on		
Interest charges	49,461	49,660
Principal repayment	82,090	60,316
Total Expenditure	131,551	109,976
 Net Deficit for the year was	(45,589)	(12,789)
Add Deficit balance at 1 January	(32,577)	(19,788)
Leaving a Deficit balance at 31 December of	(78,166)	(32,577)

**LABASA TOWN COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2005**

GENERAL FUND	NOTES	2005	2004
		\$	\$
Cash Flows from Operating Activities			
Cash was provided from:			
Rates and other revenue		885,264	940,804
Interest		28,397	38,402
		<u>913,661</u>	<u>979,206</u>
Cash was applied to:			
Payments to Suppliers and employees		(771,343)	(924,431)
		<u>(771,343)</u>	<u>(924,431)</u>
Net Cash provided by Operating Activities		<u>142,318</u>	<u>54,775</u>
Cash Flows from Investing Activities			
Cash was applied to:			
Acquisition of property, plant and equipment		(52,439)	(41,981)
Advance to parking meter account		(6,943)	18,329
Net Cash (used in) Investing Activities		<u>(59,382)</u>	<u>(23,652)</u>
Cash Flows from Financing Activities			
Cash was provided from:			
Loan Rate		85,962	97,187
Cash was applied to:			
Loan Repayment		(49,461)	(49,660)
Interest		(82,090)	(60,316)
		<u>(131,551)</u>	<u>(109,976)</u>
Net Cash (used in) Financing activities		<u>(45,589)</u>	<u>(12,789)</u>
Net Increase in Cash held		37,347	18,334
Overdraft at the beginning of the year		(32,196)	(50,530)
Net cash at the end of the reporting period		<u>5,151</u>	<u>(32,196)</u>

**LABASA TOWN COUNCIL
PARKING METER FUND ACCOUNT
STATEMENT OF FINANCIAL POSITION**

	NOTES	2005 \$	2004 \$
Non-Current Assets			
Fixed assets less depreciation		3,612	3,612
Total Non - Current Assets		<u>3,612</u>	<u>3,612</u>
Total Assets		<u>3,612</u>	<u>3,612</u>
Current Liabilities			
Advance from General Fund		3,612	3,612
Bank overdraft		239,434	228,265
Total Current Liabilities		<u>243,046</u>	<u>231,877</u>
Total Liabilities		<u>243,046</u>	<u>231,877</u>
Net Deficiency		<u>(239,434)</u>	<u>(228,265)</u>
Accumulated Fund in Deficit		<u>(239,434)</u>	<u>(228,265)</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 15.

COUNCIL'S STATEMENT

In our opinion, the financial statements have been properly drawn up so as to show a true and fair view of the Labasa Town Council's operations for the year ended 31 December 2005 and of the state of affairs and cash flows as at that date.

.....
Mayor
Cr Mr. Leslie William
Date:

.....
Town Clerk/CEO
Mr Sharma Nand JP
Date: 9/7/07

**LABASA TOWN COUNCIL
PARKING METER FUND ACCOUNT
STATEMENT OF REVENUE AND EXPENDITURE**

	NOTES	2005	2004
		\$	\$
The Revenue for the Year was Derived from -			
Court fine and cost		-	30
Infringement fines		13,029	7,100
Meter tolls		7,420	13,057
Traffic infringement fine		30	2,165
Total revenue		<u>20,479</u>	<u>22,352</u>
The Expenditure for the Year was Incurred on			
Administrative charges to general fund		3,026	3,025
Fiji National Provident Fund contribution		1,158	2,873
Fiji National Training Council levy		224	149
Insurance		143	143
Maintenance of parking meters including parking bays		1,729	1,808
Miscellaneous		477	165
Office rent		1,200	1,200
Printing & stationery		451	599
Purchase of office equipment		40	132
Purchase of office uniform		731	121
Telephone expenses		128	187
Wages and related payments		22,341	30,279
Total expenditure		<u>31,648</u>	<u>40,681</u>
Net (Deficit) for the year was		(11,169)	(18,329)
Add Deficit Balance at 1 January of		(228,265)	(209,936)
Leaving a Surplus balance as at 31 December of		<u>(239,434)</u>	<u>(228,265)</u>

LABASA TOWN COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2005

PARKING METER FUND	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Meter tolls	13,029	13,057
Infringement fines	7,420	7,100
Court fine and cost	-	30
Traffic infringement fine	30	2,165
Payments to suppliers and employees	(31,648)	(40,681)
Net Cash (used in) Operating Activities	<u>(11,169)</u>	<u>(18,329)</u>

LABASA TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Year Ended 31 December 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out hereunder are the significant accounting policies adopted by the Council in the preparation of the accounts for the year ended 31 December 2005. Unless otherwise stated similar policies were followed in the previous year.

a) Basis of Accounting

The cash basis of accounting is adopted for all financial transactions.

b) Fixed Assets Less Depreciation

The Council has adopted the policy of charging to Income the full cost of assets at the time of acquisition, except those financed from loan funds. Fixed assets financed from loan funds are written down by the actual amount of annual repayments over the period of the

c) Going concern

The Council's General Fund account recorded a net deficiency of \$249,444 for the financial year end 31 December 2005. The financial statements have been prepared on a going concern basis. The Council is of the opinion that the basis used is valid given an undertaking to employ its solicitors Munro Leys and Company, to institute legal proceedings against the defaulting ratepayers for recovery of Rate arrears. Rates totalling \$373,173 has been handed over to the above solicitors and it is anticipated that a large sum of rates will be received to meet the operating expenses and reduce the deficit.

d) Arrears of Revenue

As the Council's accounts are kept on cash basis, the arrears of rates and interest, garbage fees and other revenue at the end of the year not reflected in the accounts were:

	2005	2004
	\$	\$
Rates	474,085	383,339
Interest	698,491	620,911
Garbage fees	2,966	2,966
Other revenue	179,991	138,187
Total Arrears	<u>1,355,533</u>	<u>1,145,403</u>

LABASA TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)
Year Ended 31 December 2005

2. CASH AT BANK

	2005	2004
	\$	\$
This comprised of:		
Current account	5,229	(32,296)
Imprest account	(78)	100
Total	<u>5,151</u>	<u>(32,196)</u>

**3. FIXED ASSETS (FINANCED FROM LOAN FUNDS) AND DEPRECIATION
GENERAL FUND**

	\$	\$
Book Value 01/01/05	<u>382,280</u>	<u>442,596</u>
	382,280	442,596
Less: Repayment	<u>82,090</u>	<u>60,316</u>
	<u>300,190</u>	<u>382,280</u>

4. ADVANCES

	\$	\$
Public Works Department	380	380
Parking Meter Fund	243,046	231,877
Dishonoured cheques	4,742	3,937
Unspent balance of loan	<u>19,750</u>	<u>19,750</u>
	<u>267,918</u>	<u>255,944</u>

5. MISCELLANEOUS DEPOSITS

	\$	\$
This comprised of:		
Rent securities	10,010	12,947
Subrail Park security	7,579	6,578
Tender deposits	1,600	1,700
Car park contributions	99,478	99,478
Drains, streets, roads, footpaths	36,819	36,819
Library books	11,010	10,440
Hire of auditorium	4,817	4,107
Hire of chairs and tables	2,829	2,449
Naodamu Park security	200	200
Installation of banner	550	550

LABASA TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)
Year Ended 31 December 2005

	2005	2004
	\$	\$
5. MISCELLANEOUS DEPOSITS (continued)		
Election deposit	580	-
Maintenance service security	6,650	6,650
Cleaning of market and public toilets	3,300	3,850
Garbage service security	8,424	9,924
	<u>193,846</u>	<u>195,692</u>

6 LOAN FUNDS LESS REPAYMENTS

Loan raised by the Council bear interest charges ranging from 8.5% to 10.5% per annum and repayable within periods ranging from 5 to 15 years. All loans are secured by the assets of the Council except for a \$400,000 loan raised in 1996 for the construction of the swimming pool and repairs to the roofing of Subrail Park pavilion.

The balance of the loans were as follows:

GENERAL FUND	\$	\$
Balance at 1 January	565,030	625,346
Add Loan raised	-	-
	<u>565,030</u>	<u>625,346</u>
Less Repayment	82,090	60,316
Balance at 31 December	<u>482,940</u>	<u>565,030</u>

7. ACCUMULATED FUND - GENERAL FUND

This consists of:

	\$	\$
Lighting Fund account	69,739	65,370
Sewerage Fund account	-	-
Fire Service Fund account	19,272	19,130
	<u>89,011</u>	<u>84,500</u>
Deduct Overdrawn account:		
General Fund account	(260,289)	(273,152)
Loan Repayment Fund account	(78,166)	(32,577)
	<u>(338,455)</u>	<u>(305,729)</u>
Deficit Balance at 31 December	<u>(249,444)</u>	<u>(221,229)</u>

LABASA TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd) Year Ended 31 December 2005

8. DISCOUNTS ON RATES

The Council resolved to grant discounts on rates as follows:

Rates paid in full by 31st January 2005, received a 10% discount;

Rates paid in full by 28th February 2005, received a 7.5% discount;

Rates paid in full by 31st March 2005, received a 5% discount.

	2005	2004
Account:	\$	\$
General Fund account	19,928	17,532
Lighting Fund account	3,401	2,991
Loan Repayment account	5,443	4,788
	<u>28,772</u>	<u>25,311</u>

9. GARBAGE FEES

it was resolved by the Council not to levy Garbage fees with effect from January 1993. Cost of Garbage Services has been incorporated in General Rates. Garbage fees collected in respect of arrears in 2005 was Nil (2004: \$485).

10. CONTRIBUTION FOR MANAGEMENT EXPENSES

Amounts representing salaries, accounting and administrative expenses as approved by the Council in conjunction with the management and operation of Lighting and Parking Meter Fund Account have been reimbursed to the General Fund account as follows:

Account	\$	\$
Lighting Fund account	1,011	1,011
Parking Meter Fund account	3,026	3,026
	<u>4,037</u>	<u>4,037</u>

11. FINANCIAL LOSS ALLOWANCES

A member of the Council is entitled to an allowance at the rate of \$25 per meeting as Financial Loss Allowance in respect of loss of earnings suffered or incurred for the purpose of enabling a Councillor to perform any approved duty as a member of the Council.

LABASA TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont'd)
Year Ended 31 December 2005

12. PRINCIPAL ACTIVITY

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

13. NOTES TO STATEMENT OF CASH FLOWS

GENERAL FUND

	2005	2004
a) Reconciliation of cash	\$	\$

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

Cash on Hand and at Bank	<u>5,151</u>	<u>(32,196)</u>
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