FIJI REVENUE AND CUSTOMS SERVICE

ANNUAL REPORT

2018-2019

www.frcs.org.fj

Parliamentary Number 01/2022

Our Guiding Principles

Our Vision

A World Class Revenue Service delivering excellence in Revenue Collection, Border Security, trade and travel facilitation.

Our Mission

Helping Fiji grow as a leading contributor and funder of sustainable economic, security and social initiatives.

Our Values

- Customer Focused
- Results Focused
- Partnership
- Leadership
- Valuing Employees
- Integrity

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About FRCS

FIJI REVENUE AND CUSTOMS SERVICE

The Fiji Revenue and Customs Service (FRCS) is a statutory Authority established under the FRCS Act 1998 that is governed by a Board and administered by a Chief Executive Officer.

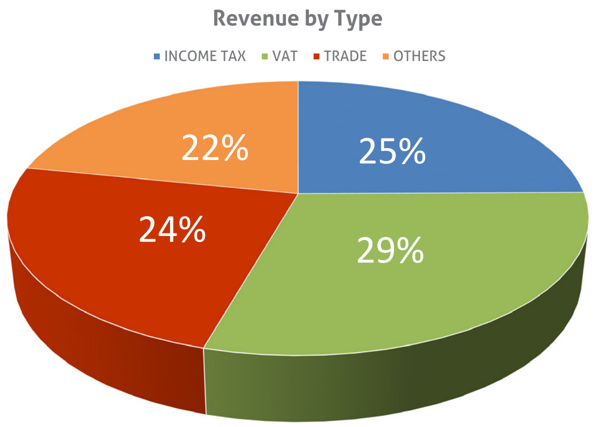
We take pride in our roles which are as follows;
- Collect taxes and duties on behalf of Government;
- Provide quality advice on tax and customs matter to all our stakeholders;
- Facilitate trade and travel; and
- Protect the border

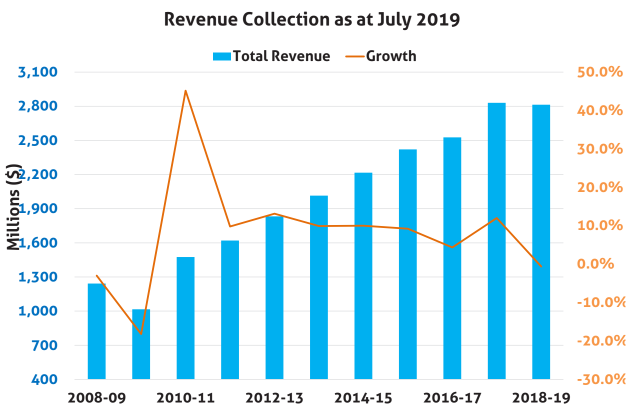
We have four strategic focus areas. They are:

Partnership	• Promote voluntary compliance • Enhance Gold Card services • Maintain effective regional and international relationships • Develop best practice tools for the South Pacific region
People	• Implement a people strategy and new structure • Leadership • Framework development, employment, recruitment and selection, policies and procedures • Career and rotation boards and succession planning
Legislation and Process	• Harmonize Revenue and Customs administration and legislation • Enable digital enforcement capabilities • Align with international benchmarking standards • Review policies and procedures
Technology	• Build enterprise capability • Manage growth and sustainable projects • Ensure a secure and intelligent information platform • Provide agile and innovative solutions

Performance Highlights

Total Revenue	Growth over Previous Financial Year	As a Percentage of Total Government Revenue	Debt and Arrears Collection
$ $2.8 b	(0.6%)	66.4 %	$ $97.5 m





Total Compliance Collection	Cost of Collection (cents per dollar of revenue)	Staff Climate Score (Out of 5)	Operating Surplus
$88.7 m	2.16 c	4.17	$ 2.5 m
2,383 Audit case finalized	0.1c	86% Response Rate	41%

Organization Structure

Board of Directors

Chief Executive Officer

Director Border
- Border Control
- Airports
- Marine
- Wharf
- Cargo
- Clearance
- Inspections
- Passenger Processing

Director Intelligence, Compliance & Investigations
- Intelligence and Risk Profiling
- Fraud Investigations
- Audit Compliance

Director Revenue Management
- Tax & Customs Revenue Management
- Tax and Customs Debt Enforcement
- FRCS External Customer Service (includes
- Gold Card Extension)
- FRCS Customer Service
- Policy

Director People and Finance
- People & Technical Capability
- Financial Management
- Properties, Assets and Fleet
- Projects
- Risk Management

Director Corporate Services
- Legal Services
- Internal Assurance
- Productivity
- International Relations
- Corporate Communications
- Objection review

Chief Information Officer
- Strategic & Operational Technology Enablement
- Knowledge Management System

Corporate Governance

The Ministry of Economy is responsible for policy and legislative formulation for the Fiji Revenue and Customs Service (FRCS). The FRCS board is appointed by the Minister of Economy and is accountable to Government under the FRCS Act 1998. The Board provides strategic guidance and delegates appropriate authority to the Chief Executive Office for the proper administration and management of the functions and affairs of FRCS.

Board Members

Mr Ajith Kodagoda	- Board Chair
Ms Makereta Konrote	- Director
Mr Faiz Khan	- Director (Since Deceased)
Mr Jone Vatukela	- Director (Since Deceased)

Board Appointment and Composition

The FRCS Board is appointed by the Minister for Economy and shall consist of:

- the Permanent Secretary for Economy
- other members, not being less than three (3) or more than five (5)

Board Responsibilities

- Shall have all such powers as maybe reasonably necessary or convenient for the purpose of carrying out its function under the FRCA Act and regulating its own procedure;
- Appoint a Chief Executive Officer after consultation with the Minister;
- Issue Departure Prohibition Order under Section 31 of Tax Administration Act;
- Where appropriate, the Board may seek independent professional advice, relevant to the Board's considerations, paid by FRCS. The person so attending shall have no right to vote in Board meetings;
- Appoint an audit committee;
- May from time to time appoint Board Committees with such membership and terms of reference as the Board deems appropriate; and
- Endorse policies and procedures upon recommendation of the CEO.

Board Committee and Roles

As part of Section 25 of the FRCS Act 1998, it is required that FRCS appoint an Audit Committee which shall perform the following functions-

1. To recommend to the Minister the name of an auditor of the Service's accounts;
2. To develop a programme for the internal auditing of the Service's accounts and practices;
3. To investigate allegations of corruption against members or employees of the Service and to report its findings to the Service, whereupon the Service shall submit a copy of the report to the Minister.

A Board Audit Committee was appointed during this period with Mr. Jone Vatukela as chair of the committee and Ms. Makereta Konrote as committee member.

A Message From our Chairman

Honorable Minister,

The Fiji Revenue and Customs Service (FRCS) continues to strive towards becoming a World Class Organization, in the service we provide to all our stakeholders and to the people of Fiji. The organization continues to grow in revenue collection to support the aspiration of Government and the people of Fiji.

We work in close consultation with International and Regional Partners spearheading and driving national interests and initiatives with the aim of achieving socio-economic development and boosting transformational strategic thrusts.

Working off the direction of the National Development Plan and the guidance of our Strategic Plan and the continuous commitment and dedication of the Fiji Revenue and Customs Service team, I am confident that we will continue to grow our revenue collection efforts in the coming future to ensure we contribute towards building a sustainable economy.

All achievements have been made possible through the contribution of the Board of Directors, the Chief Executive Officer, his Executive Leadership team as well as all employees of FRCS. We stand committed to serving all our customers, stakeholders and partners and to diligently carry out our duty to the nation.

With these few words I am delighted to present to you the Annual Report for the Fiji Revenue and Customs Service for the financial year ending 31 July 2019.

THE FRCS CONTINUES TO STRIVE TOWARDS BECOMING A WORLD CLASS ORGANIZATION

AJITH KODAGODA
Chairman of the Board of Directors

Report from the Chief Executive Officer

I am thankful to my team and am proud of the work we do for the Nation, Our People and all our Stakeholders. For the year ending 2018-2019 the team drove and delivered on a number of projects, some of which were at national level, within our business communities and within the organization, all running simultaneously. We remain guided by our 2017-2020 Strategic plan as we continue our transformation journey to deliver excellence in our services and in fulling our role.

While it has been a norm to fear the tax office we have directed our focus on becoming customer centric in the way we approach, carry our conversations and work through issues. As we continue our journey to becoming world class we are continuously faced with many unprecedented disruptions beyond our control but we encourage and empower our officers to embrace change and look to the future.

Despite our transformational and transactional objectives, we are mindful of the increased expectations of government and all our stakeholders and remain committed to delivering on those expectations without compromising the ambits of the law and the integrity of the organization.

Some of our major highlights for the year 2018-2019 are as follows:

Chairman of Commonwealth Association of Tax Administrators (CATA)
The 39th CATA Technical Conference and 14th General Meeting which was held in Nadi with the theme of the conference being "Building sustainability and resilience in tax administration". Fiji was elected vice chair of CATA during this conference which has opened up opportunities in terms of information access and dialogue with other tax administrations.

> *I ACKNOWLEDGE THE LEADERSHIP OF THE BOARD, MANAGEMENT, STAFF AND ALL OUR STAKEHOLDERS*

VISVANATH DAS
Chief Executive Officer

New Tax Information System
In August 2019 the project had reached its 11th month with the Design Phase of the project expected to be completed in October 2019. At this point the FRCS steering committee had signed off on 10 Design documents. At this point the consultants had completed the development of the Sign up, TIN Registration, Sole Trader Registration and PAYE processes. The identification of third party agencies for interfacing was successful with 7 interfaces completed and 5 under development. Data cleansing was a challenge at first however by the 14^{th} month of the project, we saw a significant increase in data cleansing which had an impact on the master data allowing the project team to start on information migration discussions. The Taxpayer Online System (TPOS) was launched in December 2019.

Offsite Disaster Recovery Program
The new tax system would test our ability to hold data on our servers and with this in mind another milestone was achieved with the delivery and installation of the Production & Disaster Recovery servers which boasts a 400 gigabyte capacity proving to be the most powerful server in the Pacific.

Electronic Fiscal Device – Phase 3 Rollout
The announcement of the third and final phase of the Electronic Fiscal Device (EFD) regulation saw an additional ten industries added to the pool of business required to register for EFD.

Ease of Doing Business
The Ease of doing business index ranks countries against each other based on how regulatory environment is conducive to business operations and stronger protection of property rights. Economies with a high rank have simpler and more friendly regulations for businesses. Fiji is currently ranked 102 amongst 190 economies as of December 2019. The Fiji Revenue and Customs Service currently lead two working groups and they are (i) paying taxes and (ii) trading across borders. Through the working groups we make recommendations to cabinet on amendments to certain government policies to promote doing business in Fiji.

In carrying out our different tasks throughout the organization but focusing on our major role which is to collect revenue for government, FRCS collected a total of $2.81b, a negative variance of $39.4m was noted against the revised forecast based on 10 months of actual revenue baseline. This represents a negative growth of 1.4% over the revised forecast of $2.85b. Despite the negative variance, FRCS recorded a growth in VAT and Trade taxes collection whilst there was weak performance in Income Tax and other taxes and levies. Nevertheless as an organization we will continue to carry out our role and continue to serve Fiji.

I acknowledge the leadership of the Board of Directors, support of Management, Staff and all our Stakeholders in the year's achievement.

Thank you

Board of Directors

Mr. Ajith Kodagoda

Board Chair

Ms. Makereta Konrote

Board Member

Mr. Faiz Khan
(Since Deceased)

Board Member

Mr. Jone Vatukela
(Since Deceased)

Board Member

Management Team

Mr. Visvanath Das
Chief Executive Officer

Mr. Jonetani Vuto
Director Border

Ms. Fane W. Vave
Director Coporate Services

Mr. Muni Ratna
Director Intelligence, Compliance and Investigations (Acting)

Ms. Ruth Williams
Director People, Capability & Culture

Mr. Fazrul Rahman
Director Revenue Management

Ms. Emily Yalimaiwai
Chief Information Officer

Responsibilities of FRCS Directorates

Revenue Management	Intelligence, Compliance and Investigation	Border
Focusses on carrying out taxpayer services, revenue and debt collection. The division is also responsible for the revenue side of customs as part of their deliverable.	Drives compliance across the organisation and carries out investigations using intelligence.	The Border team are responsible for managing the security and facilitation of trade and travellers at Fiji's Border.

Technology	People, Capability & Culture	Corporate Services
The team maintains and updates the systems and technologies that are deployed throughout the organization. They also ensure that the systems are secure from threats.	The PCC team lead initiatives and programs relating to the FRCS' human resources and continous capacity development.	The role of this team is to provide support to the operation arms of the organization. This support are in the areas of finance, legal, policy, design and monitoring among others.

Performance

Revenue Collection

Revenue Collection summary

- For the 2018-2019 financial year, the service recorded growth in VAT and Trade taxes collection whilst there was weak performance in Income Tax and Other taxes and levies. Overall there was a negative growth of 0.6% or $16.9m when compared to the last financial year;
- The revenue accounted for 66.4% of total Government revenue.

For the 2018-2019 fiscal year, we collected a total of $2.81b, a negative variance of $39.4m was noted against the revised forecast based on 10 months of actual revenue baseline. This represents a negative growth of 1.4% over the revised forecast of $2.85b. The revised forecast stands to be a more objective measure of revenue performance as it takes into account the actual revenue collection trend using 9 to 10 months of revenue data.

Cumulative growth has gradually increased over the years with consecutive positive growth from 2010 onwards. A huge improvement is noted this year with growth rate rebounding to the 2014-2015 levels after a significant dip in 2015-2016 - a period of significant tax cut (VAT).

The revenue performance is mainly driven through three main channels:

- favorable macro-economic conditions;
- rigorous audit and compliance activity; and
- the efficient recovery of the outstanding revenue and penalties.

The improved economic conditions and intensified compliance efforts by FRCS has contributed to increased collections for a number of tax types. Total compliance collection for the fiscal year amounted to $88.7m. A total of 2,383 audit cases were finalized by the end of the period. Total cases currently under audit is 348 and will increase as the taxpayer profiling works have intensified. Total collections from debt management and arrears amounted to $97.5m.

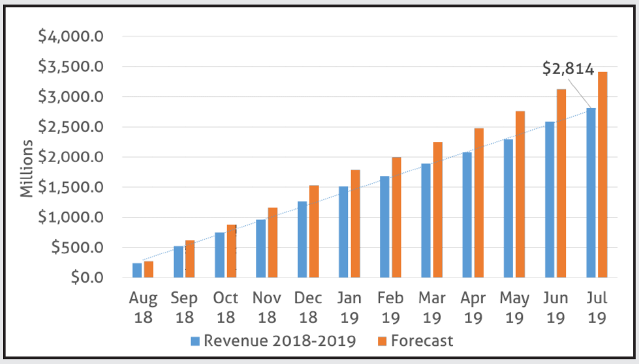
Tax mix analysis indicates that VAT is leading the revenue collections with a contribution of 29.6% followed by Income tax at 24.8%, Trade taxes at 23.8% and other taxes and levies contributing 21.8%. The negative growth of 0.6% has culminated into a revenue buoyancy with 0.1% negative growth in tax revenue relative to a 1% growth in the economy.

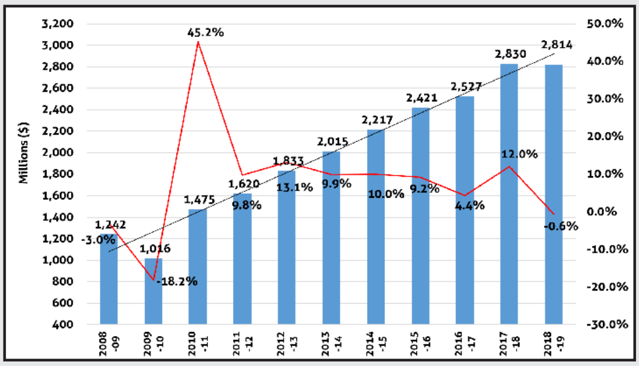
Given the current revenue variance, various strategies were implemented to ensure minimal gap against the year-end target.

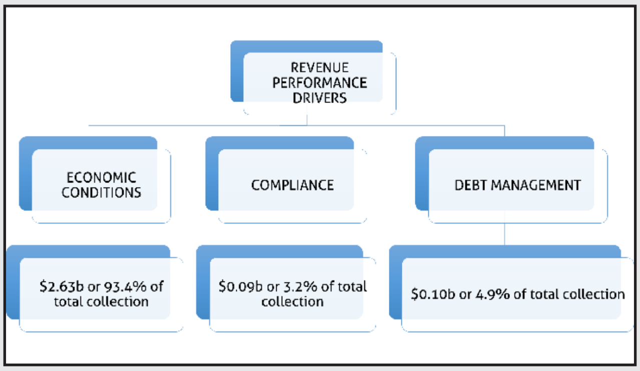
- There is constant monitoring of data transmitted through the VAT Monitoring System. A total of 129 supermarkets, 64 pharmacies, 163 Legal Firms, 185 Medical Centers, 179 Accounting Firms, 184 Hardware Companies, 48 Travel Agencies and 554 Others have the Electronic Fiscal Devices (EFD) installed and their daily transactions are monitored on an hourly basis. This has also allowed to estimate the amount of VAT, STT, ECAL collections as well as their compliance rate with the use of EFD's.
- Higher taxes are anticipated through Government's expenditure on cyclone assistance relief effort (Homes Care/Farm Care). A total of 60,000 households have been assisted at a cost of $68m and 55,000 farmers have been assisted at a cost of $24.3m.
- The impetus for the following months will also be driven by government expenditure and release of grant payment to the various bodies for undertaking of capital development projects. As at July, total budget utilization stands at 85.4%.
- The month of June represented financial year end for several companies and this will further contribute to improvement in revenues.

Summary	2018-2019 ($)	2017-2018 ($)	Variance ($)	Growth (%)
Income Tax	699,056,068	749,905,090	(50,849,022)	-6.8%
VAT	831,823,177	788,625,742	43,197,435	5.5%
Trade	669,790,520	668,648,803	1,141,717	0.2%
Others	612,905,833	623,260,385	(10,34,554)	-1.7%
Total	2,813,575,597	2,830,440,020	(16,864,423)	-0.6%

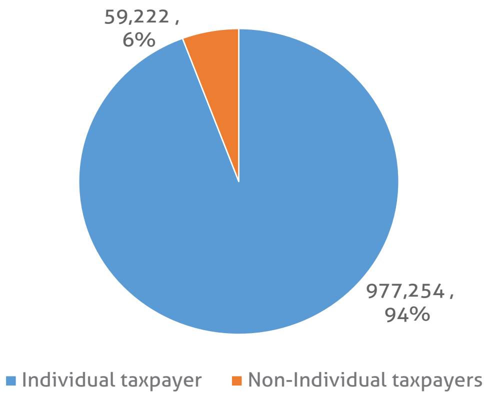
	Tax Mix 18-19 (%)	Tax Mix 17-18 (%)	Growth /Cum. Forecast (%)	Growth over 17-18 (%)	% of GDP	Revenue Buoyancy NGDP
Income Tax	24.8	26.5	-24.5	-6.8	6.0	-1.2:1
VAT	29.6	27.9	-12.2	5.5	7.2	0.94:1
Trade	23.8	23.6	-12.3	0.2	5.8	0.03:1
Others	21.8	22.0	-21.1	-1.7	5.3	-0.3:1
TOTAL	100.0	100.0	-17.5	-0.6	24.2	-0.10:1

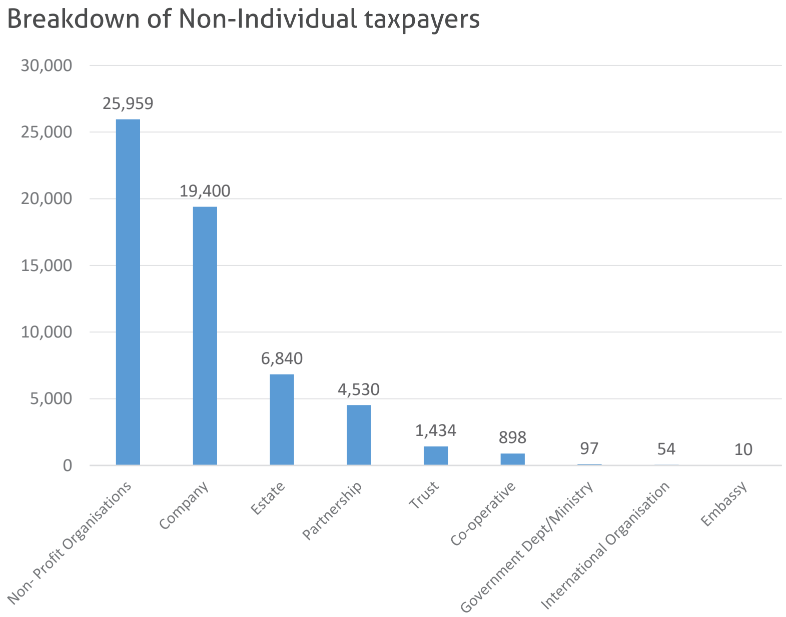




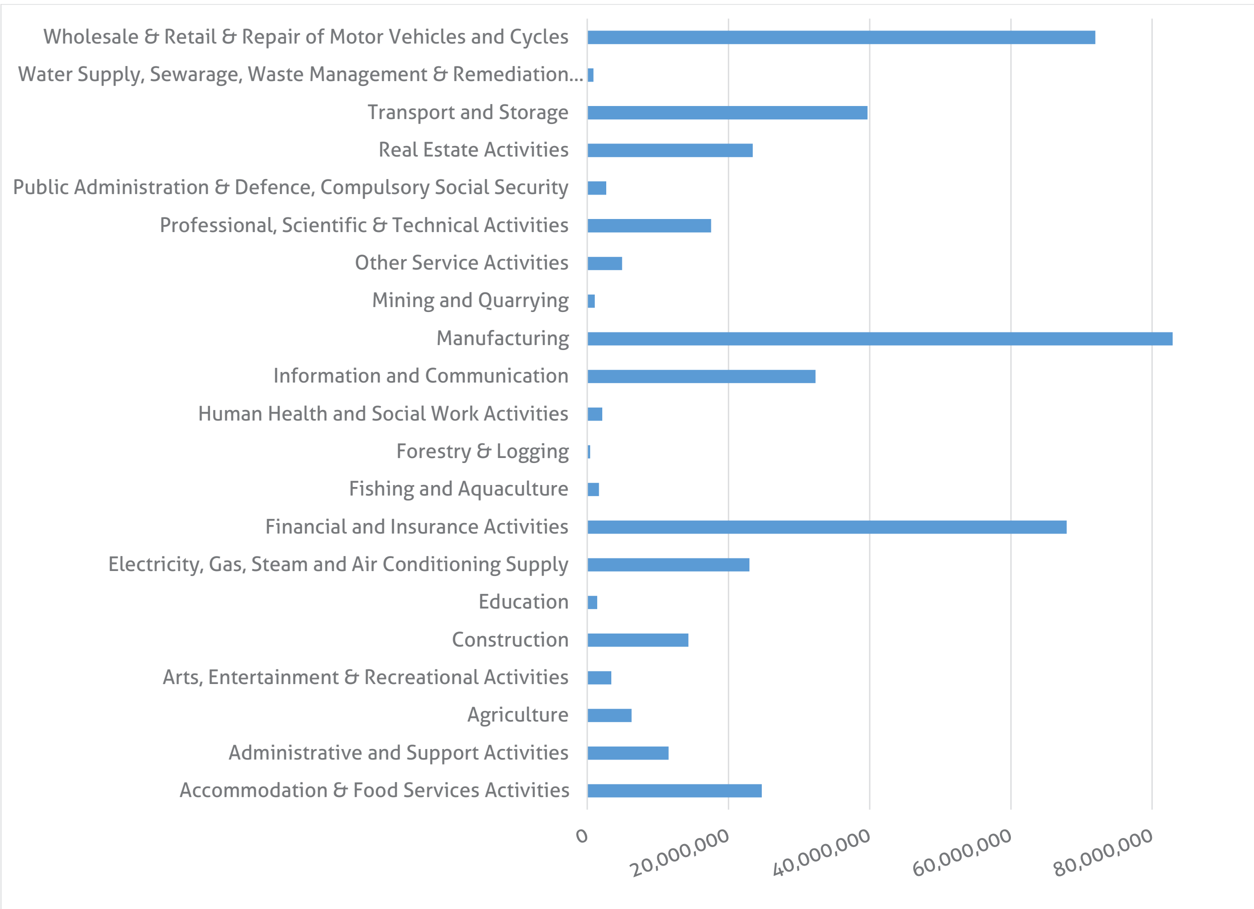


Taxpayer Population





Tax Collection by Industries



Risk Analysis and Financial Intelligience

The Risk Analysis and Financial Intelligence team through their data analysis, collaboration with other organisations through data sharing and consultation with internal units, identify areas of interest, new and emerging trends and taxpayer behavior.

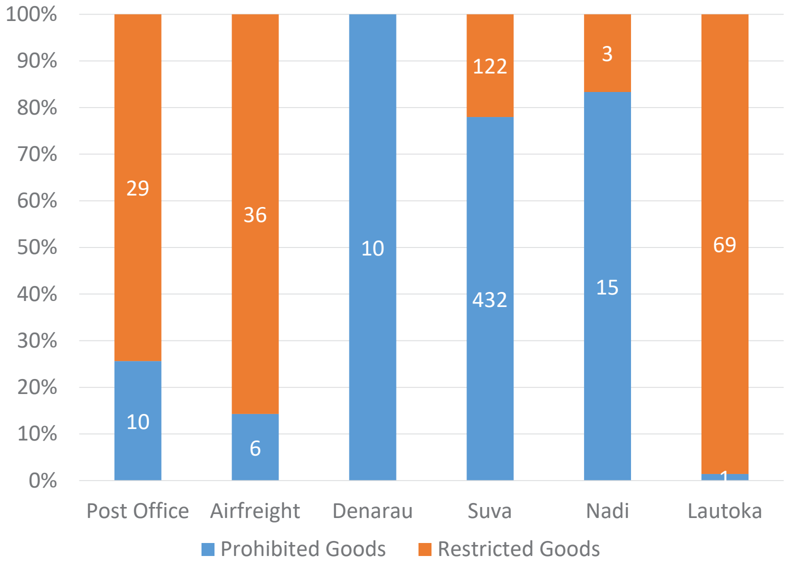
FY	Total Cases allocated to ICI	Assessment
2018-2019	121	34,216,415

Audits

Number of Audits conducted with value.

2018-2019	Aug-Oct	Nov-Jan	Feb-April	May-July	Total
Assessments	13,875,460	37,639,713	32,465,902	26,745,146	110,726,220
Penalties	850,038	7,994,868	14,408,688	2,404,819	25,658,414
Total	14,725,498	45,634,581	46,874,590	29,149,966	136,384,634
Cash Collections	13,197,881	23,709,380	17,737,516	24,113,084	78,757,861
Non Cash Collections	793,501	2,063,715	5,444,380	2,361,151	10,662,747
Total	13,991,382	25,773,095	23,181,896	26,474,235	89,420,608
Cases Completed	648	656	565	523	2,392

Border Seizures of Prohibited and Restricted Goods



Partnership

Customer Survey Rating

2.55 out of 5

26

Industry Consultations

MOUs Signed

14

52

Tax Talk Articles

Legislation and Process

Revenue Collection

$2.8B

0.4% Decrease

New SIGs Published

35

Approved Incentives Applications

59

Trade and Travel Facilitation

Flights facilitated (Departures)

7,822 Flights

1,019,228 Passengers

Flights facilitated (Arrivals)

7,809 Flights

1,012,717 Passengers

Trade facilitation (Value)

$5.7b Import

$2.2b Export

SIG - Standard Interpretation Guideline

Technology

ASYCUDA System Enhancements
25

Online Payments Received
$234,077,207.28

People

Staff Survey Rating
4.05

Training & Awareness Events
80

Total Staff
865

Partnership

Highlights for the Year

The financial year saw the Service make a quantum shift in how we approached and communicated with our partners. This was reflected both internally with how we communicated within the organization as well as externally with our customers, clients and suppliers. The shifts were driven by a conscious effort to maximize use of technology, increase engagement at strategic levels and increase voluntarily compliance. Key achievements in this space included:

Introduction of CEO Forums

These forums allowed senior leaders of industries to discuss key risks and treatments as well as other emerging issues that the business community needed addressed. The forums enabled the private sector to hear directly from the FRCS CEO on the initiatives of the organization and how it impacts them.

Hosting the Pacific Leadership Program for Border agencies

This is a leadership building program provided by People Focus NZ in partnership with New Zealand Customs and FRCS. Potential leaders from FRCS, Biosecurity Authority of Fiji, Fiji Police Force and Immigration Fiji graduated from the program which was run in a number of week-long sessions during 2018.

Extension of Memorandum of Understanding and Information sharing

FRCS continues to identify relevant partners for MOU's that can add value to our deliverables. There is also an agreed Customs Co-operation Agreement with Hong Kong Customs was signed in 2018.

International Relations

a. **World Customs Organization Vice Chair Asia Pacific** - completion of the two years in the role of Vice Chair for WCO in Asia/Pacific. This included the organization of the Regional Contact Points Meetings and Regional Heads of Customs Administrations meetings in 2017 and 2018. The technical assistance and advise provided by Australia Border, Malaysia Customs (previous vice chair) and New Zealand Customs have been invaluable to FRCS' delivery of the role. The project planning and monitoring approach have also been a key enabling tool.

b. **Pacific Islands Tax Administrators Association (PITAA) Heads Meeting** – Fiji hosted the PITAA heads meeting in September 2018. In the lead up to the event, the FRCS International relations team assisted the PITAA secretariat team in planning the logistics of the meeting using the event project planning approach.

c. **OCO Heads Meeting 2018** was held in Melbourne Australia and Fiji only attended the 1 day closed session.

d. **Commonwealth Association of Tax Administrators (CATA)** – the annual technical conference of CATA and the General Meeting were held in November 2018 in Denarau. We prepared well for the conference to ensure that the first CATA conference to be held in the Oceania region was a success.

e. **Korea Customs Service Business Reengineering Project for Customs** – This project is an independent assessment of our Customs systems and processes with a view to instill best practices from Korea and other countries. There has been two exploration missions to Fiji and one study mission by our team to Korea. We aim to receive a number of recommendations that we will be able to integrate into our current processes.

f. **New Zealand Customs** – The implementation of the agreed Fiji and NZ country plan for Customs has been ongoing. Our ability to carry out our role of protecting the border has been greatly assisted by the country plan. The technical assistance and guidance in the agreed technical areas has seen direct results in terms of detecting illegal and harmful items at our borders. The assistance also extends to our administrative areas particularly in the area of law modernization.

Trade Facilitation Agreement (TFA) National Steering Group (SG)

The FRCS CEO currently chairs the working groups of the National TFA SG. He is supported by a core team within the organization that drives the working group meetings and deliverables. Thus far, a number of outputs have been achieved by the working groups including: Risk Management process mapping of other working group member organizations (Ministry of Health, BAF); ASYCUDA world access and training for the same organizations

Border Patrol – TV Show

In an effort to increase awareness of our Border responsibilities which is critical to the security of all Fijians we embarked on a new opportunity with Fiji TV to reconvene the Border Patrol TV Program. The Border Patrol TV Program highlighted the work we do in Border Management and Security such as mitigating smuggling, drugs, illicit trade, featured the Detector Dog Unit, Maritime Community Watch program, Ports of entry and the role of Fiji Revenue and Customs Service. While this is an exciting opportunity to showcase another dimension of the work we do at FRCS, as we progress towards achieving our World Class Vision. As an organization, we were reminded to exercise due diligence in our duties and continue to strive to display exceptional customer service to all our customers.

Interntional Monetary Fund Technical Assistance

The FRCS has been priveledge to be a recipient of techinical assistance from the International Monetary Fund (IMF). During this term the organization received six techinical assistance and one review which covered several areas such as the Compliance Improvement Strategies, Risk Management, Binding ruling, review of FRCS High wealth individual strategy and the review of the New Tax Information System. We appreciate the assistance we receive and continue to learn from expertise available to the organization.

Non-Intrusive Inspection Equipment(NIIE) in Fiji

As part of the China Aid, the FRCS in conjunction with the Biosecurity Authority of Fiji(BAF) commissions and launched the use of the Non-Intrusive Inspection Equipment(NIIE) at strategic locations around Fiji. This technology is used to inspect containers and pallets for harmful pest, disease and illegal material from entering the country without having to open the containers or pallets. In a coordinated intervention approach, this significantly reduces the number of physical inspections, time required for inspections which then minimizing delays in the clearance process.

People

Highlights for the Year

We continue to invest in our greatest asset, Our People. The Fiji Revenue and Customs continue to realign itself to ensure we strive towards improving operational outcomes and to progress towards being a world class organization focusing on service.

We continue to focus on building capabilities amongst our people across all areas within the organization and encourage a change in culture and mindset while carrying out our duty to the nation.
The organization places priority in seeking to retain and recruit qualified, courteous and helpful individuals with strong customer service approach who have the ability to be agile, productive, efficient and most importantly, add value to our business objectives.

Achievements

Training and Employee Development

The use of online tools to build capabilities is fast becoming the global norm. FRCS has invested over $340k on employee training. This includes internal and external training, overseas based and access to training on a learning management system.

Training Type	Number of Training	Number of Staffs	Investment ($)
In-house	286	908	304,462.11
External	70	312	
Overseas	51	92	36,891.26
Total	407	1,312	341,353.37

Productivity and Change Management

Change is inevitable however it is important for any organization and FRCS is no different. We achieved the Prize Level Award from Fiji Business Excellence Awards. Re-enforcing our commitment to our staff we launched our Reward and Recognition Program. FRCS was part of the National Convention on Quality and won Best Leader Awards. There is continuous drive to evaluate and map business and system processes to ensure efficiency and increase productivity.

Staff Climate Survey

Knowing how our employees feel is just as important as our revenue targets, as they determine whether targets are achieved or not. Focusing on aligned organizational outputs, empowering employees and retaining current. We carried out our first independent Staff Climate Survey with an external Human Capital Management Partner. The Staff Climate Survey received an 86% response rate scoring our organizational health at 4.17 out of 5, which is almost 10% higher than the Fiji benchmark.

Process and Legislation

Highlights for the Year

Introduction of Standard Interpretation Guidelines
The Standard Interpretation Guideline was introduced to ensure consistency in the application of Tax and Customs laws and administrative procedures for both our customers and our officers. External and internal awareness sessions continue to occur to ensure updates are provided to our customers and staff.

Automated Economic Operator (AEO) pilot
The World Customs Organization (WCO) was established in 1952 as the Customs Co-operation Council (CCC). It is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations. The WCO represents 182 Customs administrations across the globe that collectively process approximately 98% of world trade.

The AEO Programme is designed for "trusted traders" who are able to demonstrate consistent quality, compliance and trustworthiness in their supply chain. Under this programme the "trusted traders" will be accorded benefits by the Customs administrations to assist in the movement of international cargo.

Among the WCO members, over 170 countries have submitted letters of intent to implement the AEO system and the programme is currently in operation in many countries across the globe.

Fiji is the 80th country in the World and first in the region to introduce AEO Programme. The Fiji Authorised Economic Operator Framework was established in 2018 and is managed by the Gold Card Services of the Fiji Revenue and Customs Service. The pilot programme was launched in June 2018 with Seven (7) Gold Card companies. The programme was officially launched on 25th January, 2019.

Modernization of laws
The Customs and Tax laws were last updated thirty years ago. The business environment has since changed thus making these laws archaic. The modernization of both the Customs and Tax legislation has commenced. The inclusion of feedback from our customers across different industries have added value to the consultation and re-write process. The VAT bill is currently in its fourth draft with Customs currently completing the first draft and is doing feedback reviews


(C) Fiji Ports

Technology

Highlights for the Year

The Fiji Revenue and Customs Service have for the past years been semi active in disseminating information to our stakeholders in the past however in the year 2018-2019 we ramped up our engagement with stakeholders by updating them on the New Tax Information System (NTIS) development.

Electronic Fiscal Device(EFD) Phase 3 Software Assistance

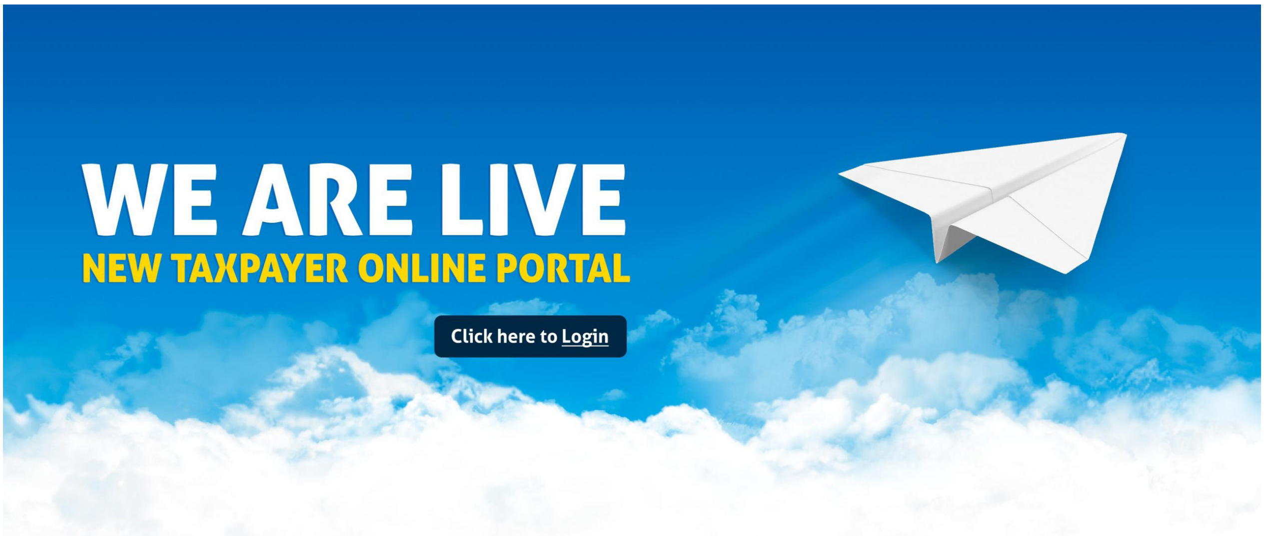
As part of Governments initiative to support the Small Medium Enterprises (SME's) the Fiji Revenue and Customs Service subsidized the installation of the EFD software and to support the transition towards implementation of EFD, the Minister provided an extension to the implementation deadline.

New Tax Information System

In the 2017/2018 national budget announcement, the government confirmed new funding for an IT investment that would assist FRCS to design and implement a new tax system. The investment is designed to enable the tax office to simplify tax administration in Fiji and to create better customer service. It introduces an up-to-date online standard in Fiji where tax services will be made accessible and ensures a higher level of compliance. As such, with effect from 1 August 2019, the FRCS rolled out the NTIS in phases to ensure its effective implementation.

ASYCUDA System Enhancements

System enhancements was done to ASYCUDA++ to complement Fiji's obligation in implementing WCO recommendation as contained in the Revised Kyoto Convention, SAFE Framework of Standards to secure and facilitate global trade and other international instruments. ASYCUDA WORLD is a new web based version of ASYCUDA++. The ASYCUDA WORLD application contribute towards supporting Customs reforms and restructuring by addressing the findings of the time release study and implementing the recommendations of the ASYCUDA WORLD Capacity Assessment report.



Financial Statements

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Members' Report as at 31 July 2019

In accordance with a resolution of the Service, the members herewith submit the Statement of Financial Position and Statement of changes in Equity of the Service as at 31 July 2019, and the related Financial Performance and Cash Flows Statements for the year ended 31 July 2019 and report as follows:

The Names of the Members of the Service in office at the date of this Report

Mr. Ajith Kodagoda - Re-appointed on 1st August 2018 to 1st August 2021 (Chairman)
Mr. Jone Vatukela - Re-appointed on 30th October 2018 to 30th October 2021
Mr. Faiz Khan - Re-appointed on 23rd September 2018 to 23rd September 2021
Mrs. Makereta Konrote - Appointed on 22nd December 2017 to 22nd December 2020
Ms Fay Yee - Appointed on 1st January 2020 to 31st December 2022 (Chairperson)
Mr Ariff Ali - Appointed on 1st January 2020 to 31st December 2022
Mr Mahmood Khan - Appointed on 1st January 2020 to 31st December 2022
Ms Lala Sowane - Appointed on 1st January 2020 to 31st December 2022
Ms Naomi Vuibureta - Appointed on 3rd June 2020 to 2nd June 2022
Mr Shiri Gounder , effective 16th March, 2020

Principal Activities

The principal activities of the Service during the year were to act as the Agent of the State in the provision of taxation and customs services, particularly revenue collection and border management.

Operating Results

The net surplus of the Service for the year ended 31 July 2019 was $2,554,672 compared to $1,792,824 for the period ended 31 July 2018.

Bad and Doubtful Debts

Prior to the completion of the Service's financial statements, the members took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provisions made for doubtful debts.

For the year ended 31 July 2019, the Service had written off a total of $5,445 as bad debts. The debt was money owed to the Service by suppliers and previous staff who had left employment without serving the termination period. After leaving work these staff were unreachable and as such the debt was deemed uncollectable and it was not feasible to take legal action for the recovery, hence Board approval was sought for the write off.

Current Assets

Prior to the completion of the financial statements of the Service, the members took reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Service. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.
As at the date of this report, the members are not aware of any circumstances which would render the values attributed to current assets in the Service's Financial statements misleading.

Unusual Transaction

Apart from matters specifically referred to in the financial statements, in the opinion of the members, the results of the Service's operations during the financial year have not, in the opinion of the members, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Events Subsequent To Balance Date

There were no events subsequent to balance date that materially affect the financial statements , except for those already noted in the accounts.

Other Circumstances

As at the date of this report:

a) no charge on the assets of the Service has been given since the end of the financial year to secure the liabilities of any person;
b) contingent liabilities could not be reliably estimated at the end of the financial year which could become liable; and
c) can become or are likely to be enforceable within the period of twelve months after the end of the financial year, which in the opinion of the members, will or may substantially affect the ability of the Service to meet its obligations as and when they fall due.

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

Members' Benefit

Since the end of the previous financial year, no member has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments recevied or due and receivable by members) by reason of a contract made by the Service with the member or with a company/firm which he or she is a partner, or in which he or she has a substantial financial interest.

For and on behalf of the Service :

....	24/11/21 ....
Chairperson	Date

Statement by the Members

In accordance with a resolution of the members of the Fiji Revenue and Customs Service, we state that:

In the opinion of the members:

(i) the accompanying Statement of Financial Position and Statement of Changes in Equity of the Service are drawn up so as to give a true and fair view of the state of affairs of the Service as at 31 July 2019;

(ii) the accompanying Statement of Financial Performance of the Service is drawn up so as to give a true and fair view of the results of the Service for the year ended 31 July 2019;

(iii) the accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the cash flows of the Service for the year ended 31 July 2019;

(iv) at the date of this statement, there are reasonable grounds to believe that the Service will be able to pay its debts as and when they fall due; and

(v) all related party transactions have been adequately recorded in the books of the Service.

Dated at Suva this 24th day of November 2021.

For and on behalf of the Service and in accordance with a resolution of the members.

....	....
Member	Member

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

6·8™ Floor, Ratu Sukuna House
2-10 McArthur St
P. 0. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Email: info@auditorgeneral.gov.fj
Website: http://www.oag.gov.fj

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements of Fiji Revenue & Customs Service

Opinion

I have audited the financial statements of Fiji Revenue & Customs Service ("the Service'), which comprise the statement of financial position as at 31 July 2019, and the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Service as at 31 July 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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 Service in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the following:

> Note 27 - Events Subsequent to Balance Date to the financial statements disclose the impact of the COVID-19 pandemic, which had an effect on the grant allocated to the Service for the financial year 2019/2020 through a reduction on its total budget allocation by $10 million. There were no other disclosures on Events Subsequent to Balance Date.

In addition, no adjustments have been made to the financial statements as at 31 July 2019 on the impact of COVID-19.

My opinion is not modified in respect of this matter.

Responsibilities of the management and those charged with governance for financial statements

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

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

Those charged with governance are responsible for overseeing the Service's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud 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 the financial statements.

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Service's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of the management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Service 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 my opinion, the financial statements have been prepared in accordance with the requirements of the FRCS Act in all material respects, and;

a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Service has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ajay Nand
AUDITOR-GENERAL

Suva, Fiji
25 November 2021

Statement of Financial Position as at 31 July 2019

	Notes	31 July 2019 $	31 July 2018 Restated $
Total Equity	(refer page 10)	85,221,821	82,667,149
Current Assets			
Cash and Cash Equivalents	5	17,877,257	31,337,496
Receivables	6	8,852,140	1,997,932
Inventory		255,821	147,516
Prepayments		1,771,918	1,801,662
Investments	7	44,280,660	40,399,887
Total Current Assets		73,037,796	75,684,493
Non- Current Assets			
Property, Plant and Equipment	8	50,590,711	33,312,051
Intangible Assets	9	4,805,899	2,520,512
Investments	7	-	3,275,748
Investment Property	10	6,578,750	6,713,750
Total Non-Current Assets		61,975,360	45,822,061
Total Assets		135,013,156	121,506,554
Current Liabilities			
Trade and Other Payables	11	2,819,517	3,679,363
Provision	12	660,904	718,022
Revenue Received In Advance		1,265,029	-
Total Current Liabilities		4,745,450	4,397,385
Non-Current Liabilities			
Revenue Received In Advance		1,747,669	-
Deferred Grant Income Liability	13	43,298,216	34,442,020
Total Non-Current Liabilities		45,045,885	34,442,020
Total Liabilities		49,791,335	38,839,405
Net Assets		85,221,821	82,667,149

The above Statement of Financial Position has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.
These financial statements are approved in accordance with a resolution of the members of the Service.

Member .... Member ....

Date: 24/11/21 Date: 24/11/21

Statement of Financial Performance for the Year Ended 31 July 2019

	Notes	31 July 2019 $	31 July 2018 Restated $
Revenue			
Grants from Government	14	41,944,507	42,091,985
Fees and Charges	15	10,161,525	10,550,737
Recoupment of Depreciation through grants	13	7,280,850	4,568,210
Sundry Income	16	658,023	491,643
Interest Income	10	3,083,005	2,431,237
Gain on Disposal of Asset		185,451	237,580
Total Revenue		63,313,361	60,371,392
Expenses			
Employee Costs	17	37,715,465	37,502,184
Administrative Expenses	18	2,937,080	3,012,782
Other Operating Expenses	19	11,998,768	9,586,561
Property Expenses	20	4,134,781	5,812,041
Depreciation	8 (a) and 10	3,899,159	2,592,576
Amortisation of Intangible Asset	9	71,541	72,424
Non Operating Expenses	21	1,895	-
Total Expenses		60,758,689	58,578,568
Net Surplus For The Period		2,554,672	1,792,824

The above Statement of Financial Performance has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Year Ended 31 July 2019

	Asset Revaluation Reserve $	Retained Earnings Restated $	Total Restated $
Balance as at 01 August 2017	10,534,061	70,340,264	80,874,325
Surplus for the year	-	1,792,824	1,792,824
Balance as at 31 July 2018	10,534,061	72,133,088	82,667,149
Surplus for the period	-	2,554,672	2,554,672
Balance as at 31 July 2019	10,534,061	74,687,760	85,221,821

The above Statement of Changes In Equity has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 31 July 2019

	Notes	31 July 2019 $	31 July 2018 $
Cash flows from operating activities			
Amount received from government for operating activities		41,944,507	42,091,985
Amount received for services provided		8,085,969	11,772,084
Payments to suppliers and employees		(54,435,741)	(53,488,494)
Net cash provided by operating activities		(4,405,264)	375,575
Cash flows from investing activities			
Payment for Property, Plant and Equipment		(12,248,296)	(19,322,034)
Capital Grant received from Government		-	8,433,644
Net redemption /(payment)for investment		(605,025)	(5,813,166)
Proceed from sale of fixed assets		216,375	289,117
Interest from investment and other income		3,270,674	2,933,335
Income from investment property		311,297	308,774
Net cash provided/(used) in investing activities		(9,054,975)	(13,170,330)
Net increase/(decrease) in cash held		(13,460,239)	(12,794,755)
Cash as at beginning of the year		31,337,496	44,132,251
Net cash at the end of the year	22	17,877,257	31,337,496

The above Statement of Cash Flows has been prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements for the year ended 31 July 2019

1. PRINCIPAL ACTIVITIES
   The principal activities of the Service during the year were to act as the agent of the State in the provision of taxation and customs services, particularly revenue collection and border management.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
   The financial statements have been drawn up in accordance with International Financial Reporting Standards (full "IFRS"). The principal accounting policies adopted by the Service are stated to assist in the general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except when stated otherwise.

   (a) Issue of Financial Statements
   The financial statements were approved for issue by the Service's Board of Directors at its meeting held on 24/11/2021.

   (b) Basis of Accounting
   The financial statements have been prepared in accordance with the historical cost conventions, except for investment properties, and the land and buildings that are classified as property, plant and equipment, have been measured at fair value. The financial statements are presented in the Fijian

currency and are rounded off to the nearest dollar, except otherwise indicated.

The Service's financial statement has been prepared on a going concern basis. However, the Service is dependent on Government policy and the continued funding by Parliament for the administration of the Service.

(c) The Service as the Agent of the State

All funds utilised by the Service through various branches to carry out its functions as the agent of the state have been included in the financial statements.

As the Service acts as the Agent of the State, it administers, but does not control, funds collected on behalf of the Fiji Government. The Service is accountable for transactions involving those resources, but does not have the discretion to deploy the resources for the achievement of its objectives. Government transactions include taxes and customs duties. Government revenue is recognised on receipt (cash basis).

(d) Changes in Accounting Policies

New Standards, interpretations and amendments effective from 1 August 2018

New Standards impacting the Service that has been adopted in the Financial Statements for the year ended 31 July 2019 and which has given rise to changes in the Service's accounting policies are :

i) IFRS 9 Financial Instruments

The Service has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 August 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement.

The nature and effects of the key changes to the Service's accounting policies resulting from its adoption of IFRS 9 are summarised below:

As a result of the adoption of IFRS 9, the Service adopted consequential amendments to IAS 1 Presentation of Financial Statements which requires impairment of financial assets to be presented in a separate line item in the income statement. Previously, the Service's approach was to include the impairment of trade receivables in other operating expenses. Additionally, the Service adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures for 2018 but generally have not been applied to comparative information.

i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

For an explanation of how the Service classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 2(r).

ii. Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Services accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward- looking Expected Credit Loss ("ECL") approach. IFRS 9 requires the Service to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

iii. Transition

The Service applied the retrospective approach, with an initial application date of 1 August 2018. The Service did not elect to restate the comparative information for 2018, which continues to be reported under IAS 39.

The assessment of the Service business model was made as of the date of initial application, 1 August 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 August 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the Service's financial assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Service. The Service continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Services financial assets :

Trade receivables and other non-current financial assets previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instrument at amortised cost.

The Service has not designated any financial liabilities as at fair value through profit & loss. There are no changes in classification and measurement for the Service financial liabilities.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Service's financial assets and financial liabilities as at 1 August 2018.

	Notes	Original Classification under IAS 39	New Classification under IFRS 9	Original Carrying amount under IAS 39	New Carrying Amount Under IFRS 9
Financial Assets					
Cash and Cash Equivalents	5	Loan and receivables	Amortised Cost	31,337,496	31,337,496
Receivables	6	Loan and receivables	Amortised Cost	1,997,932	1,997,932
Prepayment		Loan and receivables	Amortised Cost	1,801,662	1,801,662
Investments	7	Held to Maturity	Amortised Cost	43,675,635	43,675,635
				78,812,725	78,812,725
Financial Liabilities					
Trade & Other Payables	11	Other Financial Liabilities	Amortised Cost	3,679,363	3,679,363
				3,679,363	3,679,363

ii) IFRS 15 Revenue from Contracts with Customers

The Service adopted IFRS 15 Revenue from Contracts with Customers issued in May 2014 with a date of initial application of 1 August 2018. IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods for services to a customer.

Revenue from Government Grants

The Services main source of revenue is grants recevied from Government. Government grants are recognised in accordance with IAS 20 and is recognised in the statement of financial performance on an accural basis over the periods under the matching concept.

Other Income
The Service applied IFRS 15 using the cumulative effect method, ie by recognising the cumulative effect of initally applying IFRS 15 as an adjustment to the opening balance of equity as at 1 August 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 - Revenue. There was no quantitative impact of the changes in accounting policies from the adoption of IFRS 15.

(e) Standards, amendments and interpretations issued but not yet effective
A number of new standards, amendments and interpretations to existing standards have been published but are not mandatory effective for the Service 2018/2019 Financial Year. The Service intends to adopt these standards, amendments, annual improvements and interpretations if applicable, when they become effective. No significant impact is expected to arise out of these standards, amendments and interpretations.

Amendments which is applicable to the Service is :
IFRS 16 - Leases
IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. IFRS 16 applies to annual periods commencing on or after 1 January 2019. The Service has assessed the impact of IFRS 16 and will adopt the new standard on the required effective date.

(f) Cash and cash equivalents
For the purposes of the statement of cash flow, cash equivalents comprise cash on hand and cash at bank.

(g) Comparative figures
Where necessary, comparative figures have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

(h) Property, Plant and equipment
Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and impairment loss except for one class of PPE, which is buildings. Buildings are measured at revalued amount less accumulated depreciation and impairment loss.

Additions
While expenditure on assets with a value of less than $1,000 is generally not capitalised, physical control is maintained over all items regardless of cost.

Depreciation rates
Property, plant and equipment (except land) and intangible assets are depreciated at the rates based upon their expected useful lives using the straight line method:

	Period	Rate
Buildings	20 - 25 years	4 - 5 %
Motor Vehicles	5 - 10 years	10 - 20%
Office Equipment	3 - 10 years	10 - 33%
Detectors and Scanners	5 - 10 years	10 - 20%
Furniture and Fittings	5 - 10 years	10 - 20 %
Computer Hardware	3 - 5 years	20 -33%
Computer Software	3 - 10 years	10 - 33%

Disposals
Gain and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of financial performance.

Intangible assets
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The costs of infinite life are tested for impairment annually and if there is any indication of impairment, necessary amortisation is carried out.
Costs associated with developing or maintaining computer software programmes are recongnised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Service, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(i) Provision for Employee Entitlements
Liabilities for 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.

(j) Income Tax
The Service is exempt from Income Tax under section 53 of the Fiji Revenue and Customs Act 1998 hence, Income Tax is not separately accounted for in the Service's financial statements.

(k) Revenue Recognition
Government Operating and Capital Grant
Government grants are recognised in the Statement of Financial Performance on an accural basis over the periods necessary to match them with the related costs which the grants are intended to compensate. The cost of assets funded by grants are capitalized to fixed assets and the corresponding credit is taken as a deferred grant income.
The fixed assets are depreciated over their estimated useful lives. The benefits arising from the grants being the recoupment through depreciation, is credited to revenue over the period of the useful lives of those assets.

Other income
Fees and charges earned is recorded in the Statement of Financial Performnace on an accrual basis.
Interest income is recongnised on a time proportionate basis that takes into account the effective yield on the financial assets.
Rental income earned from leasing or sub-leasing properties is recorded in the Statement of Financial Performance on an accrual basis.

(l) Rounding off amounts
Amounts in the financial statements have been rounded off to nearest dollar unless specifically stated to be otherwise.

(m) Value Added Tax
All items in the financial statements are exlusive of Value Added Tax (VAT), with the exception of Trade Creditors which are stated as VAT inclusive.

(n) Trade and other payables
Trade and other payables are stated at cost. Trade payables are recognised in the statement of financial position when the Service has legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the stock and bringing it to its existing condition and location. Consumables are valued at cost plus the associated delivery charges.

(p) Revenue Received in Advance
Revenue received in advance relates to income received in advance for which service is yet to be provided. Revenue will be realised as and when the service is rendered. This relates to customs agent fees paid in advance.

(q) Financial Instruments
Initial Recognition and Measurement
The Service recognises a financial asset and financial liability in the statement of financial position when, and only when, the Service becomes party to the contractual provisions of the instrument.

The Service measures the financial asset and financial liability (except for trade receivables) at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement
The financial assets shall be classified as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the financial asset's contractual cash flow characteristics and the Service's business model for managing them.

The Service measures financial assets at amortised cost if both of the following conditions are met:
a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets and liabilities are subsequently measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Service Financial assets (Cash & Cash Equivalents, Receivables, Prepayments and Investments) meet these condition and hence are subsqently measured at amortised cost.

Derecognition of Financial Assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e; removed from the Services Statement of Financial Position) when :
a) The rights to receive cash flows from assets have expired;

b) The Service has transferred its rights to recevie cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass - through' arrangement and either :
   i) the Service has transferred substantially all the risks and rewards of the assets , or
   ii) the Service has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred controll of the asset.

Derecognition of Financial Liabilities
The Service derecognises a financial liability from its statement of financial position when its obligation specified in the contract is discharged or cancelled or expires. The Service also derecognises a financial

liability when its terms are modified and the cash flows of the modified liabilitiy are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilties assumed, is recognised in profit and loss.

Impairment of Financial assets
The Service recognises an allowance for Expected Credit Losses (ECL) for all financial assets recogised and measured under amortised cost. The Service on initial recognition of a financial asset recognises a loss allowance based on the 12-months ECL and is assessed as Nil. At each reporting date, the Service assesses the credit quality of the financial assets and if the credit quality of the financial assets deteriotates significantly since initial recognition the impairment loss is based on lifetime ECL. If the credit quality of the financial assets shows no evidence of deterioration, the loss allowance continues to be based on the 12 months ECL.

The Service applies a simplified approach in calculating ECLs for rent and other trade receivables in that no credit loss allowance is recognised on initial recognition. Any loss allowance will be the present value of the expected cash flow shortfalls over the remaining life of the receivables at each reporting date. The Service uses a provision matrix to determine the lifetime expected credit losses. It is based on the Service's historically observed default rates and adjusted for forward - looking estimates that includes the probability of a worseing economic environment within the next year. At each reporting date, the Service updates the observed default history and forward- looking estimates.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of Financial Instruments
Financial assets and financial liabilities are off set and the net amount is reported in the statement of financial position when and only when, the Service has a legally enforceable right to offset the recognised amounts and it intends either to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. FINANCIAL RISK MANAGEMENT

The Service's activities may expose to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Service's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Service's financial performance.

(a) Market Risk

Interest rate risk
The Service has significant interest-bearing assets in the form of short-term/long term cash deposits. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Service negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. Given the fixed nature of interest rates described above, the Service has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the Service does not require simulations to be performed over impact on net profits arising from changes in interest rates.

(b) Credit Risk

Credit risk arises from deposits with banks, as well as credit exposure to customers, including outstanding receivables. For deposits with banks, only reputable parties with known sound financial standing are accepted. Receivable consist of a small number customers. The Service does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, represents the Service's maximum exposure to credit risk.

(c) Liquidity Risk
Prudent liquidity risk management implies maintaining sufficient cash to ensure availability of funding. The Service monitors liquidity through rolling forecasts of the Service's cash flow position. Overall, the Service does not see liquidity risk as high given that the Service holds a healthy cash balance.

The table below analyses the Service's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows.

Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities and financial assets and provisions are estimated to approximate their fair values.

	<1 year ($)	2 to 5 years ($)	Total ($)
Financial Assets			
Investment	44,280,660	-	44,280,660
Receivables	8,852,139	-	8,852,139
Total	53,132,799	-	53,132,799
Financial Liabilities			
Trade and other payables	2,807,282	-	2,807,282
Provisions	660,904	-	660,904
Total	3,468,186	-	3,468,186

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilites within the next financial year are discussed below.

(a) Impairment of Assets
At each reporting date, the Service reviews the carrying amounts of its tangible assets to determine whether those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss.

(b) Impairment of Receivables
Impairment of receivable balances is assessed at an individual level and impairment tests are performed on a more specific basis. If any such indication exists, the recoverable amount of the receivable are estimated in order to determine the extent of the impairment loss and are accordingly provided for.

5. CASH AND CASH EQUIVALENTS

	31 July 2019 ($)	31 July 2018 ($)
Operating Account - ANZ	1,908,030	2,359,698
Fees and Charges - HFC	1,263,283	18,957,374
Operating Account - BSP	7,443,492	1,797,929
Epay- Bred Bank	1,812	283
Interest Bearing- Bred Bank	880,295	7,143,698
Interest Bearing- BOB	5,262,767	1,002,097
Petty Cash	3,050	3,050
Debit Card - WBC	19,559	44,183
FRCS E Account -WBC	128,340	22,387
FRCS E Account -HFC	17,253	6,797
FRCS Stamp Duty Account - HFC	852	-
Operating Account - HFC	948,524	-
Cash and Cash Equivalent	17,877,257	31,337,496

The cash and cash equivalents held by the Service that is not available for use include, " Taxpayer funds" for taxpayers that are not contactable of $143,278 which is held in trust in the Operating Account with ANZ. Above accounts expect for ANZ Operating Account , Petty Cash and WBC Debit Card earn interest.

6. RECEIVABLES

RECEIVABLES	31 July 2019 ($)	31 July 2018 ($)
Debtors	6,028,700	938,573
Deposits	178,643	130,094
Rental Deposits	21,000	30,000
Interest Receivable	860,994	856,449
Business Advance	11,240	300
VAT Refund	1,732,141	-
Staff Salary Advance	19,422	42,516
	8,852,140	1,997,932
Less: Doubt ful Debts	-	-
Total Receivables	8,852,140	1,997,932

Terms and conditions of the financial assets

- Debtors are non-interest bearing and are normally received with 30-60 day terms.
- Interest receivable, business and staff salary advance are non-interest bearing with an average term of 60-180 days.

	31 July 2019 ($)	31 July 2018 ($)
Contingent Assets		7,314

This relates to general litigation claims made against employees for employment or contractual matters. These matters are resolved through various means not wholly within the Service and may or may not give rise to a receivable.

7. INVESTMENT

Investments as at balance date comprised of short and long term money placements ranging from three months to one year with interest rates between 4.25% - 6.85%.

RECEIVABLES	31 July 2019 ($)	31 July 2018 ($)
Current	44,280,660	40,399,887
Non-Current	-	3,275,748
Total Investments	44,280,660	43,675,635

8. PROPERTY, PLANT AND EQUIPMENT

(a)

	31 July 2019 ($)	31 July 2018 Restated ($)
Carrying amount of :		
Building	5,229,575	5,466,697
Computer Hardware	1,913,445	2,634,739
Office Equipment	354,825	654,342
Furniture and Fixtures	1,037,820	1,963,574
Land	4,875,000	4,875,000
Motor Vehicles	10,480,730	1,257,522
Detectors and Scanners	9,932,084	403,842
Capital Works in Progress	16,767,232	16,056,335
Total	50,590,711	33,312,051

	Land at revalued amount ($)	Building at revalued amount ($)	Computer Hardware at cost ($)	Office Equipment at cost ($)	Furniture and Fixtures at cost ($)	Motor Vehicles at cost ($)	Detectors and Scanners at cost ($)	Capital Works in Progress ($)	Total ($)
Cost or valuation									
Balance at 1 August 2018 - restated	4,875,000	6,887,763	6,646,519	6,492,425	9,115,736	2,782,819	828,545	16,056,336	53,685,143
Additions	-	-	113,983	44,599	2,018	9,978,992	10,223,254	12,600,889	32,963,735
Disposals	-	-	(615,724)	-	-	(845,581)	-	-	(1,461,305)
Revaluation gain	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	(11,889,993)	(11,889,993)
Total	4,875,000	6,887,763	6,144,778	6,537,024	9,117,754	11,916,230	11,051,799	16,767,232	73,297,580
Accumulated depreciation									
Balance at 1 August 2018- restated	-	1,421,066	4,011,779	5,838,082	7,152,163	1,525,296	424,703	-	20,373,089
Depreciation expense	-	237,122	828,824	344,117	927,771	731,314	695,012	-	3,764,160
Eliminated on disposal of assets	-	-	(609,271)	-	-	(821,110)	-	-	(1,430,380)
Total	-	1,658,188	4,231,333	6,182,199	8,079,934	1,435,500	1,119,715	-	22,706,869
Carrying amount as at 31 July 2019	4,875,000	5,229,575	1,913,445	354,825	1,037,820	10,480,730	9,932,084	16,767,232	50,590,711

(b) The Principal Land Valuer, Professional Valuations Limited during July 2016 valued the following properties:

		July/2016 ($)	November/2010 ($)
1.	Queens Warehouse with Land	3,360,000	593,000
2.	Nadi Airport Customs Office	515,000	450,000
3.	Lautoka Customs Office with Land	6,000,000	4,366,000
	Total Value	9,875,000	5,409,000

Land and buildings are stated at their revalued amounts as determined by an independent valuer in 2016. Legal title for land which is valued at $8.5million are yet to be acquired. These Lands were transferred to the Service under section 16 of the Fiji Revenue and Customs Service Act 1998.

The Service is currently in the negotiation process with the Airports Fiji Limited for an offer on the disposal of the Nadi Airport Customs Office, in light of the expansion of the Nadi International Airport. As at 31 July 2019, no agreement has been reached between the two parties. The Nadi Airport Customs office building was revalued at $515,000 as at 31 July 2016. Date of valuation was 22 July 2016. The valuer used replacement cost approach to value the property.

9. INTANGIBLE ASSETS

	31 July 2019 ($)	31 July 2018 ($)
Cost-Software		
Balance as at 1st August 2018	6,824,149	6,802,549
Additions	2,356,928	21,600
Balance as at 31 July 2019	9,181,077	6,824,149
Accumulated amortisation:		
Balance as at 1st August 2018	4,303,637	4,231,213
Amortisation for the year	71,541	72,424
Balance as at 31 July 2019	4,375,178	4,303,637
Net Carrying amount	4,805,899	2,520,512

10. INVESTMENT PROPERTY

	31 July 2019 ($)	31 July 2018 ($)
Balance as at 1 August 2018	6,995,000	6,995,000
Add: Revaluation gain	-	-
Balance as at 31 July 2019	6,995,000	6,995,000
Accumulated Depreciation		
Balance as at 1 August 2018	281,250	146,250
Add: Depreciation	135,000	135,000
Balance as at 31 July 2019	416,250	281,250
Written Down Value as at 31 July	6,578,750	6,713,750

The Investment Property (Main Customs Building) was revalued by an independent valuer (Professional Valuations Limited) in July 2016. The valuer used replacement cost approach to value the property. Date of valuation was on 22nd July 2016. There is no restriction on the realisability of investment property. The property is leased under operating lease. The legal title for the investment property is yet to be acquired by the Service. Revaluation is done every 5 years.

11. TRADE AND OTHER PAYABLES

	31 July 2019 ($)	31 July 2018 ($)
Trade payable	961,882	2,039,377
VAT payable	-	5,591
Others	1,857,635	1,634,395
Total Trade and other Payables	2,819,517	3,679,363

Terms and conditions of the above financial liabilities:

- Trade payables and VAT payable are non-interest bearing and are settled on 30 day terms.
- Other payables are non-interest bearing and are settled as and when required.

12. PROVISION

Employee entitlement represents annual leave accrued as at 31 July 2019

	31 July 2019 ($)	31 July 2018 ($)
Annual Leave		
Opening Balance	718,022	470,144
Accrued during the year	1,853,210	718,022
Utilised during the year	(1,910,328)	(470,144)
Closing Balance	660,904	718,022

13. RECOUPMENT OF DEPRECIATION THROUGH GRANTS

	31 July 2019 ($)	31 July 2018 Restated ($)
Building		
Written down Value	876,753	476,492
Addition during the year	-	429,942
Depreciation recoupment	(36,847)	(29,681)
Deferred Grant Liability	839,906	876,753
Computer Hardware and Software		
Written down Value	2,533,811	793,724
Addition during the year	2,614,568	2,198,388
Disposal	(3,284)	(1,942)
Depreciation recoupment	(932,327)	(456,359)
Deferred Grant Liability	4,212,768	2,533,811
Motor Vehicles		
Written down Value	1,257,522	833,320
Addition during the year	9,978,992	775,386
Disposal	(24,471)	(49,596)
Depreciation recoupment	(731,314)	(301,588)
Deferred Grant Liability	10,480,729	1,257,522
Furniture and Fittings		
Written down Value	1,537,545	1,767,733
Addition during the year	-	591,494
Depreciation recoupment	(792,180)	(821,682)
Deferred Grant Liability	745,365	1,537,545
Office Equipment		
Written down Value	418,000	217,699
Addition during the year	-	386,560
Depreciation recoupment	(219,858)	(186,259)
Deferred Grant Liability	198,142	418,000
Detectors and Scanners		
Written down Value	353,468	456,409
Addition during the year	10,223,254	-
Depreciation recoupment	(683,396)	(102,941)
Deferred Grant Liability	9,893,326	353,468
Deferred Grant - Expenses		
Depreciation Recoupment- VMS	(136,250)	(849,738)
Depreciation Recoupment- NTIS	(3,651,947)	(1,819,962)
Depreciation Recoupment- Payglobal	(96,731)	-
	(3,884,928)	(2,669,700)
Total Depreciation Recoupment	7,280,850	4,568,210

	31 July 2019 ($)	31 July 2018 ($)
Work in Progress		
Opening Balance	16,056,335	5,165,068
Addition during the year	12,600,889	16,487,995
Transfer: Nausori office	-	(334,480)
Transfer : IT and others	(2,371,238)	(1,781,915)
Transfer : CCTV Nasese Office	-	(27,556)
Transfer : Expenses	(5,909,992)	(2,700,459)
Transfers: Asset Management	-	(15,065)
Transfer: Help Desk	-	(21,600)
Transfer: Supply Chain - X-Ray Container/ Vehicle Inspection System	(3,608,762)	-
Transfer: Suva Dog Kennel Project	-	(429,942)
Transfer: Labasa office	-	(285,711)
Closing Balance	16,767,232	16,056,335
Details of Committed Capital Grant which are in progress:		
Capital Grant for Nadi Office Project	-	2,266,048
Capital Grant for VMS Project	-	1,420,891
Capital Grant for Border Security	-	4,407,758
Capital Grant for IT Projects	-	560,081
Capital Grant for NTIS project	160,749	2,753,808
	160,749	11,408,586
Total Deferred Grant Liability	43,298,216	34,442,020

The Service had received a Mobile Container and Vehicle Inspection system, CT Inspection System and X-ray cargo inspection system designed and manufactured by NUCTECH Company Limited. These equipments are valued at a total of $16.087M.

14. GOVERNMENT GRANTS

	31 July 2019 ($)	31 July 2018 ($)
Cash Grants from Government	41,944,507	42,091,985
Net Grant received from Government	41,944,507	42,091,985

Operating Grant for the financial year 2018/2019 was received less of $26.114M from the revised grant of $68.766M (VIP).

15. FEES AND CHARGES

	31 July 2019 ($)	31 July 2018 ($)
Fees and Charges	10,161,525	10,550,737

These are revenue earned from services provided by the Service, which are collected with other revenues and lodged into the Government consolidated fund account. The Ministry of Economy reimburses these funds to the Service.

16. SUNDRY INCOME

	31 July 2019 ($)	31 July 2018 ($)
Income from Investment Property	303,040	303,040
Rental Income	8,257	5,734
Other Revenue	346,726	182,869
Total Sundry Income	658,023	491,643

17. EMPLOYEE COSTS

	31 July 2019 ($)	31 July 2018 ($)
Salaries and Wages	29,204,020	29,404,272
FNPF, Overtime and Allowances	5,484,968	5,547,410
Annual Leave	1,853,210	1,301,899
Training, Professional Development	324,296	506,803
Recruitment, Transfer and Others	848,971	741,800
Total Employee Costs	37,715,465	37,502,184

18. ADMINISTRATIVE EXPENSES

	31 July 2019 ($)	31 July 2018 ($)
Communications	1,005,701	1,058,628
Electricity, Water and Power Supply	882,651	874,935
Travel and Accomodation	316,329	532,293
Contributions to ASMP, WCO and CATA	732,399	546,926
Total Administrative Expenses	2,937,080	3,012,782

19. OTHER OPERATING EXPENSES

	31 July 2019 ($)	31 July 2018 ($)
Insurance	161,134	422,871
Computer Maintenance/Software Licenses	7,065,045	1,179,933
Stationery and Supplies	559,694	426,012
Vehicle Service and Maintenance	206,590	211,138
Training Levy	321,595	303,415
FCEF Levy	10,000	-
Research and Development	-	2,669,700
Consultancy / Special Projects	1,870,655	3,357,923
Professional fees	67,777	34,776
Legal Fees	245,081	70,612
Audit Fees	41,112	21,101
Advertising /Public Education	343,062	251,714
Books, Periodicals, Publication	26,102	26,500
Uniforms	253,021	69,639
Directors Fees	40,208	34,500
Entertainments	79,761	57,961
Minor Assets	94,817	261,269
Staff Team Building Day	20,046	9,120
Taxi / Freight	20,272	26,957
Bank Fees and Charges	53,567	58,783
Bad and Doubtful Debts	5,445	31,364
Dog Kennel Expenses	13,896	20,355
Rewards	499,888	40,918
Total Other Operating Expenses	11,998,768	9,586,561

20. PROPERTY EXPENSES

This includes rents for staff quarters, office space and building maintenance.

	31 July 2019 ($)	31 July 2018 ($)
Office Rent	3,282,643	4,921,687
Staff Quarters	-	74,358
Office Maintenance	852,138	815,996
Total Property Expenses	4,134,781	5,812,041

Rodwell Road property expenses for the period was $65,984

21. NON -OPERATING EXPENSES

	31 July 2019 ($)	31 July 2018 ($)
Non - Operating Expenses	1,895	-

These were funeral expenses in relation to FRCS employees.

22. NOTES TO STATEMENT OF CASH FLOW

Reconciliation of Cash - For the purposes of the statement of cash flows, cash includes cash on hand and in banks and excludes short term deposits.

	31 July 2019 ($)	31 July 2018 ($)
Operating Account - ANZ	1,908,030	2,359,698
Fees and Charges - HFC	1,263,283	18,957,374
Operating account - BSP	7,443,492	1,797,929
Epay- Bred Bank	1,812	283
Interest Bearing- Bred Bank	880,295	7,143,698
Interest Bearing- BOB	5,262,767	1,002,097
Petty Cash	3,050	3,050
Debit Card - WBC	19,559	44,183
FRCS E Account - HFC	128,340	22,387
FRCS E Account -WBC	17,253	6,797
FRCS Stamp Duty Account - HFC	852	-
Operating Account - HFC	948,524	-
Cash on hand and in Bank	17,877,257	31,337,496

23. COMMITMENTS

Commitments	31 July 2019 ($)	31 July 2018 ($)
NTIS	22,078,282	24,540,860
VAT Monitoring System	-	506,194
Queens Warehouse	-	116,586
Supply Chain	-	-
Pebble IT	-	296,212
Project Control - FDDU Suva	-	12,000
Nausori Office	-	-
Nadi Office	-	204,283
Labasa Office	-	21,052
Total Commitment	22,078,282	25,697,187
Contingent Liabilities	**297,982**	**91,648**

The Service as a statutory body has a number of general litigation claims made against it and vice versa for employment or contractual matters. These matters are resolved through various means not wholly within the control of the Service and may or may not give rise to an obligation.

Operating lease commitments		
Total commitments for future base lease rentals are as follows:		
Not later than 1 year	1,240,885	2,381,193
Later than 1 year but not later than 5 years	3,753,590	1,176,120
Greater than 5 years	3,644,295	-
Operating lease revenue		
Non Cancellable operating lease rentals are receivables as follows:		
Not later than 1 year	8,256	8,256
Later than 1 year but not later than 5 years	6,193	14,448
Greater than 5 years	-	-

24. PRIOR YEAR ADJUSTMENTS

(a) Adjustment to deferred grant liability and Property,Plant and Equipment. The effect of the restatement on the prior years financial statements is summarised below:

	Note	Reported 2018 ($)	Adjusted ($)	Restated 2018 ($)
Effect on Financial Performance				
Recoupment of Depreciation Through Grants	13	4,567,278	932	4,568,210
Depreciation		2,438,262	154,314	2,592,576
Effect on Financial Position				
Property, Plant and Equipment	8	33,530,331	(218,280)	33,312,051
Deferred Grant Liability		34,340,466	101,554	34,442,020
Effect on Changes in Equity				
Opening Balance Retained Earnings as at 1 August 2017		70,517,967	(177,703)	70,340,264

25. RELATED PARTIES

(a) Transaction with related parties

All transaction that occurred between the Service and companies or organisations in which a member may have an interest, either as a member or employee, were at 'arms length' and in normal course of business.

(b) Directors and Key Management Personnel Remuneration

	31 July 2019 ($)	31 July 2018 ($)
Directors' renumeration-fees	40,208	34,500
Key Management Personel renumeration for salary and other benefits	1,243,857	1,347,296

Directors remuneration include amounts paid to the directors of the Service. No remuneration was paid to Mr. Ajith Kodagoda from 1 August 2018 to 31 May 2019. Remuneration for Ms. Makereta Konorote and Mr. Faiz Khan are paid directly to the Ministry of Economy and Tropik Woods Industries, Ltd, respectively. Remuneration for Mr Jone Vatukela is paid to him.

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity. During the reporting period, the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities.

Mr. Visvanath Das - Chief Executive Officer	13/12/2017 - 31/07/2019
Mr. Fazrul Rahman - Director Revenue Management	01/08/2018 - 31/07/2019
Mrs. Emily Yalimaiwai - Chief Information Officer	13/12/2017 - 31/07/2019
Mr. Shameem Khan -Director Intelligence, Compliance	13/12/2017 - 13/03/2019
Mr. Muni Ratna - Acting Director Intelligence, Compliance	14/03/2019 - 31/07/2019
Mrs. Fane Vave - Acting Director Corporate Services	01/08/2018 - 16/06/2019
Mrs. Fane Vave - Director Corporate Services	17/06/2019 - 31/07/2019
Mr. Winston Rounds - Acting Director Border Control	21/06/2018 - 21/12/2018
Mr. Jonetani Vuto - Director Border Control	07/01/2019 - 31/07/2019
Mrs. Ruth Williams - Director People, Capability and Culture	13/12/2017 - 03/05/2019
Mr. Kapil Raj - Acting Director People and Finance	03/06/2019 - 31/07/2019

26. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the entity is located at:
Fiji Revenue and Customs Service Complex
Lot 1 Corner of Queen Elizabeth Drive and Ratu Sukuna Road
Nasese
Suva, Fiji

27. EVENTS SUBSEQUENT TO BALANCE DATE

COVID-19 had an effect on the grant allocated to Fiji Revenue and Customs Service in the 2019-2020 financial year. In the COVID-19 Response Budget for the financial year 2019-2020, the total budget allocation for the Service was reduced by $10m.

28. AGENCY TRANSACTIONS ADMINISTERED FOR THE GOVERNMENT OF FIJI

(a) GOVERNMENT REVENUE

The Service is responsible for the collection of the following revenues which are deposited directly by the Service into the Government's Consolidated Fund account of Government.

Government revenue is recognised on cash basis.

	31 July 2019 ($)	31 July 2018 ($)
Customs Collection	907,404,397	896,616,535
Less: Rebates/misc fees and charges	(16,743,387)	(16,097,405)
	890,661,010	880,519,130
Inland Revenue Collection	1,166,801,562	1,226,379,930
Less: Refunds	(75,710,151)	(65,058,282)
	1,091,091,411	1,161,321,648
Value Added Tax	1,045,940,164	1,044,540,671
Less: Refunds	(214,116,987)	(255,941,429)
	831,823,177	788,599,242
Total Government Revenue	2,813,575,598	2,830,440,020

(b) GOVERNMENT ASSETS - DEBTORS

The balance outstanding as at 31 July 2019 of $ 597,011,373 consisted of revenue arrears as follows:

	31 July 2019 ($)	31 July 2018 ($)
Income Tax and Other Taxes	104,470,332	79,264,324
Value Added Tax	85,417,288	62,733,502
Customs	9,617,618	9,018,891
Tertiary Education Loan Scheme (TELS)	388,590,413	302,511,889
PSC Loan	8,915,722	9,049,544
Total Arrears	597,011,373	462,578,150

The above amounts include penalties that may be waived and balances that may be disputed by taxpayers.

For the year ended 31 July 2019, the total amount of $ 266,756,419 in penalties was waived/written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.

(c) GOVERNMENT LIABILITIES

	31 July 2019 ($)	31 July 2018 ($)
VAT Refunds Outstanding	215,631,528	147,144,674
Income Tax Refunds	39,183,614	17,104,592
Total Liabilities	254,815,142	164,249,266

(d) GOVERNMENT CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Service as an agent of government currently has a number of litigation claims made against it and also claims against the taxpayers in relation to tax and customs matters. These matters are resolved through various means not wholly within the control of the Service and may not give rise to an obligation.

	31 July 2019 ($)	31 July 2018 ($)
Contingent Liability	70,364,461	35,482,450
Contingent Asset	-	13,640,969

Notes