



# LABASA TOWN COUNCIL



## ANNUAL REPORT 2017



PARLIAMENT OF FIJI  
PARLIAMENTARY PAPER NO. 216 OF 2020



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# LABASA TOWN COUNCIL

## Annual Report for the Year 2017

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**LABASA TOWN COUNCIL  
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9<sup>th</sup> 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 31<sup>st</sup> December, 2017.

Yours faithfully

M.F.ALI

**ACTING CHIEF EXECUTIVE OFFICER**




## **FORWARD**

Labasa Town Council is delighted to present its 2017 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 2017. 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**

## ANNUAL REPORT 2017

### INTRODUCTION

Annual Report is a summary of proceedings and activities of the Council from January 1, 2017 to December 31, 2017 (s19).

### THE COUNCIL

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

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

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

### SENIOR OFFICERS OF THE COUNCIL

Chief Executive Officer - Vacant

[note: Health Inspector/Building Surveyor Mr. Ali appointed to Act as Council's Ceo as from 29/4/2016 and also perform his duty as the Council's Health Inspector/Building Surveyor]

Accountant - Ms. Seema Shivani Dutt

Health Inspector/Building Surveyor - Mr. Mohammed Faiz Ali

Works Supervisor - Vacant [officer resigned]

[note: Council appointed its Technical Assistant officer Mr. Malkhan to Act as the Works Supervisor]

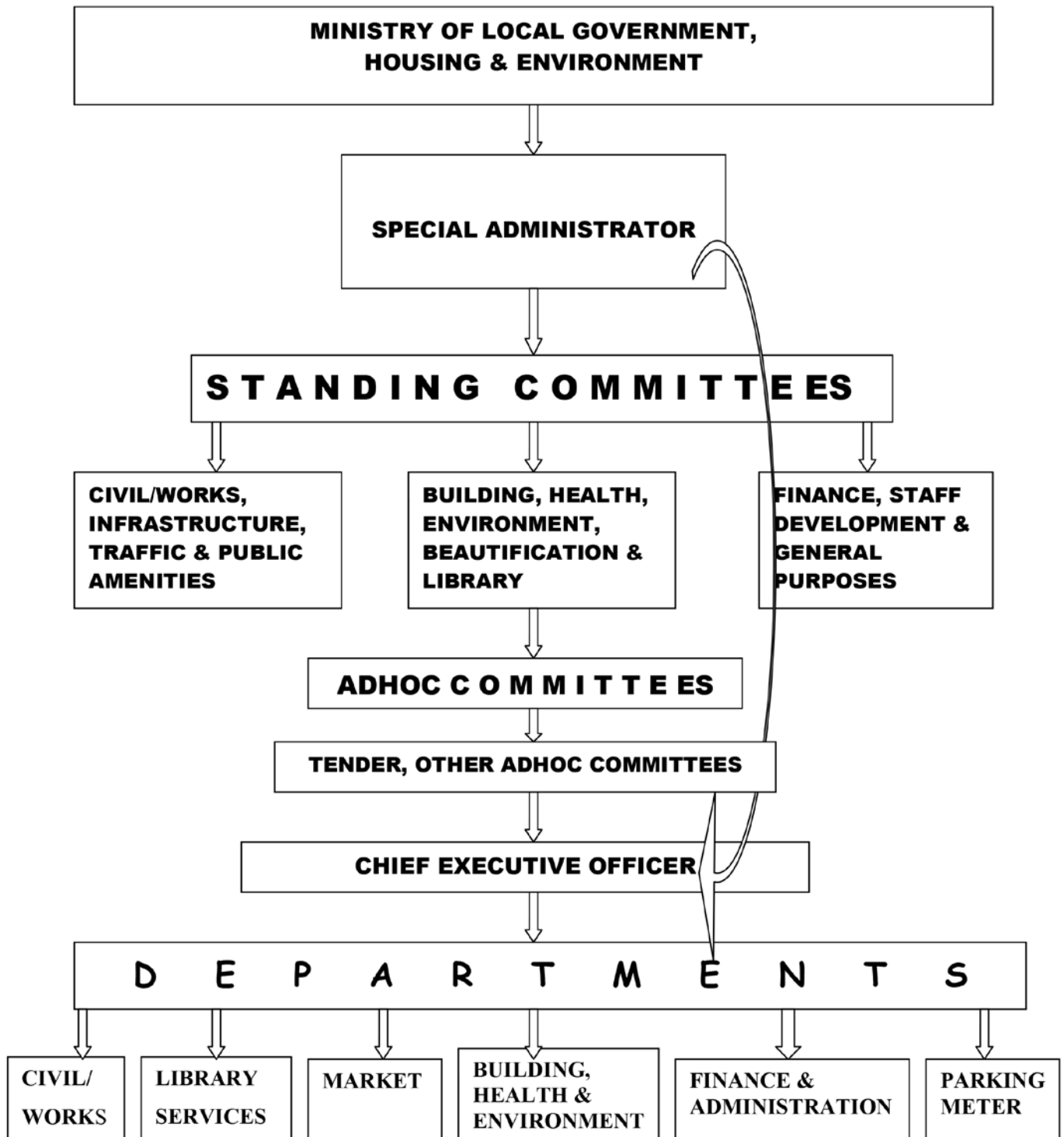
Properties Officer - Mr Ashneel Singh

Market Manager - Mr Shalendra A. Chand

Senior Enforcement Officer - Mr Ashok Kumar

Librarian - Mrs Subhag L Nadan

### ORGANISATION STRUCTURE



## **POPULATION**

Estimated population for 2017 (census 2007):

Labasa Urban	-	7,706
Labasa Peri Urban	-	20,243

Other Provinces that the council indirectly serves:

Bua	-	14,176
Macuata	-	72,441
Cakaudrove	-	49,344

## **RATES**

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

Rates Levied for the year 2017 were as follows:-

General Rate	-	0.937 cents in the \$ on UCV
Special Rate	-	0.125 cents in the \$ on UCV
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		1.062 cents in the \$ on UCV
=====		

## **ACTIONS AGAINST DEFAULTING RATEPAYERS**

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

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

Note, Ministry of Local Government provided Amnesty by granting 100% waiver on accumulated interest for rates in arrears i.e. from January to March 2017 provided ratepayers settle all rates owing in full.

## **TOTAL VALUE OF PROPERTIES**

Total value of rateable properties based on year 2017 valuation that was carried out in March of 2016 followed by open day held in September 2016: \$92,709,745.00 UV

## **COUNCIL AUDITORS**

Office of the Auditor General, Fiji.

## **COUNCIL BANKERS**

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

## **OVERVIEW**

### **Vision**

*Vision for the Community*

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

*Vision for the Organization*

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

### **Mission**

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

### **Values**

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

*Communication*

*Simplicity*

*Good Governance*

*Responsibility and Responsiveness*

*Community Participation*

*Sustainable Development*

*Quality*

*Accountability*

*Leadership*

**Strategic priority areas:**

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

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

**ANNUAL CORPORATE PLAN 2017 ACHIEVEMENTS*****Key Strategic Priority 1: Community & Lifestyle***

The Council had conducted ratepayer community outreach consultations in two different wards namely at Naodamu PRB community hall and Namara. This consultation is basically done to explain on the Council's services to the residents and also to take note of their grievances and expectations in their area.



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



The Festival of the Friendly North 2017 was held at the Subrail Park. Being an annual event for Labasa the Festival of the Friendly North Committee 2017 successfully organized this event and collected a major sum in charity for its future projects. Council also had a queen contestant. The theme was *"Healthy Environment Healthy People"*. The Festival Committee sponsored Council with a street digital clock.



The Northern Crime Prevention Carnival 2017 was also held at the Subrail Park. Now this is also an annual event for Labasa which is held at the Subrail Park. The Duavata Crime Prevention Committee 2017 successfully organized this carnival and collected sufficient sum in charity for its projects.

The Agriculture Show Case 2017 was held at the Subrail Park ground no. 2. Organized by the Ministry of Agriculture, Fisheries and Forest there were show case and display of major agricultural products via individual farmers, government depts., corporate organizations and businesses houses. Council displayed and advocated on its home composting program during that week.





The following other events also took place during the year:

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

The International Women's Day celebration was held at civic centre.

TISI Sangam Convention 2017 and Indian High Commission organised Ramleela show was held at the Council's Subrail Park.

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

### ***Key Strategic Priority 2: Health & Safety***

The Council undertook stray dog trapping to abate the nuisance quarterly over a 2 weeks program in each quarter of the year was scheduled. A total of 20 dogs were trapped and taken by villages to their farms.

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

Enter and abate of overgrowth for 86 vacant lots within the town boundary were undertaken upon approval of the Medical Officer Northern. This is normally contracted out to the Maintenance Services contractor and the cost per lot is invoiced or added to the town rates of the individual property owners.

A complaints register is maintained by the Council and complaints when received are registered. Upon the receipt of any complaint council officers attend to it with 24 to 48 hours and submit a report for Council's actions. There were 208 registered complaints for the year out of which 107 was related to street lights referred to FRA to attend to.

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

- No. of unauthorized development notices served: 22
- No. of improvement notices served: 142
- No. of closing orders served: 2
- No. of court cases: 4

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

### ***Key Strategic Priority 3: Economic Development***

The new Industrial Subdivision at Vakamasisuasua, Stage 4 of 10 lots is undertaken by the Dept of Lands. This will bring about industrial growth in Labasa town.

The Captain Cook Cruise made 4 visits to the Northern town as part of its 7 day tour for tourists around the Country. These were day visits only and had increased visitor arrivals in our town.

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

- 98 building applications received
- 82 building permits granted
- 11 completion certificate issued
- 3 Building applications with DTCP
- 13 Building applications Refused

Business operations in town have been normal and influx of people due to various events and activities had been exceptionally well, however 44 cases of illegal operations were found and formalized. Public health license inspections done were for 254 businesses. Also, the annual business License survey for the year was completed and the records updated accordingly.



#### **Key Strategic Priority 4: Environmental Sustainability**

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



Council carried out River Bank protection works as part of climate change initiatives along the Labasa River to protect against erosion.



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

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

For the year 2017 Garbage & Refuse Collection (provisional figures) had been as follows: household waste was 3366 m<sup>3</sup> and green waste was 6967 m<sup>3</sup>.



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



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



The Clean School program was also undertaken by the Council with advocating on home composting and 3R program and awards day was also held where prizes were given to the best 3 schools etc.





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

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



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

	2015	2016	2017
Warnings	60	49	82
Bookings	29	13	39
Fines paid	24	13	25
Court cases	5	4	4
Warrants	0	0	24

### **Key Strategic Priority 5: Infrastructure Services**

Maintenance of Subrail park grandstand i.e. mainly painting and minor maintenance works was undertaken for the year.

Drainage upgrading off-Ritova street, Naodamu Subdivision was carried through part funding by Government Grant



New Temporary Grog Stall Shelter & Temporary New Fish Market Shelter was also constructed by Council through its own funding.





Major construction of new concrete footpaths with proper kerb/channels were constructed by Council through own funding at Delailabasa along Macuata Drive and including at Niayaca Subdivision i.e. within Lorima Balawa residential Subdivision area.



Council constructed shelter for the wheelbarrow boys operating within the municipal market area.

Additional lights were installed within the municipal market through Council funding.



FRA carried out major concrete footpath upgrading works within the Town area that were not paved. Council also undertook major footpath upgrading works with Delailabasa area.



### **Key Strategic Priority 6: Transport Services**

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

100 new parking meters were installed by the Council along the Parking Meter zones within the CBD area to control parking and curbing illegal parking's etc.



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



## **Key Strategic Priority 7: Organizational Performance**



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

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

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

The Audited Financial Accounts for 2015 was received from the OAG and the Council published it in the local newspaper for public information.

Board of Survey for the end of year 2015 was also completed and reports submitted to Council.

## **Key Strategic Priority 8: Governance**

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



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

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

All monthly Full Council minutes and deliberations of the Council are sent to the Ministry of Local Government for necessary actions and advice to the Council. Estimate Budget for 2018 was done in November and the Annual Corporate Plan for 2018 was in progress.

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

**Mr. Vijay Chand**  
**SPECIAL ADMINISTRATOR**  
**LABASA TOWN COUNCIL**

# OFFICE OF THE AUDITOR GENERAL

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6-8<sup>TH</sup> Floor, Ratu Sukuna House  
2-10 McArthur St  
P. O. Box 2214, Government Buildings  
Suva, Fiji

Telephone: (679) 330 9032  
Fax: (679) 330 3812  
E-mail: [info@auditorgeneral.gov.fj](mailto:info@auditorgeneral.gov.fj)  
Website: <http://www.oag.gov.fj>



File: 735/1

28 August 2019

Mr. Mohammed Ali  
Acting Chief Executive Officer  
Labasa Town Council  
P O Box 92  
**LABASA**

Dear Mr. Ali

**AUDITED FINANCIAL STATEMENTS  
LABASA TOWN COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2017**

Audited financial statements for the Labasa Town Council for the year ended 31 December 2017 together with my audit report on them are enclosed.

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

Yours sincerely

Ajay Nand  
**AUDITOR-GENERAL**

cc: Permanent Secretary – Ministry of Local Government


Encl.

LABASA TOWN COUNCIL  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and on hand	3	781,577	1,067,684
Trade receivables	4	1,549,923	1,341,099
Prepayments and other receivables	5	10,998	86,304
<b>Total current assets</b>		<u>2,342,498</u>	<u>2,495,087</u>
<b>Non current assets</b>			
Property, plant and equipment	6	2,104,459	2,147,382
Investment properties	7	5,926,959	5,844,764
Intangible assets	8	10,212	10,212
<b>Total non current assets</b>		<u>8,041,631</u>	<u>8,002,359</u>
<b>TOTAL ASSETS</b>		<u><b>10,384,129</b></u>	<u><b>10,497,445</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Council Municipal Funds</b>			
Retained earnings	Page 9	9,182,555	9,238,688
<b>Council Trust Funds</b>			
Parking meter fund	Page 10	(247,836)	(262,657)
Car park fund	Page 10	-	143,045
<b>Total funds</b>		<u>8,934,719</u>	<u>9,119,076</u>
<b>Current liabilities</b>			
Trade and other payables	9	496,109	426,505
Employee entitlement		10,714	22,190
<b>Total current liabilities</b>		<u>506,823</u>	<u>448,695</u>
<b>Non current liabilities</b>			
Deferred grant	11	895,268	929,674
Loan Account	10	47,320	-
<b>Total non current liabilities</b>		<u>942,588</u>	<u>929,674</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>10,384,129</b></u>	<u><b>10,497,445</b></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 21.

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

  
 Acting Chief Executive Officer



LABASA TOWN COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 \$
		Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Receipts from customers		2,024,910	1,811,537
Payments to suppliers and employees		(2,061,715)	(1,599,737)
<b>Net cash (used)/provided by operating activities</b>		<u>(36,805)</u>	<u>211,800</u>
<b>Cash flows from investing activities</b>			
Acquisition of capital assets		<u>(249,302)</u>	<u>(160,247)</u>
<b>Net cash flows used in investing activities</b>		<u>(249,302)</u>	<u>(160,247)</u>
<b>Cash flows from financing activities</b>			
Government grant		-	12,747
<b>Net cash flows provided by financing activities</b>		<u>-</u>	<u>12,747</u>
Net (decrease)/increase in cash and cash equivalents		(286,107)	64,300
Cash and cash equivalents at the beginning of the year		<u>1,067,684</u>	<u>1,003,384</u>
<b>Cash and cash equivalents as at the end of the year</b>	3	<u><u>781,577</u></u>	<u><u>1,067,684</u></u>

*The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 21.*

**LABASA TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. Corporate Information**

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

**1.2 Basis of preparation of the financial statements**

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

**Standards, amendments and interpretations issued but not yet effective**

The following new standards, interpretations and amendments to standards relevant to the Council has been issued. The Council does not intend to apply these standards until their effective dates:

**IFRS 9, 'Financial Instruments'**

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Council is in the process of evaluating the potential effect of this standard.

**Statement of compliance**

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

**1.3 The Labasa Town Council reporting entity**

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

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

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

**1.4 Significant accounting judgments, estimates and assumptions**

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

**Judgments**

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

#### 1.4 Significant accounting judgments, estimates and assumptions (continued)

##### **Estimations and assumptions**

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

##### ***Impairment of non financial assets***

The council assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

#### 1.5 Summary of significant accounting policies

##### **a) Cash and cash equivalents**

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

##### **b) Investments and other financial assets**

###### ***Initial recognition of financial instruments***

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

###### ***Receivables***

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

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

##### **c) Impairment of financial assets**

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

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

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

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

## 1.5 Summary of significant accounting policies - continued

### d) Property, plant and equipment

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

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

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

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

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

### e) Intangible assets

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

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

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

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

### f) Impairment of non-financial assets

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

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Council makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

**1.5 Summary of significant accounting policies - continued**

**g) Investment Property**

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

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

Land and Building	2.50%
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Premiums on leasehold land are capitalised and amortised over the term of the lease.

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

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

**h) Fund Accounting**

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

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

Details of Special Purpose Funds maintained by the Council are:

Parking meter fund

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

Car park fund

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

**i) Provisions**

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Council expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**j) Employee entitlements**

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

*Wages and salaries, sick leave and annual leave*

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

LABASA TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**1.5 Summary of significant accounting policies - continued**

**k) Leased assets**

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

*Council as a lessee*

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

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

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

**l) Trade and other payables**

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

**m) Deferred grant**

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

**n) Revenue recognition**

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

**o) Income tax**

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

**p) Comparative figures**

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

LABASA TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<b>2. SURPLUS FOR TRUST FUNDS</b>		
Surplus for the year has been determined after:		
<b>Parking meter fund</b>		
Total revenue	28,858	15,607
<u>Expenditure</u>		
Salaries and wages	6,118	7,247
Repairs and maintenance	3,647	2,400
Others	4,272	2,836
Total expenditure	14,037	12,483
Net surplus for the year	<u>14,821</u>	<u>3,124</u>
<b>Car park fund</b>		
Total revenue	25,569	17,569
Total expenditure	-	-
Net surplus for the year	<u>25,569</u>	<u>17,569</u>
<b>3. CASH AT BANK AND ON HAND</b>		
Cash at bank	358,926	699,092
Cash at bank- Trust funds	422,230	368,568
Cash on hand	421	24
Total Cash at Bank and on Hand	<u>781,577</u>	<u>1,067,684</u>
As the Council performs a custodian role, Cash at bank- Trust Funds are only to be used for development of car parks, parking meter areas and capital projects.		
<b>4. TRADE RECEIVABLES</b>		
Rates	1,489,232	1,425,453
Rent	4,764	11,386
Business licenses	1,077	10,706
Trade receivable - Others	36,110	32,398
Adjustment	-	(157,584)
Trade receivable - Parking Meter	18,740	18,740
Total Trade Receivables	<u>1,549,923</u>	<u>1,341,099</u>
<b>5. PREPAYMENTS AND OTHER RECEIVABLES</b>		
Advances	2,274	2,274
Prepayments/deposit	7,622	8,000
Value Added Tax receivables	-	74,928
Other receivables	1,102	1,102
Total Prepayments and Other Receivables	<u>10,998</u>	<u>86,304</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
<u>Land and buildings</u>		
Deemed cost:		
At 1 January	1,732,483	1,732,483
Additions	-	-
At 31 December	<u>1,732,483</u>	<u>1,732,483</u>

LABASA TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2017

6. PROPERTY, PLANT AND EQUIPMENT - continued

Land and buildings - continued

Depreciation and impairment

At 1 January

Depreciation charge for the year

At 31 December

**Net book value**

Office equipment

Deemed cost:

At 1 January

Additions

At 31 December

Depreciation and impairment

At 1 January

Depreciation charge for the year

At 31 December

**Net book value**

Plant Machinery and tools

Deemed cost:

At 1 January

Additions

At 31 December

Depreciation and impairment

At 1 January

Depreciation charge for the year

Adjustment

At 31 December

**Net book value**

Motor vehicles

Deemed cost:

At 1 January

Additions

Disposals

At 31 December

Depreciation and impairment

At 1 January

Disposals

Depreciation charge for the year

At 31 December

**Net book value**

**Total property, plant and equipment**

	2017	2016
	\$	\$
Depreciation and impairment		
At 1 January	44,546	33,633
Depreciation charge for the year	10,913	10,913
At 31 December	55,459	44,546
<b>Net book value</b>	<b>1,677,024</b>	<b>1,687,937</b>
<u>Office equipment</u>		
Deemed cost:		
At 1 January	166,343	144,473
Additions	2,359	21,870
At 31 December	168,702	166,343
Depreciation and impairment		
At 1 January	71,509	52,818
Depreciation charge for the year	18,721	18,691
At 31 December	90,230	71,509
<b>Net book value</b>	<b>78,472</b>	<b>94,834</b>
<u>Plant Machinery and tools</u>		
Deemed cost:		
At 1 January	223,991	174,871
Additions	61,231	49,120
At 31 December	285,222	223,991
Depreciation and impairment		
At 1 January	84,259	63,079
Depreciation charge for the year	25,565	21,180
Adjustment	-	-
At 31 December	109,824	84,259
<b>Net book value</b>	<b>175,398</b>	<b>139,732</b>
<u>Motor vehicles</u>		
Deemed cost:		
At 1 January	434,789	434,789
Additions	-	-
Disposals	-	-
At 31 December	434,789	434,789
Depreciation and impairment		
At 1 January	209,910	155,280
Disposals	-	-
Depreciation charge for the year	51,314	54,630
At 31 December	261,224	209,910
<b>Net book value</b>	<b>173,565</b>	<b>224,879</b>
<b>Total property, plant and equipment</b>	<b>2,104,459</b>	<b>2,147,382</b>



LABASA TOWN COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2017

<b>7. INVESTMENT PROPERTIES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Deemed cost:		
At 1 January	6,191,477	6,101,665
Additions	185,712	90,011
Adjustment	-	(199)
At 31 December	<u>6,377,189</u>	<u>6,191,477</u>
Depreciation and impairment		
At 1 January	346,713	254,084
Depreciation charge for the year	103,517	92,629
At 31 December	<u>450,230</u>	<u>346,713</u>
<b>Net book value</b>	<b><u>5,926,959</u></b>	<b><u>5,844,764</u></b>
<b>8. INTANGIBLE ASSETS</b>		
Deemed cost:		
At 1 January	10,212	10,212
Additions	-	-
At 31 December	<u>10,212</u>	<u>10,212</u>
<b>Net book value</b>	<b><u>10,212</u></b>	<b><u>10,212</u></b>
<b>9. TRADE PAYABLES</b>		
Trade creditors	51,435	81,514
Deposits	405,762	324,737
Income received in advance	6,329	4,239
Vat Payable	1,610	-
Other payable	30,972	16,015
<b>Total Trade Payables</b>	<b><u>496,109</u></b>	<b><u>426,505</u></b>
<b>10. LOAN ACCOUNT</b>		
Monetary Funds	27,378	-
Other Deposits	19,942	-
	<u>47,320</u>	<u>-</u>
<b>11 DEFERRED GRANT</b>		
At 1 January	929,674	951,333
Grant received	-	12,747
Released to the income statement	(34,406)	(34,406)
At 31 December	<u>895,268</u>	<u>929,674</u>

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

LABASA TOWN COUNCIL  
COUNCIL'S REPORT - (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Other circumstances**

As at the date of this report:

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

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

**Management benefits**

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

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

Dated this 29th day of August 2019.

.....  
Acting Chief Executive Officer

**LABASA TOWN COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. OBLIGATIONS UNDER OPERATING LEASES**

The council holds a piece of land with an estimated useful life of 54 years under a 99-year lease term. The future minimum lease payments are as follows:

	2017 \$	2016 \$
Within one year	19,347	19,347
Later than one year but within five years	38,694	58,041
	<u>58,041</u>	<u>77,388</u>

**13 RELATED PARTY TRANSACTIONS**

(a) Key management personnel compensation

The total remuneration of key management in 2017 (including salaries and benefits) was \$65,475 (2016: \$53,940).

(b) Fiji National Provident Fund

<u>4,678</u>	<u>4,968</u>
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**14. CONTINGENT LIABILITIES**

As at 31 December 2017, the Council's contingent liabilities not otherwise provided for in the financial statements amounted to \$Nil (2016: \$Nil)

**15. COMPARATIVES**

Where necessary, comparative figures have been re-grouped to conform to changes in presentation in the current year.

**16. EVENTS AFTER THE END OF THE REPORTING PERIOD**

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

**17. PRINCIPAL ACTIVITIES**

The 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 or credit thereof.

**18. Prior Year Adjustments**

- (i) The Council approved the adjustment to correctly reflect a loan from the Refundable Account to fund general operations amounting to \$64,878 which was taken in 2014. Initially, this loan was recorded directly to Car Park Fund equity. Through the adjustment, the accounting for this loan is now correctly recorded and the balance of \$47,320 is correctly reflected.

Additionally, income received and surplus over the year of \$103,736 earned from Car park is now correctly recorded under Council Municipal Funds instead of car park funds.

Consequently, repayments of this loan is now correctly recorded in the Refundable Deposit Payable account and now matches the cash at bank refundable account.

- (ii) VAT Receivables is now correctly reflected as according to the Statement of VAT Account provided by the Fiji Revenue and Customs Authority. Initially, the VAT Receivable was overstated from previous years.

- (iii) The Council approved the write off of an adjustment amounting to \$157,584 which has been carried forward from previous years.

**19. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Council and authorised for issue on .....

LABASA TOWN COUNCIL  
DETAILED INCOME STATEMENT - GENERAL FUND  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<b>Revenue</b>		
General rates	925,423	728,786
Less: Rates discount	(35,367)	(30,162)
	<u>890,056</u>	<u>698,624</u>
Interest on overdue rates	136,250	132,183
Less: Town rates waiver	(2,512)	-
Less: Interest written off	(120,854)	-
	<u>12,884</u>	<u>132,183</u>
Fees, charges and rents	839,773	865,824
Amortisation of capital grant	34,406	34,406
Business and trading licenses	164,902	173,997
Miscellaneous	21,387	21,180
<b>Total revenue</b>	<u>1,963,408</u>	<u>1,926,214</u>
<b>LESS: Expenditure</b>		
Advertising	8,061	6,667
Awareness expenses	12,791	1,288
Audit fee	26,781	19,216
Contracted - maintenance and cleaning	434,890	398,490
Depreciation and amortization	173,588	197,489
Doubtful debts	141	(59)
Fiji National Provident Fund	68,148	50,580
Garbage service	205,831	200,213
Insurance	11,785	11,163
Incidental	7,879	10,354
Wages and salaries and other benefit	617,969	531,348
Land lease	17,855	18,796
Legal	25,377	27,072
Maintenance	385,006	115,361
Printing and stationery	32,957	25,614
Travel and subsistence	17,696	15,540
Utilities	115,365	104,631
Uniform and protective clothing	18,029	19,041
Fiji National University levy and fringe benefit tax	9,868	8,904
Town & Planning	2,492	5,514
Bank charges	2,735	2,091
Other expenses	44,033	53,681
Civic reception	9,541	9,953
<b>Total expenditure</b>	<u>2,248,818</u>	<u>1,832,947</u>
<b>Operating (deficit)/surplus for the year</b>	<u>(285,410)</u>	<u>93,267</u>

LABASA TOWN COUNCIL  
 DETAILED INCOME STATEMENT - PARKING METER FUND  
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<b>Revenue</b>		
Meter tolls	18,578	10,669
Infringement fine	10,280	4,938
Miscellaneous	-	-
<b>Total revenue</b>	<u>28,858</u>	<u>15,607</u>
<b>LESS: Expenditure</b>		
Depreciation	1,185	547
Fiji National Provident Fund	610	670
Maintenance of parking meters including parking bays	3,647	2,400
Miscellaneous	210	280
Printing and stationery	1,532	782
Wages and related payments	6,118	7,247
Bank interest and charges	221	292
Electricity	183	265
Other expenses	331	-
<b>Total expenditure</b>	<u>14,037</u>	<u>12,483</u>
<b>Operating surplus for the year</b>	<u><u>14,821</u></u>	<u><u>3,124</u></u>

LABASA TOWN COUNCIL  
 DETAILED INCOME STATEMENT - LIGHTING FUND  
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<b>Revenue</b>		
Lighting rate	109,318	82,507
<b>Total revenue</b>	<u>109,318</u>	<u>82,507</u>
<b>LESS: Expenditure</b>		
Maintenance and installation of festoon light	6,096	1,754
Maintenance of street light	-	-
<b>Total expenditure</b>	<u>6,096</u>	<u>1,754</u>
<b>Net surplus for the year</b>	<u><u>103,222</u></u>	<u><u>80,753</u></u>

LABASA TOWN COUNCIL  
 DETAILED INCOME STATEMENT - CAR PARK FUND  
 FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	\$	\$
<b>Revenue</b>		
Car park fees	25,569	17,569
<b>Total revenue</b>	<u>25,569</u>	<u>17,569</u>
<b>LESS: Expenditure</b>		
Management expenses	-	-
<b>Total expenditure</b>	<u>-</u>	<u>-</u>
<b>Operating surplus for the year</b>	<u>25,569</u>	<u>17,569</u>

**LABASA TOWN COUNCIL  
STATEMENT BY THE COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2017**


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

- (a) the accompanying statement of comprehensive income of the Council is drawn up so as to give a true and fair view of the results of the Council for the year ended 31 December 2017;
- (b) the accompanying statement of changes in equity is drawn up so as to give a true and fair view of the movement in the Council's funds for the year ended 31 December 2017;
- (c) the accompanying statement of financial position of the Council is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 December 2017;
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the state of the cash flows of the Council for the year ended 31 December 2017;
- (e) at the date of this statement there are reasonable grounds to believe the Council will be able to pay its debts as and when they fall due; and
- (f) all related party transactions have been adequately recorded in the books of the Council.

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

Dated this 21<sup>st</sup> day of August 2019.

  
.....  
**Acting Chief Executive Officer**



# OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8<sup>TH</sup> Floor, Ratu Sukuna House  
2-10 McArthur St  
P. O. Box 2214, Government Buildings  
Suva, Fiji

Telephone: (679) 330 9032  
Fax: (679) 330 3812  
E-mail: [info@auditorgeneral.gov.fj](mailto:info@auditorgeneral.gov.fj)  
Website: <http://www.oag.gov.fj>



## INDEPENDENT AUDITOR'S REPORT

### LABASA TOWN COUNCIL

I have audited the accompanying financial statements of the Labasa Town Council which comprise the statement of financial position as at 31 December 2017, statement of changes in equity, statement of comprehensive income, statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 19.

In my opinion, except for the effects on the matters described in the Basis of Qualified Opinion paragraphs; the accompanying financial statements are prepared, in all material respects, in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and section 57(2) of the Local Government Act.

#### Basis for Qualified Opinion

Included in Trade receivables balance of \$1,549,923 (Note 4) is rates receivable amounting to \$1,489,232 of which \$1,341,135 or 90% are more than 90 days old. The Council has not made any provision for impairment. Consequently, I am unable to confirm if the rates receivable is correctly valued at balance date.

#### Other Matter

The internal controls relating to market fees collection and reconciliation were found to be weak and need to be strengthened to avoid financial losses in future.

I have 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 Council in accordance with the International Ethics Standards Board for Accountants 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 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 Management and Those Charged with Governance for the Financial Statements

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

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

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

## **Auditor's Responsibility for the Audit of the Financial Statements**

My 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 International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism 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 controls.
- 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 Council'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 management's 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 Council's ability to continue as a going concern. If I conclude that a 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 Council 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 those charged with governance 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 Local Government Act 1972 in my opinion:

- a) proper books of account have been kept by the Council, so far as it appears from my examination of those books,
- b) the accompanying financial statements:
  - a. are in agreement with the book of account;
  - b. to the best of my information and according to the explanations given to me, give the information required by the Local Government Act 1972 in the manner so required.



Ajay Nand  
**AUDITOR-GENERAL**



Suva, Fiji  
28 August, 2019

**LABASA TOWN COUNCIL  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Rates:		
General and garbage fees	925,423	728,786
Light	109,318	82,507
	<u>1,034,741</u>	<u>811,293</u>
Less: rates discount	(35,367)	(30,162)
Less: interest waiver	(120,854)	-
Less: town rate waiver	<u>(2,512)</u>	<u>-</u>
	876,008	781,131
Amortisation of capital grant	34,406	34,406
Business licence fees	164,902	173,997
Fees, charges and rent	839,773	865,824
Interest	136,250	132,183
Parking meter	28,858	15,607
Car park	25,569	17,569
Others	<u>21,387</u>	<u>21,180</u>
Total Income	<u>2,127,153</u>	<u>2,041,897</u>
<b>Expenses</b>		
Administrative and operating costs	307,716	288,678
Auditor's remuneration	26,781	19,216
Doubtful debts	141	(59)
Depreciation and amortization	173,588	197,489
Employees salaries and benefits	731,711	625,414
Finance cost	2,956	2,383
Maintenance costs	<u>1,026,059</u>	<u>714,064</u>
Total expenses	<u>2,268,952</u>	<u>1,847,185</u>
<b>Operating (deficit)/surplus for the year</b>	<b>(141,799)</b>	<b>194,712</b>
Other comprehensive income	-	-
<b>Total comprehensive (loss)/ profit for the year</b>	<b><u>(141,799)</u></b>	<b><u>194,712</u></b>

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

LABASA TOWN COUNCIL  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

COUNCIL MUNICIPAL FUNDS	2017 \$	2016 \$
Opening balances as at 1 January	9,238,688	9,064,668
Council write off of Trade Receivables Difference	157,584	-
Council recognized revenue correctly which initially was taken as trust funds	103,736	-
Refundable Deposit wrongly being taken in FS	(53,369)	-
Vat receivables adjustment as per the SVA	(80,286)	-
	(1,610)	-
(Deficit) / surplus for the year		
- General Fund (Page 22)	(285,410)	93,267
- Lighting Fund (Page 24)	103,222	80,753
<b>Balance at 31 December 2017</b>	<b>9,182,555</b>	<b>9,238,688</b>

*The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 21.*

LABASA TOWN COUNCIL  
STATEMENT OF CHANGES IN EQUITY (CONT'D)  
FOR THE YEAR ENDED 31 DECEMBER 2017

COUNCIL OTHER FUNDS

	Notes	Parking Meter Fund	Car Park Fund	Total Trust Funds
		\$	\$	\$
Opening balance as at 1 January 2016		(265,781)	125,476	(140,305)
(Deficit) / surplus for the year	2	3,124	17,569	20,693
At 31 December 2016		<u>(262,657)</u>	<u>143,045</u>	<u>(119,612)</u>
Surplus for the year	2	14,821	25,569	40,390
Adjustment to re-classify as loan			(168,614)	
At 31 December 2017		<u><u>(247,836)</u></u>	<u><u>-</u></u>	<u><u>(247,836)</u></u>

*The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 21.*



