

LEVUKA TOWN COUNCIL

Annual Report for the Year 2012





LEVUKA TOWN COUNCIL

Annual Report for the Year 2012



Levuka Town Council

P.O. Box 70

Levuka, Fiji

E-mail: lrc@connect.com.fj



Phone: 3440014

Fax: 3440288

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

Dear Madam

I have much pleasure in submitting the Levuka Town Council Annual Report for the year 2012.

The report provides the activities of the Council throughout the year.

The Annual Report 2012 has been prepared in accordance with the provisions of Section 19(1) (a),(b) and (c) of the Local Government Act Cap. 125

Yours sincerely

Josese Rakuita
Chief/Executive Officer
LEVUKA TOWN COUNCIL

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FOREWARD

This year is an important one for Levuka in the sense that UNESCO will have to decide on Levuka's eligibility as a World Heritage nominee. Given that much still needs to be done in the upgrading of facilities in the town, it cannot be done without the co-operation of the Levuka community.

Consultations are necessary to help resolve some of the outstanding issues, the most important for which is funding. This has long been the drawback of the town. With only 152 ratepayers, not all of whom reside in town, the rates and other business revenues that can be drawn is quite limited. What is required is outside help either from government or from outside agencies and NGO's.

During this year we have been honored by the additional funding from government that has enable us to repair and maintain old infrastructure in the buildings, drains and some old roads.

Levuka heritage status needs to be maintained and enhanced as we looked towards heritage tourism for another option towards sustainability of Levuka and a capital programme is needed to not only support the heritage work done but also strengthen the overall economic development of the town.

For these reasons it is my hope that all sections of our community inclusive of the support of Government will support and contribute towards the Council in achieving the positive desired outcomes for the common good of all the ratepayers, residents and visitors.



.....
Josese Rakuita
Chief Executive Officer

COUNCIL DIRECTORY

LOCATION: Council Office

Bowling Road, Levuka

POSTAL ADDRESS: P.O. Box 70, Levuka

PHONE: 3440014

FAX: 3440288

E-MAIL: lrc@connect.com.fj

BANK: Westpac Banking
Corporation

AUDITOR: Auditor General

LEVUKA TOWN COUNCIL

Prior to Cession there was no actual Local Government Authority formed to control the affairs of Levuka and the residents themselves had little or no say in the management of the town. This was a period when the town was being planned by the British engineers and this included the construction of roads, seawall, etc.

Three years after Cession the Town Ordinance of 1877 was passed giving residents of Levuka the right to govern the town. A Council was appointed with the first Warden of Levuka, the Hon. J.G. Smith. Various Wardens were appointed during the following years up till 1900. In the same year another ordinance was passed enabling the residents of Levuka to elect their own Councillors and Mayor. The first Mayor was Cr. D.J. Solomon, a well known member in those days.

It is important to note some events that led to a gradual decline in Levuka were: -

- ❖ The shift of the capital from Levuka to Suva in 1881 which led to a decline in the export trade.
- ❖ The hounding of German businesses during World War.
- ❖ The economic depression of the mid 1930's as already mentioned.
- ❖ The final blow was in the loss of the copra trade.

In 1935 the previous ordinance was rescinded and replaced by the township ordinance of the same year. The reason was due to the depressed state of the economy of Fiji in the mid 1930's.

It was during this period that Government took over the reigns and appointed a Township Board under the leadership of a chairman who was the Commissioner Eastern.

The government also gave a small grant to help the Board to function. As the economy improved the grant was decreased and was later withdrawn.

After independence the Local Government Act 4 of 1972 was passed giving all townships in Fiji municipality status and the power to elect their own Town Council and Councillors and its Mayor.

AREA OF LEVUKA

The area of Levuka is approximately 165 acres. The eastern boundary of the town is the sea, whilst the western boundary is the hills which surround the town. The northern boundary continues to Levuka creek and the southern boundary is towards Nasova.

VISION

To uphold the significance of Levuka's heritage to derive sustainable livelihood for all

MISSION

To promote Levuka's economic growth through improved partnerships and efficient service delivery

VALUES

HONESTY: *To demonstrate trust and responsibility.*

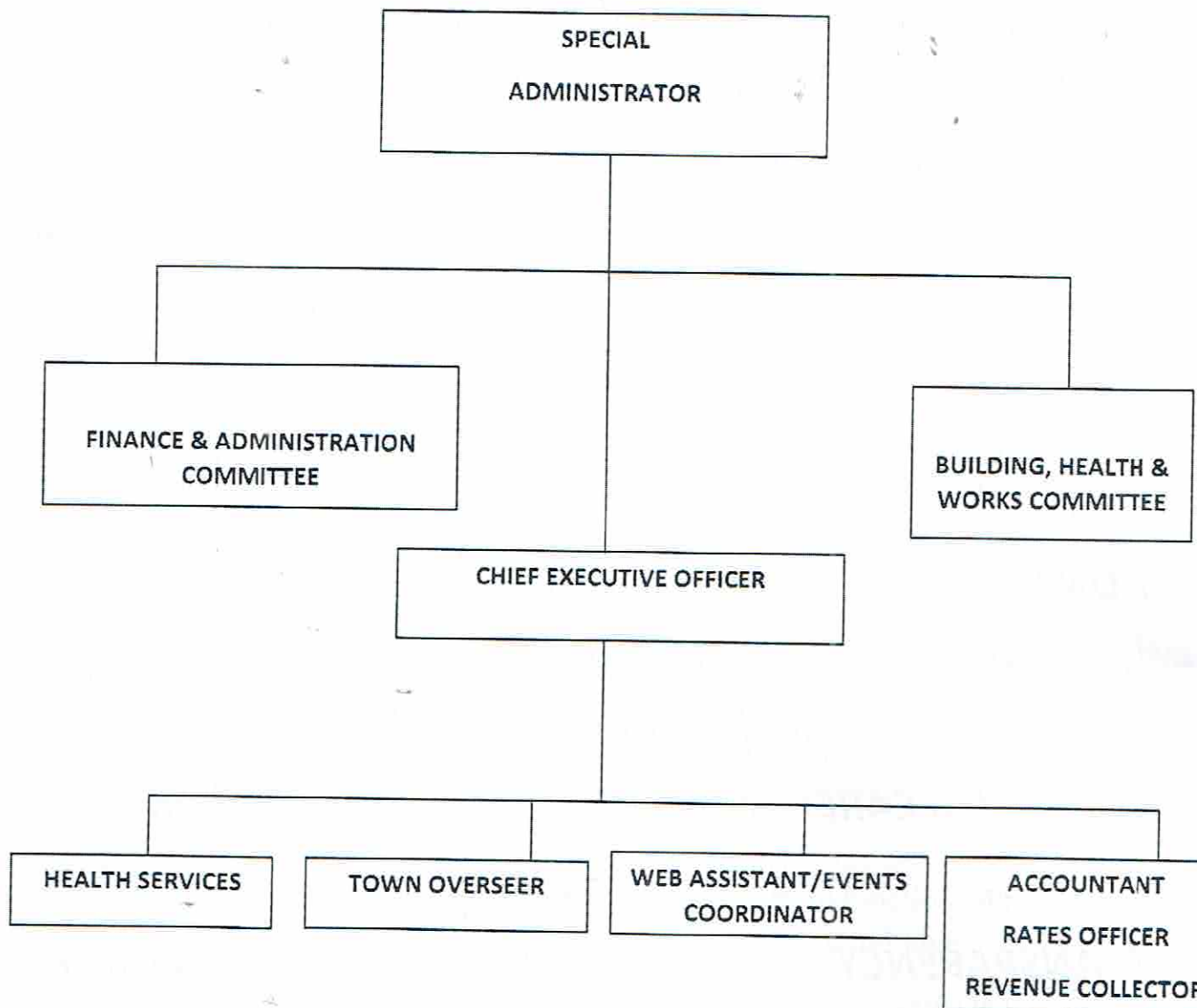
LEADERSHIP: *To demonstrate knowledge and vision in the way one does things.*

CUSTOMER CARE: *To place the needs of the customer above all else.*

TRANSPARENCY: *To be seen to fair in one's dealings with people and not to be tainted with favoritism.*

POLITENESS: *To be respectful of all people and to demonstrate humility and good faith.*

ORGANISATION STRUCTURE



1. COUNCIL STAFF

- Mr. Napolioni Masirewa - Special Administrator(Levuka/Nausori)
- Ms. Suliana Sandys - Chief Executive Officer
- Mr. Ralulu Cirikiyasawa - Accountant
- Mr. Apenisa Tawake - Accounts Clerk
- Mrs. Leba Aloï - Typist/Cashier
- Mrs. Ema Vakacegu - Rates Collector
- Ms. Teresa Yee Show - Web Assistant/Events Coordinator

2. MEETINGS

Number of meetings held during the year – 15

HIGHLIGHTS DURING THE YEAR

1. Visitation by Mrs. Seini Raiko, Interim SA – Rakiraki to discuss on Levuka/Rakiraki Tourism partnership
2. Launching of the Nomination Dossier
3. Oral Health Week celebration at Nasau Park in conjunction with Clean Up within the town area. The event was supported by Police officers, Ovalau Rugby Union players and inmates from Levuka Correction Service
4. Hosted the arrival of 'Uto Ni Yalo' in Levuka
5. Director Local Government and CEO Nadi visited Levuka to check on Government Grant update
6. New appointments of an Accountant and Events Coordinator/Web Assistant for the Council

HEALTH SERVICES

1. Building Applications

Total Application Received: 25

Total Application Approved: 6

Type of Development	Value
Residential	\$77,121.00
Commercial	\$82,410.86
Civic	\$153,673.00
Others	\$1,200.00
TOTAL	\$313,495.60

2. Land Developments

Subdivision: Nil

Rezoning: Nil

3. Nuisance Notices Served: Nil

ENVIRONMENTAL SCAN

The SWOT Analysis

STRENGTH	WEAKNESS	OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Historical significant • Cohesive community • Historical infrastructure • Multiracial societies and values • Educated community 	<ul style="list-style-type: none"> • Isolation • Lack of space for development • Transportation • Limited economic activities • Old infrastructures • Migration • Unemployment 	<ul style="list-style-type: none"> • Tourism heritage • Cultural diversity • Diversification of Pafco products • Cohesive community spirit 	<ul style="list-style-type: none"> • Adverse weather pattern • Susceptibility to disasters eg. Fire • Environment degradation • Economic downturn

OFFICE OF THE AUDITOR GENERAL

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File: 769

09 September 2021

Mr. Josese Rakuita
Chief Executive Officer
Levuka Town Council
P O Box 70
LEVUKA

Dear Mr. Rakuita

LEVUKA TOWN COUNCIL
AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2012

The audited financial statements for Levuka Town Council for the year ended 31 December 2012 together with my audit report on them are enclosed.

Particulars of the errors and omission arising from the audit have been forwarded to the management of the Council for necessary action.

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

**LEVUKA TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

LEVUKA TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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**LEVUKA TOWN COUNCIL
MANAGEMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

In accordance with a resolution of management, the council herewith submits the statement of financial position as at 31 December 2012, the statement of profit and loss and other comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year ended on that date and report as follows:

1 Trading Results

The operating deficit for the year ended 31 December 2012 was \$64,071 (2011: \$49,639).

2 Current Assets

Management took reasonable steps before the financial statements were made out, to ascertain that the current assets of the Council were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, management are not aware of any circumstances which would render the values attributable to the current assets in the financial statements as misleading.

3 Bad and doubtful debts

Management took reasonable steps before the financial statements were made out to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts. At the date of this report, management are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

4 Basis of accounting

The financial statements of the council have been drawn up in accordance with the International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs) and the requirements of law. The financial statements of the council have been prepared on an going concern basis. The ability of the council to continue as a going concern is dependent on several factors including its ability to generate new business and positive cash flows. Management are confident of the ability of the council to continue as a going concern, which contemplates continuity of operations and the realisation of assets and the payments of liabilities in the normal course of operations.

5 Events subsequent to balance date

a) Collection of Business License

As announced in the 2020/2021 National Budget, effective from 01 August 2020 Fiji's business license regime have been abolished. As a result, the business license fees from business owners will no longer be collected by the Council.

b) COVID-19 Outbreak

Subsequent to year end, the World Health Organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2012 financial statements is not expected to be material.

However, in financial year 2020 and beyond, it is expected that the effect of the pandemic will be substantial on our major revenue streams such as general rates, market fees and rental income. This will eventually affect the Council's operations and cash flow.

6 Related party transactions

In the opinion of management all related party transactions have been adequately recorded in the books of the Council.

7 Other circumstances

At the date of this report, management is not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements as misleading.


LEVUKA TOWN COUNCIL
MANAGEMENT REPORT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012


8 Unusual transactions

The results of the Council's operations during the financial year have not in the opinion of management been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

For and on behalf of the Council this

26th day of August 2013.


Josese Rakuita
Chief Executive Officer

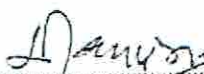

Venu Gopal Naidu
Chair of Special Administrator


LEVUKA TOWN COUNCIL
STATEMENT BY CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2012

In my opinion:

- (a) the accompanying statement of profit and loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the Council for the year ended 31 December 2012;
- (b) the accompanying statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Council for the year ended 31 December 2012;
- (c) the accompanying statement of changes in accumulated funds is drawn up so as to give a true and fair view of the movement in accumulated funds of the Council for the year ended 31 December 2012;
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Council for the year ended 31 December 2012; and
- (e) at the date of this statement there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

Signed on this 26th day of August 2021.


.....
Josese Rakauja
Chief Executive Officer


.....
Venu Gopal Naidu
Chair of Special Administrator

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INDEPENDENT AUDITOR'S REPORT

To the Special Administrators of Levuka Town Council

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Levuka Town Council ("the Council"), which comprise the statement of financial position as at 31 December 2012, the statement of profit or loss and other comprehensive income, statement of changes in accumulated funds, 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, because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer Opinion

1. The Council did not comply with the requirements of *IFRS for SME's Paragraph 28 – Employee Benefits* by not recognizing employees annual leave due as at 31 December 2012. In addition, the Council did not account for trade payables, accruals and trade receivables in the financial statements for the year ended 31 December 2012 in accordance with the requirements of Paragraph 2.36 of the IFRS for SMEs.

Furthermore, the Council did not include in its financial statements various accounting policies in the Notes to the Financial Statements in accordance with the requirements of *IFRS for SME's Paragraph 8 – Notes to the Financial Statements* and related party transactions as required by *Paragraph 33 – Related Party Disclosures*. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs.

2. The Council was unable to provide the VAT reconciliations and relevant supporting documentations to support the VAT receivable balance of \$8,563 recorded in the Statement of Financial Position. In addition, the Council did not lodge VAT returns during the financial year 2012. VAT returns for the financial year 2012 were lodged in the year 2014. Consequently, I was not able to ascertain the completeness and accuracy of the VAT receivable balance of \$8,563 recorded in the financial statements.
3. The Council was unable to provide the basis on which the value for Property, Plant and Equipment totalling \$3,940,310 were brought into account upon transition to IFRS for SMEs. In addition, the Council did not provide details of office equipment with written down value of \$23,730 as reported in Note 10 to the financial statements. Furthermore, detailed listings, payment vouchers and supplier invoices to support the additions to property, plant and equipment of \$88,089 as disclosed in Note 10 to the financial statements were not provided. Consequently, I was not able to ascertain the accuracy and completeness of the total property, plant and equipment balance of \$4,007,621 recorded in the financial statements.

Basis for Disclaimer Opinion (con't)

4. The Council recorded loan balance of \$5,475 in the statement of financial position as at 31 December 2012. The Council was unable to provide the details of the loan and loan reconciliation which was necessary to confirm the existence and completeness of the balance. As a result, I was not able to ascertain the accuracy of loan balance of \$5,475 recorded in the financial statements.
5. The Council received government grant totaling \$400,000 for heritage work during the financial year. As at 31 December 2012, the Council expended \$248,891 from the grant funds. The Council was unable to provide appropriate supporting documents such as payment vouchers, supplier invoices and supporting documents to support the expenses incurred from the government grant. As a result, I was not able to ascertain the accuracy of government grant bank account balance of \$151,109 recorded in the financial statements.
6. The Council was unable to provide the reconciliation and relevant supporting documents to substantiate the amortization of deferred grant for the year amounting to \$172,580 as reported in Note 6 to the Financial Statements. In addition, the Council has not disclosed the nature and amounts of government grant recognized in the financial statements and unfulfilled conditions and other contingencies attaching to the government grant that have not been recognized in income. Furthermore, the accounting policy on deferred income as disclosed on Note 2.5 to the Financial Statements are not in accordance with paragraph 24 of the IFRS for SMEs. Consequently, I was not able to ascertain the accuracy of the deferred income balance of \$227,420 recorded in the financial statements.
7. The Council was unable to provide detailed listings, subsidiary records, and reconciliations to substantiate the business, and trading license fees of \$24,160, rates of \$110,733, garbage fees of \$21,457, market fees of \$2,496, and stand fees of \$10,082. In addition, I was not provided with acquittals and supporting documentations to substantiate the grant income of \$172,580. The Council was also unable to provide the details and reconciliations to substantiate the variance of \$6,092 between the rent listings provided by the Council and the amount reported in the financial statements. Furthermore, the Council recorded revenue on cash basis of account. Consequently, I am unable to ascertain the accuracy and completeness of the total revenue amount of \$397,772 recorded in the financial statements.
8. The Council was unable to provide the annual pay reports, employee signed timesheets and reconciliations to support wages and salaries of \$170,951 disclosed in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2012. As a result, I am unable to ascertain the accuracy of the wages and salaries amount of \$170,951 recorded in the financial statements.
9. The Council recorded other operating expenses of \$269,399 in the Statement of Profit and Loss. Included in the balance is payments for various goods and services totaling \$72,853. The Council was unable to provide appropriate supporting documents such as payment vouchers, supplier invoices and supporting documents for journal adjustments made to the general ledger to support the expenses. As a result, I am unable to ascertain the accuracy and completeness of the operating expenses amount of \$269,399 recorded in the financial statements.
10. The Council did not account for discount allowed on rates for the financial year ended 31 December 2012. Furthermore, relevant details and records for discount allowed was not provided by Council. As result, I was unable to determine whether any adjustments might have been necessary in respect of the discount allowed on rates and any corresponding adjustments to the elements making up the Statement of Profit or Loss and Other Comprehensive Income.

Emphasis of Matter

I draw attention to the following matters:

1. Note 14(b) to the financial statements notes the novel coronavirus (COVID-19) global pandemic subsequent to 31 December 2012 and how this has been considered by the Council in the preparation of the financial statements. As set out in Note 14(b), no adjustments have been made to the financial statements as at 31 December 2012. However, the Council notes that the impact of COVID-19 global pandemic will have a significant impact on all the major revenue streams of the Council in the financial year 2020 and beyond.
2. Generally, internal control function of the Council were found to be weak. Monthly bank reconciliations were not prepared, separation of duties in receipting, banking, updating of accounting records were not practiced, journal voucher system was not maintained, annual board of survey not conducted, and assets were not tagged.

My opinion is not modified in respect of these matters.

Other Matters

1. Note 14 (a) to the financial statements notes that effective from 01 August 2020 Fiji's business license regime has been abolished. As a result, the business license from business owners will no longer be collected by the Council.
2. A total of 28 audit findings were noted during the audit of which 11 or 39% were recurring issues from prior years. The oversight responsibility of the Special Administrators, Chief Executive Officer and senior officers of the Council needs to be strengthened to effectively implement the audit recommendations in a timely manner.
3. The Council have yet to put in place Risk Management Policy, Asset Capitalization Policy, Disaster Recovery Plan/Business Continuity Plan, and Human Resources policy.
4. The Council did not submit the draft financial statements for the year ended 31 December 2012 on or before 31 May in accordance with the requirements of Section 57(1) of the Local Government Act. The draft financial statements of the Council were received on 17 October 2018.
5. There was no evidence to indicate that the budget for the year 2012 was approved as required under the Local Government Act Cap 125 Section 46.

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

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

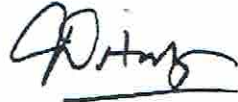
In preparing the financial statements, management and Special Administrators are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and Special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

Those charged with governance are responsible for overseeing the Council'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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was unable to provide a basis for an audit opinion of these financial statements.

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.



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
09 September, 2021

LEVUKA TOWN COUNCIL
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 \$	Restated 2011 \$
Revenue	4	397,772	200,090
Wages and salaries		(170,951)	(126,609)
Depreciation	5	(20,778)	(17,690)
Other operating expenses	6	(269,399)	(105,484)
Deficit from operations		(63,356)	(49,693)
Finance costs		(715)	-
Deficit for the year		(64,071)	(49,693)
Other comprehensive income		-	-
Total comprehensive loss for the year		(64,071)	(49,693)

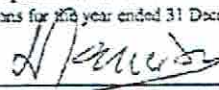
The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

LEVUKA TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT YEAR ENDED 31 DECEMBER 2012


	Notes	2012 \$	Restated 2011 \$
Current Assets			
Cash at bank	7	151,698	-
Receivables	9	8,363	81,040
		<u>160,261</u>	<u>81,040</u>
Non-Current Assets			
Property, plant and equipment	10	4,007,621	3,940,310
		<u>4,007,621</u>	<u>3,940,310</u>
TOTAL ASSETS		<u>4,167,882</u>	<u>4,021,350</u>
Current Liabilities			
Overdraft		-	11,432
Deferred income	8	227,420	-
Payables		-	4,885
		<u>227,420</u>	<u>16,317</u>
Non-Current Liabilities			
Loan		5,475	5,975
		<u>5,475</u>	<u>5,975</u>
TOTAL LIABILITIES		<u>232,895</u>	<u>22,292</u>
NET ASSETS		<u>3,934,987</u>	<u>3,999,058</u>
Accumulated funds		<u>3,934,987</u>	<u>3,999,058</u>

The statement of financial position is to be read in conjunction with the accompanying notes.

In our opinion the financial statements have been properly drawn up so as to show a true and fair view of the Levuka Town Council's operations for the year ended 31 December 2012 and the state of affairs as at that date.


Josese Rakuita
Chief Executive Officer

Date: 26/8/21


Venu Cepai Naidu
Chair of Special Administrator

Date: 26/8/21

LEVUKA TOWN COUNCIL
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Accumulated Funds S
Balance as at 31 December 2010	4,048,751
Deficit for the year	<u>(49,693)</u>
Balance as at 31 December 2011 (Restated)	3,999,058
Deficit for the year	<u>(64,071)</u>
Balance as at 31 December 2012	<u>3,934,987</u>

LEVUKA TOWN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Cash receipts from rates, fees, license and other income sources		297,669	-
Cash paid to suppliers and employees		(445,950)	(244,672)
Net cash flows/ (used) in operating activities		<u>(148,281)</u>	<u>(244,672)</u>
Cash flows from investing activities			
Payments for plant and equipment		(88,089)	-
Net cash used in investing activities		<u>(88,089)</u>	<u>-</u>
Cash flows from financing activities			
Cash receipts from government grant		400,000	229,157
Repayment of loan		(500)	-
Net cash flows from financing activities		<u>399,500</u>	<u>229,157</u>
Net increase/ (decrease) in cash and cash equivalents		163,130	(15,515)
Cash and cash equivalents at the beginning of the financial year		(11,432)	4,083
Cash and cash equivalents at the end of the financial year	7	<u>151,698</u>	<u>(11,432)</u>

The statement of cash flows is to be read in conjunction with the accompanying notes.

LEVUKA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1: GENERAL INFORMATION

These financial statements were authorised for issue by management on 26/08/12

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This is the first set of financial statements prepared by Levuka Town Council in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs) issued by the International Accounting Standards Board.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of accounting

The financial statements of Levuka Town Council have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention, unless otherwise stated.

The financial statements of Levuka Town Council comprises the Council's general and government grant fund accounts. The Council received government grant in 2012 for heritage works. Statement of receipts and expenditures for government grant fund is provided on page 20 of the financial statements.

2.2 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The council adds to the carrying amount of an item the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the council. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to statement of profit or loss and other comprehensive income during the period in which they are incurred. Depreciation on assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Building	4.0%
Equipment	12.5%
Motor Vehicle	25.0%

2.3 Receivables

Receivables comprises VAT refunds for the year.

2.4 Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

LEVUKA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

2.5 Deferred Income

Grant received relating to the Levuka Town Council's programmes is deferred and amortized over the periods to which the income relates or the periods during which the Levuka Town Council receives contracted benefits.

Assets acquired through capital grants are capitalised to property, plant and equipment and the corresponding credit is taken as deferred income. Property, plant and equipment are depreciated over their estimated useful lives. The benefit arising from the capital grants being the recoupment through depreciation is credited to income over the period of the useful lives of those assets.

2.6 Revenue Recognition

The council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met.

2.7 Comparative figures

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

2.8 Rounding

Amounts have been rounded to the nearest dollar except where otherwise stated.

NOTE 3: TRANSIT TO IFRS FOR SMEs

3.1 Basis of transition to the IFRS for SMEs

The council's financial statement for the year ended 31 December 2012 are its first annual financial statements prepared under accounting policies that comply with the IFRS for SMEs. The council's financial statement for the year ended 31 December 2011 was prepared using the cash basis of accounting.

Levuka Town Council's transition date is 1 January, 2011. The council prepared its opening IFRS for SMEs statement of financial position at that date.

In preparing these financial statements in accordance with the IFRS for SMEs, the council has applied only the mandatory exceptions from full retrospective application of the IFRS for SMEs.

3.2 Reconciliation

The following reconciliations show the effect on the council's equity of the transition from the council's previous GAAP to the IFRS for SMEs at 1 January 2011 and 31 December 2011, and the council's deficit for the year ended 31 December 2011.

(a) Reconciliation of Equity

	31 December 2011 \$	1 January 2011 \$
Total equity prior to transition	(16,278)	18,178
Record general rates receivables	75,027	74,573
Capitalisation of land and building	3,940,310	3,956,000
Total equity under IFRS for SMEs	<u>3,999,059</u>	<u>4,048,751</u>

LEYUKA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 3:	TRANSITION TO IFRS FOR SMES - (Cont'd)	2011
		\$
	(b) <i>Reconciliation of surplus or deficit for the year ended 31 December 2011</i>	
	Deficit for the year prior to transition	(34,457)
	Capitalisation of motor vehicle	2,000
	Record depreciation for the year	(17,690)
	Record general rates receivable	454
	Deficit for the year under IFRS for SME	<u>(49,693)</u>

3.3 Explanation of transition to the IFRS for SMEs

(a) *Capitalise Land, Building and Motor Vehicles*

The Council did not record properly, plant and equipment under previous GAAP. These have been recognised under the IFRS for SMEs.

(b) *Record general rates receivable*

The Council did not record rates in arrears under previous GAAP. These have been recognized under the IFRS for SMEs.

NOTE 4:	REVENUE	2012	2011
		\$	\$
	The breakdown of revenue is as follows:		
	Fees and licenses	64,438	51,534
	Rates	110,733	108,624
	Grant Income	172,580	-
	Other Income	50,021	39,932
		<u>397,772</u>	<u>200,090</u>

NOTE 5: WAGES AND SALARIES

Salaries and wages	156,732	112,364
FNPF	13,955	8,009
FNU levy	264	1,136
Long service leave	-	5,100
	<u>170,951</u>	<u>126,609</u>

NOTE 6: OTHER OPERATING EXPENSES

Audit and legal fees	4,009	-
Conservation fund expense	65,000	-
Donations	40,254	-
Garbage fees	26,360	31,527
Insurance	357	-
Repairs and maintenance	90,771	39,305
Utilities	2,740	-
Website	2,709	-
Workshop	907	-
Other expenses	36,292	34,652
	<u>269,399</u>	<u>105,484</u>

LEVUKA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 7: CASH AT BANK	2012 S	2011 S
Operational account	589	-
Government grant account	151.109	-
	<u>151.698</u>	<u>-</u>

The cash at bank balance of S151.109 is not available for use except for the purpose of heritage works. Government grant for heritage work

NOTE 8: DEFERRED INCOME

Government grants received during the year	400,000	-
Less: Amortisation for the year	(172.580)	-
	<u>227,420</u>	<u>-</u>

NOTE 9: RECEIVABLES

Rates receivable	-	75,027
VAT receivable	8,563	6,013
	<u>8,563</u>	<u>81,040</u>

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Land S	Building S	Motor Vehicle S	Office Equipment S	Total S
Year ended 31 December 2011					
Opening net book amount	3,505,000	451,000	-	-	3,956,000
Additions	-	-	2,000	-	2,000
Depreciation charge	-	(17,440)	(250)	-	(17,690)
Closing net book amount	<u>3,505,000</u>	<u>433,560</u>	<u>1,750</u>	<u>-</u>	<u>3,940,310</u>
As at 31 December 2011					
Cost	3,505,000	451,000	2,000	-	3,958,000
Accumulated depreciation	-	(17,440)	(250)	-	(17,690)
	<u>3,505,000</u>	<u>433,560</u>	<u>1,750</u>	<u>-</u>	<u>3,940,310</u>
Year ended 31 December 2012					
Opening net book amount	3,505,000	433,560	1,750	-	3,940,310
Additions	-	62,777	-	25,312	88,089
Depreciation charge	-	(18,696)	(500)	(1,582)	(20,778)
Closing net book amount	<u>3,505,000</u>	<u>477,641</u>	<u>1,250</u>	<u>23,730</u>	<u>4,007,621</u>
As at 31 December 2012					
Cost	3,505,000	513,777	2,000	25,312	4,046,089
Accumulated depreciation	-	(36,136)	(750)	(1,582)	(38,468)
	<u>3,505,000</u>	<u>477,641</u>	<u>1,250</u>	<u>23,730</u>	<u>4,007,621</u>

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES

- (a) Capital Commitments as at 31 December 2012 amounted to \$67,945 relating to the pending municipal council projects. There were no other commitments as at balance date (2011:\$Nil).
- (b) There were no contingent liabilities as at 31 December 2012 (2011:\$Nil)

**LEVUKA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTE 12: RELATED PARTY TRANSACTIONS

Key management personnel

Key management includes the Chief Executive Officer. The compensation paid or payable to key management for employee services is shown below:

	2012	2011
	\$	\$
Salaries	26,001	17,000

NOTE 13. RESTATEMENT OF PRIOR YEAR BALANCE

The 2011 balance were restated due to the transition to IFRS for SMEs as follows:

- The Council did not record properly, plant and equipment under previous GAAP. These have been recognised under the IFRS for SMEs as at 1 January 2011 and 31 December 2011.
- The Council did not record rates in arrears under previous GAAP. These have been recognized under the IFRS for SMEs as at 1 January 2011 and 31 December 2011.
- The cash at bank account was carrying forward a variance of \$5,901 from previous years in the 2011 accounts. Thus, the council adjusted and restated the 2011 cash at bank balance to correct this variance.

NOTE 14: EVENTS SUBSEQUENT TO BALANCE DATE

(a) Collection of Business License

As announced in the 2020/2021 National Budget, effective from 01 August 2020 Fiji's business license regime have been abolished. As a result, the business license fees from business owners will no longer be collected by the Council.

(b) COVID-19 Outbreak

Subsequent to year end, the World Health Organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2012 financial statements is not expected to be material.

However, in financial year 2020 and beyond, it is expected that the effect of the pandemic will be substantial on our major revenue streams such as general rates, market fees and rental income. This will eventually affect the Council's operations and cash flow.

(c) Other than the above mentioned events;

No charge on the assets of the council has arisen since the end of the financial year to the date of this report to secure the liabilities of any other person.

No contingent liability has arisen since the end of the financial year to the date of this report.

No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months after the end of the financial year which, in the opinion of the management, will or may affect the ability of the council to meet its obligations as and when they fall due.

LEVUKA TOWN COUNCIL
DETAILED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 S	2011 S
Revenue		
Business and trading license		
Fees	24,160	21,659
Grant income	40,278	29,875
Hire charges	172,580	13,643
Rates	3,141	4,875
Refund	110,733	108,624
Rent	14,499	3,526
Other income	5,907	6,980
Total revenue	<u>26,474</u>	<u>10,908</u>
	<u>397,772</u>	<u>200,090</u>
Expenditure		
Audit and legal fees	4,009	-
Conservation fund expense	65,000	-
Depreciation	20,778	17,690
Donations	40,254	-
Finance costs	715	-
FNPF contribution	13,955	8,009
FNU levy	264	1,136
Garbage fees	26,360	31,527
Insurance	357	-
Long service leave	-	5,100
Property maintenance	54,900	11,311
Roads and drains maintenance	13,288	7,581
Street light maintenance	19,249	20,413
Street maintenance	3,334	-
Salaries and wages	156,732	112,364
Utilities	2,740	-
Website	2,709	-
Workshop	907	-
Other expenses	36,292	34,652
Total expenditure	<u>461,843</u>	<u>249,783</u>
Deficit for the year	<u>(64,071)</u>	<u>(49,693)</u>

LEVUKA TOWN COUNCIL
STATEMENT OF RECEIPTS AND PAYMENTS - GOVERNMENT GRANT ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 \$
Receipts	
Government grant	400,000
Total receipts	400,000
Payments	
Advisory Salary	22,814
Anglican Church	7,000
Awareness workshop	907
Bank fees	10
Bentley's lane drain upgrade	1,622
Bowling club renovation	11,907
Catholic Church	7,000
CEO top up salary	9,001
Conservation fund	65,000
Convent road and health center drains upgrade	1,882
Engineer	360
Executive officer top up	161
Levuka-vakaviti Methodist Church	7,000
Manholes covers	1,234
Market renovation	16,432
Nasova house repair	1,267
Navoka Church	7,000
Heritage lights	12,409
Public convenience	1,724
Office equipment	4,182
Ovalau club	5,254
Pavilion upgrade	8,423
Repairs and maintenance	6,573
Royal hotel	7,000
Solid waste management	2,210
Street beautification	85
Street improvement	2,015
Town hall and office renovation	26,016
Vulcane lane and church street drain upgrade	7,046
Vulcane lane footpath upgrade	818
Web assistant and events coordinator	1,830
Website	2,709
Total payments	248,891
Surplus for the year	151,109

