



Public Rental Board

Public
RENT  **L**
Board



2020

ANNUAL REPORT



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Public
RENTAL
Board

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VISION

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

MISSION

The Public Rental Board will achieve its Vision through:

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

CORPORATE OBJECTIVE

1. Re-profiling

- Re-profiling of tenants in order to obtain a better understanding of PRB tenants.
- Provide Government with a more precise determination of rental subsidy and Non Commercial Obligation (NCO).
- Definition and assertion of the socio-economic standing of income range of PRB tenants.
- Encourage homeownership for tenants earning above \$317 weekly household combined income.

2. Rent Review

- Equitable distribution of subsidy and social cost (non-commercial obligation) compensated by Government.
- Maintain rentals at viable level.
- Increase income.

3. Government Grant

- Continue assisting financially disadvantaged tenants.
- Building more flats that are affordable to tenants.
- Subsidy on construction costs.
- Rental subsidy requested to Government to make rental affordable to tenants.

4. Rental Property Stock Versus Demand

- Better information and viable partnerships with other developers of low cost rental accommodation to meet demand.
- Plan and construct at least 1,000 flats per annum.
- Determine economic rental at different income levels and establish demand.

5. PRB's Revenue and Cost Structure

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

6. Social Economic Obligation

- Reduce squatter settlements.
- Promote healthy living.
- House urban workforce.
- Housing tenants in export finance and import substitute industries.

HEAD OFFICE

Housing Authority Building
Saggs Street, Valdevea
P.O. Box 5274, Rpiwaga
Tel: (679) 538 4701

LAUTOKA

Housing Authority Building
14 Tavoca Avenue
P.O. Box 5643, Lautoka
Tel: (679) 866 8717

LABASA

FMFF Building
2 Hasepa Street
P.O. Box 1507, Labasa
Tel: (679) 861 6717

2nd November 2022

The Honorable Aiyaz Sayed-Khaiyum
Attorney-General and Minister for Economy, Civil Service
Communications, Housing and Community Development
P.O. Box 2131
Government Buildings
SUVA

Dear Hon Minister

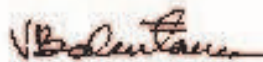
Re: 2019-2020 ANNUAL REPORT

Please find attached the PRB 2019-2020 Annual Report. This report incorporates details of the operations and activities of PRB for the year ending 31st July 2020.

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

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

Yours Sincerely,



Mr. Villiam Vodonaivalu
Board Chairperson

ALL CORRESPONDENCE TO BE ADDRESSED TO THE GENERAL MANAGER

CURRENT BOARD MEMBERS



BOARD CHAIR

VILIAME BALEITAVUA VODONAIVALU - CHAIRMAN

Mr Viliame Baleitavua, has over 30 years of experience in Financial Services. Strengths in areas such as financial auditing, change management and restructuring, economic efficiency and effective auditing, financial accounts preparation and consolidation, coaching and training, crisis management and both financial strategy and budgetary oversight.

Prior to joining the Fiji National Provident Fund, he worked as an Acting Executive officer in the National Provident Fund in Vanuatu, Senior Executive in the Banking Services (Westpac & ANZ) in Fiji, and the Pacific namely, Vanuatu, Tonga, Samoa, Cook Islands. Also, a Lead Consultant in one of the Pacific's Intergovernmental organizations known as the Melanesian Spearhead Group (MSG), composed of the four Melanesian states of Fiji, Papua New Guinea, Solomon Islands and Vanuatu, and Kanak and Socialist National Liberation Front of New Caledonia & Indonesia. Worked also with our very own carrier, the Air Pacific Limited now known as the Fiji Airways Ltd and spent 8 years in the Fiji Government Auditor General's office.

Professionally he is the Chief Executive Officer and overseeing the Investments of the Fund, settling major deals within 7 months of incumbent as the Chief Investment Officer. Handling all areas of the Fund's Operations and Investments from Hotels development managed by brand names such as; Marriott, Sheraton, Westin, Intercontinental Hotels & Resorts & Holiday Inn. Overseeing all Projects, Properties Investments, new acquisitions, treasury, sales & marketing, equities, commercial loans and other fixed income. Mr Baleitavua is an Australian Finance & Certified & Treasury Professional (CFTP), Australian Financial Accreditation and holds a Masters in Applied Finance from University of Melbourne, Australia



DEPUTY CHAIRMAN

SAUD MINAM - DEPUTY CHAIRMAN

A highly accomplished professional with 30 years' experience within the financial sector, Mr Minam is a thoughtful leader and passionate knowledge sharer within the banking sector. He has grown with changes and technical advancements and has recognised the ability to negotiate contracts and manage banking agreements with integrity and discretion. He also has extensive experience working with stakeholders to exceed client needs, assessing commercial needs and acting as the conduit between operational practicalities and technical abilities. He enjoys working collaboratively, leading and mentoring staff to ensure team effectiveness.

Mr Minam current affiliations and memberships include Chairman YES (Young Entrepreneur Scheme) Govt of Fiji, Vice Chairman ADFIAP (Association of Development Financing Institution Asia Pacific, Vice President Fiji Australia Business Council Executive member, Ethics Committee Fiji Muslim League, Executive Member International Human Resource Development Program Govt of Fiji and Member MSME Fiji National Export strategy.



AUTHORITY MEMBER

SUSAN NAIDU - AUTHORITY MEMBER

*Assistant General Manager Strategic and Community Development
Model Towns Charitable Trust*

Susan Naidu brings over 15 years of experience working in the social development sector. After completing her Bachelor of Arts degree in Industrial Relations and Sociology at the University of the South Pacific, Susan worked for various non-governmental organisations such as the Ecumenical Centre for Research Education Advocacy (ECREA), femLINK Pacific, Fiji Women's Rights Movement and for the past eleven years specialising in the area of social housing with the Model Towns Charitable Trust based in Lautoka.

Driven by her passion to help the most disadvantaged communities especially, women, children and people living with disabilities, Susan brings a wealth of knowledge and experience in the social housing and community development sector. Her focus areas are climate adaptation and mitigation, grassroots education, access to health and mental health services for vulnerable communities, women's development and empowerment, social enterprising and food security. In addition

Susan also serves as the Grants Committee member for the Women's Fund Fiji and she is also an Executive Board member at the Lautoka School for Special Education.



BOARD MEMBER

FLORENCE MERLE TAKINANA - AUTHORITY MEMBER

Ms. Takinana was born in Korovou, Tailevu and was raised in Nausori. Ms. Takinana was educated at Saint Joseph the Worker Primary School, Saint Joseph's Secondary School and the University of the South Pacific. Ms. Takinana holds a Professional Diploma in Legislative Drafting (PDL), a Professional Diploma in Legal Practice (PDLP) and a Bachelor of Laws and Commerce (LLB/BCom) from the University of the South Pacific.

Ms. Takinana began her career at the Office of the Attorney-General in 2015 as a Legal Officer and is currently serving as a Senior Legal Officer. With over 6 years of experience gained at the Office of the Attorney-General, Ms. Takinana brings with her extensive legal experience in trade, commerce and investment. Ms. Takinana is currently part of the Private Public Partnership (PPP) for Affordable Housing Project spearheaded by the Ministry of Housing and Community Development and is also a current member of the Fiji National Building Code Joint Task Force spearheaded by the Ministry of Infrastructure and Meteorological Services which is tasked with reviewing, updating and revising the Fiji National Building Code (FNBC) and the Fiji Home Builders Manual (FHBM).



AUTHORITY MEMBER

RENEE DUGUIVALU - AUTHORITY MEMBER

Mrs. Renee Duguivalu (Browne) was born and raised in Lautoka, educated at Natabua High School and Fiji Institute of Technology prior to attending Queensland University of Technology in Queensland, Australia under the Australian Awards program.

With a background in both private Engineering consultancy and public service as Engineer for the Department of Housing under the Ministry of Local Government, Urban Development, Housing & Environment, Mrs. Browne comes with a broad range of understanding of both the public and private sector constraints towards Housing.

Mrs. Browne has also formerly served on the Board of Special Administrators for Lautoka and Ba Town Councils as well as a current Appointed Ordinary member of the Fiji Institute of Engineers. Mrs Brown served as a Board Member from 26th October 2021 to 10th August 2022.

AUTHORITY MEMBER



ANIL PRASAD - AUTHORITY MEMBER

Mr. Anil Prasad was born and raised in Labasa. After finishing his secondary education in Labasa College, he joined the now Fiji National University to graduate with a Diploma in Industrial Laboratory Technology, he is currently pursuing his Executive Masters in Business Administration at the Fiji National University. Mr Anil joined Carlton Brewery Fiji Ltd, the now Paradise Beverages Fiji Ltd as Quality Assurance Technician in June 2003 where he is still currently employed as a full time employee.

Mr Anil joined the real estate sector in 2014 as a sales consultant and later opened his own real estate business in 2017 and is the current principal Agent and director of the business. Mr Anil has served as a national Secretary for Real Estate Association of Fiji and is the current General Secretary of Paradise Beverages Fiji Ltd union.

Mr Anil is also involved with various charity organizations and is the current marketing manager of WE-Fiji a local NGO. Mr Anil brings with him an extensive knowledge of the real estate industry and property market knowledge and through his real estate experience is well versed with market trends and demands of the housing market.

CHAIRPERSON'S REPORT



Public Rental Board (PRB) for the past 33 years was established to provide affordable rental accommodation to low-income earners on a transitional basis and it has come a long way and is committed to achieving its organizational goals together with its social obligations.

Our current stock has 368 studio, 885 one-bedroom and 385 two-bedroom flats which totals to 1638, this stock will increase once Simla (Lautoka) construction of 36 one-bedroom flats are completed in 2021, the project has been delayed due to the COVID-19 outbreak in March 2020, which led to lockdowns, shortage of materials and labor.

Future projects at PRB are for Raiwaqa Ex-4 storey site (152 units), Matavolivoli (76 units) and Narere Barracks (50 Units), Davuilevu Housing ((200 units) and Tavakubu Housing (126 units). In 2020 the Levuka and Kia Estate general maintenance were undertaken and Kalabu drainage works were completed during the year.

In August 2020 the Head office of PRB shifted to the Housing Authority Building at Valelevu which is in line with the proposed operational merger of the two entities ensuring effective and efficient service delivery.

For the year ending 31st July 2020, PRB surpassed \$4 million in its revenue collections, it achieved a profit of 1,533,853 compared to \$443,734 for the 7 months ending 31st July 2019. Continuously for the past six years, it has recorded profits in its books. PRB is still servicing a loan of \$8,866,987 to Exim Bank of China and \$1,134,190 to the Ministry of Economy (MOE) for the construction of 210 flats at Raiwai in 2014 and Bond repayment. PRB was not spared from the economic crises and has had significant impact on its business. In April 2020, rental arrears increased due to the three months deferment period given to tenants who had lost their jobs due to the pandemic. This relief was further extended to another three months.

2020 was a difficult year, nevertheless, the Board members, management and staff were working from home meeting virtually and maintaining social distancing in trying to achieve its mandates. The estates were well managed with proper equipment's and monitoring procedures. PRB achieved its 100% staff vaccination by the stipulated period announced by the government.

I would like to thank the government for its continued support through subsidy grant to the tenants and the assistance rendered from staff of the Ministry and other Government Stakeholders, trading partners management and staff for persevering in the very difficult business environment and commitment during the year.

A handwritten signature in blue ink, reading 'V. Vodonaivalu'.

Viliame Vodonaivalu
BOARD CHAIRPERSON

GENERAL MANAGER'S REPORT



2020 was full of surprises for Public Rental Board, COVID -19 affected our collections but we continued to serve our customers in delivering the Governments vision of providing affordable, quality and appropriate rental housing for all Fijians.

In 2020, Public Rental Board, continued construction on its Low-Cost Housing Project at Simla, Lautoka, consisting of 36 rental units of one bed room. The project is anticipated to be completed by 2021, due to the lock down and unavailability of materials the project was delayed.

Public Rental Board recorded an operating profit of \$1,533,853 for the year ending 31st July 2020 as compared to \$443,734 for the seven months period ending 31st July 2019 which is a great achievement during this period.

Public Rental Board, carried out a number of General Maintenance and enhancement to its estates, which includes Levuka and Kia Street, the continuation of Kalabu drainage works and fencing were completed during the year.

PRB continues to promote and sustain Community Developments through estate meetings, community awareness, and estate landscaping. This enables the estate communities to form youth groups, women groups, and estate committees.

Incorporated in the Report is a brief highlight of the activities undertaken by the Board at the end of July 2020;

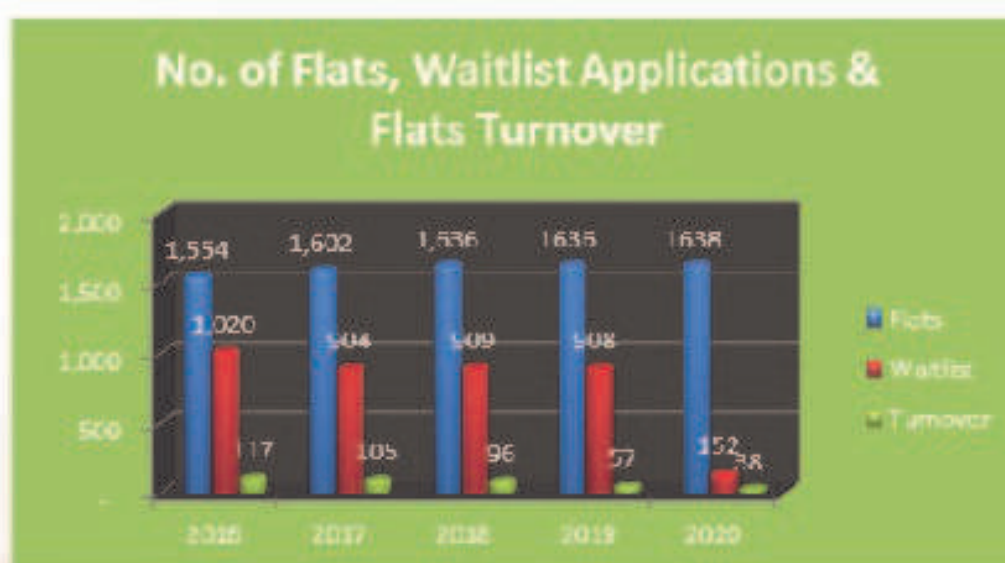
- Waitlisted applications
- Corporate Governance
- Rent Revenue/Rent Subsidy and Rental Flats
- General Maintenance & New Development
- Financial Highlights
- Financial Ratios and Analysis
- Human Resource and Administration Report

1. Waitlist applications

PRB has had its own challenges in meeting the demand for rental flats. We were not able to assist all the waitlist applications registered with the Board. Exorbitant construction cost has not assisted PRB in fulfilling the ever-increasing demand. PRB currently has 1638 flats rented out against a waitlist demand of 152 applications which will be reviewed. PRB's rental flats are located in 21 estates around the country.

Given the current trend of flat turnover, PRB is continuously networking with housing stakeholders in an effort to increase the flat turnover and reduce the waitlist at the same time increase the number of flats. Simla housing project comprising of 36 units is under construction and is expected to be completed by 2021.

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



1. Corporate Governance

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

Role of the Board

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

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

Meetings of the Board

The regular business of the Board during its meetings cover business and strategic matters, governance and compliance, Management reports, financial reports and the overall performance of PRB. The current Board members were appointed from May 2016 till June 2020 and their attendance at Board meetings during the financial year under review is tabled below:

Director	Number of Meetings Conducted	Number of meetings attended	Apologies Received
Mr. Nesbitt Hazelman	5	5	0
Mr. Roveen Permal	6	5	1
Mr. Craig Strong	5	2	3
Mr. Mohit Kumar Raj	6	5	1
Ms. Anabel Ali	6	6	0
Ms. Lorraine Seeto	1	1	0
Ms. Senikavika Jiuta	1	1	0

The Board met on 6 occasions during the period under review.

1. Rental Revenue on Rental Flats

PRB charged rent of \$4,394,559 in the reporting year. The total collection against rent charged as of July 2020 was \$2,852,655 (without subsidy) or approximately 65%. The total rent collected with subsidy is \$3,888,028. The total rent collected includes rent for the period, arrears payments, and advance rental payments by tenants.

Table 1 shows the actual collection amount for five years.

Rental Collections Comparison: 2016 to July 2020



Table 1

RENTAL COLLECTION (without Subsidy)	
2016	\$ 3,018,657
2017	\$ 3,056,665
2018	\$ 3,103,518
Jan-July 2019	\$ 2,460,372
Aug -Jul 2020	\$ 2,852,655

2. General Maintenance

PRB continued the third round of general maintenance program in the year 2020. The third round of general maintenance program commenced in year 2016. PRB undertakes general improvements and upgrading of its facilities such as tiling wet and living areas, grills, placement of ceiling, overall painting, changing of waste lines from galvanized to PVC, improvements on the external interior works and repairs.

Financially disadvantaged tenants are assisted with subsidy according to the 2016 allocation criteria. General maintenance is essentially important for PRB because revenue from rental is the major contributing source of income for PRB apart from rental subsidy from government. General maintenance undertaken in 2019-2020 were in the following estates as presented in Table 2.

Table 1- Major General Maintenance

Estates	Contractor	No of Units	Budget (\$)	Expenditure (\$)
Major Maintenance	In-house			
Kia General	Maintenance	24		
Maintenance	Team		\$58,000	\$48,254.83

Levuka General Maintenance – continuation from 2019	In-house Maintenance Team	24	\$13,894	\$13,109
Special Projects				
Kalabu Fencing & Drainage works	In-house Maintenance Team		\$76,652.28	\$74,614.35

Total Repair & Maintenance for major project cost for the period 2020 is \$61,363.83 which is, approximately 1.34% of Rental Income and the special projects cost for the period 2020 is \$74,614.35.

1. Distribution of Rental Subsidy

Subsidy is allocated to tenants based on their household Weekly Gross Income (WGI) in accordance with the 2020 subsidy allocation criteria. Some 886 financially disadvantaged tenants received a total of \$1,144,476 subsidy assistance in 2020. Rental subsidy assistance is calculated taking the difference between the actual rent charge and the tenant contribution.

Subsidy is allocated according to the subsidy agreement between the Ministry of Housing and PRB. The 2016 subsidy criteria is as follows:

2016 Subsidy Criteria

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

Social Cost

The 2020 social cost (difference between market rent and actual rent) was directly funded by Government through the government grant. Government's contribution towards payment of social cost was approximately \$272,367 for the reporting year. A total of 277 flats were allocated social cost in 2020 as weekly rent charged were above the Board's ceiling of \$50.

2. New Developments and Construction

2.1. Simla Housing Project

Government provided a partial grant of \$1,299,109 in the 2016/2017 National Budget for Simla project. The project comprises of 36 one-bedroom flats. The project commenced in October 2018. A further grant of \$2,225,533 was provided in 2017/2018 budget. Work is currently in progress and is expected to be completed in 2021.

6.2. Raiwaga Ex-Sewer

PRB held talks with IFC regarding the above project. Preliminary consultation was conducted with IFC representatives.

6.3. Raiwaga Ex-4 storey

A proposal will be submitted to the Board to redevelop the two (2) sites. Preliminary works on the design and master plan is currently in progress.

7. Tenancy Management

PRB has a three-year tenancy agreement with the tenants. PRB undertakes a Household Income survey (HHI) after which tenancy agreements are renewed.

Table 1

	No. of flats	Valid Tenancy Agreements (TA)	TA yet to be renewed	No. of TA issued in 2020	No. of TA issued in 2019 (7 months period)
No. of Tenancies	1638	905	733	110	182

8. Financial Highlights

Total Assets & Shareholder's Funds		
Years	Total Assets	Total Equity
2016	37,857,045	23,497,661
2017	38,731,914	24,072,225
2018	40,786,023	24,889,326
Jan-Jul 2019	41,685,606	25,148,890
Jul-Aug-2020	42,124,916	26,682,743



Operating Revenue & Net Profit		
Years	Operating Revenue	Net Profit
2016	4,760,863	1,749,504
2017	4,160,886	851,207
2018	4,220,077	752,932
Jan-Jul 2019	2,709,286	443,734
Jul-Aug-2020	4,581,901	1,533,853



Net profit increased by 246% in 2020 compared to 7 months period ending 2019.

Return on Investment & Assets		
Years	ROE	ROA
2016	8%	5%
2017	4%	2%
2018	3%	2%
Jan-Jul	2%	1%
Jul-20	6%	4%



9. Financial Report

Statement of Comprehensive Income (Extract)

	For the year ending 31.07.20	7 Months period ending 31.07.19
Total Income	4,581,901	2,709,286
Total Expenses	(3,416,482)	(1,941,526)
Operating profit before interest expenses	1,165,419	767,760
Operating profit % to Total Income	25.40%	28.34%
Finance Cost	(368,434)	55,708
Net profit for the years	1,533,853	712,052
Net Profit % to Total Income	33.46%	26.28%
Write off Prior years WIP		(268,318)
Total comprehensive income for the year	1,533,853	443,734
% to Total Income	33.46%	16.39%

Total Income reported as at 31st July 2020 is \$4,581,901 compared to \$2,709,286 for the 7 months period ending 31st July 2019.

Total comprehensive surplus (net profits) for year ended 2020 increased by \$1,090,119 and approximately 246% compared against 7 months period ending 2019.

Statement of Financial Position (Extract)

	For the year ending 31.07.2020	7 months period ending 31.07.2019
	\$	\$
Non-Current Assets	34,064,598	33,825,404
Current Assets	8,060,318	7,860,202
Total Assets	42,124,916	41,685,606
Total Equity	26,682,743	25,148,890
Non-Current Liabilities	13,747,196	14,783,822
Current Liabilities	1,694,977	1,752,894
Total Liabilities	15,442,173	16,536,716
Total Equity and Liability	42,124,916	41,685,606

Non-Current assets increased by approximately 0.71%. Current Assets increased by approximately 2.55% and Total equity increased by approximately 1%.

Cash Flow

Net cash flow for the financial year ending 31st July 2020 was managed efficiently.

10. Financial Ratio Analysis

Liquidity & Activity Analysis

Liquidity analysis measures the adequacy of the Board's cash resources to meet its near-term cash obligations.

Activity analysis evaluates revenue and output generated by the Board's assets.

I. Current Ratio

	July 2020	(7months) July 2019
Current Asset / Current Liabilities	4.76	4.48

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

	July 2020	(7months) July 2019
Average No. of Days Receivables Outstanding	12	9

Average collection days increased in the reporting period compared against the 12-month period last year. The percentage of rental arrears against rental revenue for the period is 5.9% while for 2019 was 5.12%.

Long-Term Debt and Solvency Analysis

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

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

	July 2020	(7months) July 2019
Total Debt / Total Equity	0.58	0.66

The debt-to-equity ratio for the financial year ending 2020 is almost the same compared to financial period ending 2019.

Profitability Analysis

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

IV. Return on Assets (ROA) – Measures how much profit is generated on every dollar of assets.

This is a strong basis to gauge the asset intensity of the Board. It is probably one of the most useful measures of management's ability and efficiency in using the Board's assets to generate (operating) profits.

ROA is calculated using the formula: $\text{Net Profit} / \text{Average Total Assets}$

	July 2020	(7months) July 2019
Return on Assets	4 %	1%

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

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

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

	July 2020	(7months) July 2019
Return on Equity	6%	2%

ROE is same for the current period compared to year ending 2018. It is generally accepted that a high return on equity is capable of generating cash internally. The required rate of return on equity ratio is 10%.

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

	July 2020	(7months) July 2019
Profitability Ratio	33%	16%

The profitability ratio increased for current reporting financial by approximately 17% compared to the year ending 2019. The repair and maintenance expense are quite low compared to 2019.

11. Human Resources, Payroll & Administration Report

Staff Personnel

Public Rental Board's personnel are divided into two categories of salaried and waged Staff. Staff cost continue to be a major expense for PRB. This comprises approximately 26% of the total revenue in the current period. This percentage is high but is expected to reduce through economy of scale and close monitoring by PRB. Public Rental Board staff in the financial year is provided as follows:

Division	No. of Staff	Female	Male
Executive	3	1	2
Finance and Administration	8	7	1
Property	13	4	9
Waged	19	1	18
Total	43	13	30

Training and Awareness

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

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

Courses/Conference	Facilitator	No. Of Participants
Labour Management Consultation and Cooperation Committee (LMCC)	Ministry of Labor	13
Inventory Training - Navision	DXC Eclipse	12
National Conference on IT	FNU	1
FIA Technical Workshop	Fiji Institute of Accountants	2
FICAC Awareness Program	FICAC	All

Market Salary Adjustment and Performance Management System (PMS)

Currently all staff are paid in accordance with the market salary rates implemented in 2018. Job Evaluation was carried out in 2017 and implemented in 2018. Another Job Evaluation will be conducted in 2022.

12. Information & Communication Technology

All capital projects planned for this financial year was put on hold due to COVID 19 outbreak. Minor enhancements to Navision software continued. Staff were equipped with Work from home facilities and major purchases of 11 laptops were done to replace old computer more than 7 years old. Laptop replacements were done for Management and team leaders only.

13. Acknowledgement

I would like to take this opportunity to acknowledge the support given by the Ministry of Housing and Community Development, related Ministries, Board of Directors, staff and stakeholders who enabled us to better our performance for the year ending July 2020.

We looked forward to your support and assistance that will be provided for the coming years.



Timoci Naleba
General Manager

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 2, Wodyt House
Kansang, St. Vahanua
P. O. Box 2214, Government Buildings
Suva, Fiji



Telephone: (679) 336 9933
Email: info@auditgeneral.gov.fj
Website: www.oag.gov.fj



File: 1283

01 September 2022

Viliame Vodonaivalu
The Chairman
Public Rental Board
Housing Authority Building
VALELEVU

To: Mr. Vodonaivalu

PUBLIC RENTAL BOARD AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

The audited financial statements for the Public Rental Board for the year ended 31 July 2020 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 Board for necessary action.

Yours sincerely

Sairusi Dikunu
ACTING AUDITOR-GENERAL

cc: The General Manager, Public Rental Board, Housing Authority Building, Valelevu

Encl.

**PUBLIC RENTAL BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

**PUBLIC RENTAL BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

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**PUBLIC RENTAL BOARD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2020**

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Public Rental Board (the Board) as at 31 July 2020, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

Directors

The Board of Directors at the date of this report are:

<i>Directors</i>	<i>Appointed</i>	<i>Position</i>	<i>Served Until</i>
Mr. Viliame Vodonaivalu	26-Oct-21	Chairperson	25-Oct-24
Mr. Saud Minam	26-Oct-21	Board member	25-Oct-24
Ms. Florence Takinana	26-Oct-21	Board member	25-Oct-24
Ms. Renee Duguivalu	26-Oct-21	Board member	25-Oct-24
Ms. Susan Naidu	26-Oct-21	Board member	25-Oct-24
Mr. Anil Prasad	26-Oct-21	Board member	25-Oct-24
Mr. Nesbitt Hazelman	4-May-2019	Chairperson	3-May-2020
Ms. Lorraine Seeto	3-June-2020	Chairperson	25-Oct-21
Mr. Roveen Permal	3-May-2016	Board Member	6-Sep-20
Ms. Senikavika Jiuta	3-June-2020	Board Member	25-Oct-21
Mr. Craig Strong (Reappointed)	1-May-2019	Board Member	1-April-2020
Mr. Mohit Kumar Raj	1-May-2019	Board Member	25-Oct-21
Ms. Anabel Ali	1-May-2019	Board Member	25-Oct-21

Principal Activities

The principal activities of the Board during the course of the year ending 31 July 2020 were to provide public rental housing to low income earners, estate services and building projects. There were no significant changes in the nature of activities of the Board during the year.

Registered Office

The Board's head office is located at Housing Authority Building, Saqa Street, Vaelevu, Nasinu.

Results

The operating profit for the year was \$1,533,853 (2019: 7 months ended 31 July 2019 \$443,734 - restated).

Reserves

The Directors recommend that no amount be transferred to or from reserves except for movements required by International Financial Reporting Standards.

Bad and Doubtful Debts

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

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

Non-current Assets

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

Non-current Assets *continued*

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

Unusual Transactions

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

Events Subsequent To Balance Date

Subsequent events are as follow:

- (i) Except for the proposed merger with the Housing Authority of Fiji presented in Parliament which is yet to be formalised and timelines yet to be confirmed, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Board, the results of those operations or the state of affairs of the Board in the subsequent financial period.
- (ii) The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, and will affect significantly the operations of the Board in the subsequent financial year.

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

Significant Events During the Year

Significant events that occurred during the year were:

i) Impact of the Coronavirus (COVID-19) outbreak

During the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

There has been a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

In May 2020, as part of the COVID-19 relief the Housing and Community Development Minister Premila Kumar announced a deferral for rent payments for the tenants of Public Rental Board for the three months beginning April 2020. This relief was further extended for an additional 3 months. The deferral of rental payments has resulted in a significant increase in rent receivable and expected credit loss for the year.

ii) Relocation of the Board

In August 2020, the Board had relocated to the Housing Authority Building, Valelevu, Nasinu. Its principal place of business is now Housing Authority Building, Valelevu, Nasinu.

PUBLIC RENTAL BOARD
DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 31 JULY 2020

Other Circumstances

As at the date of this report:

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

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

Directors' Benefits

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

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

Dated this day of 2022.



Chairperson



Director

**PUBLIC RENTAL BOARD
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 JULY 2020**

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

- (i) the accompanying statement of profit or loss and other comprehensive income of the Board is drawn up so as to give a true and fair view of the results of the Board for the year ended 31 July 2020;
- (ii) the accompanying statement of changes in equity of the Board is drawn up so as to give a true and fair view of the changes in equity of the Board for the year ended 31 July 2020;
- (iii) the accompanying statement of financial position of the Board is drawn up so as to give a true and fair view of the state of affairs of the Board as at 31 July 2020;
- (iv) the accompanying statement of cash flows of the Board is drawn up so as to give a true and fair view of the cash flows of the Board for the year ended 31 July 2020;
- (v) at the date of this statement there are reasonable grounds to believe the Board will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the Board.

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

Dated this day of 2022.



Chairperson



Director

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the financial statements of Public Rental Board (the Board), which comprise the statement of financial position as at 31 July 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at 31 July 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Audit 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 Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled 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 Property, Plant and Equipment in the Statement of Financial Position which included fully depreciated buildings, still held for use, with cost totaling \$2,421,248. The useful life of these buildings have not been reviewed annually. As a result, Property, Plant and Equipment is understated and depreciation expense has not been charged on those buildings during the year.

My opinion is not modified in respect of this matter.

Other Information

The Management and Directors are responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with 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 Housing Act 1955, 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 Board has kept financial records sufficient to enable the financial statements to be prepared and audited.



Sairusi Dukuna
ACTING AUDITOR-GENERAL



Suva, Fiji
01 September 2022

PUBLIC RENTAL BOARD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2020

	Notes	For the 12 months ended 31 July 2020 \$	For the 7 months ended 31 July 2019 (Restated) \$
Revenue			
Rental revenue		4,398,156	2,537,644
Other operating income	2	183,745	171,642
		<u>4,581,901</u>	<u>2,709,286</u>
Expenses			
Amortisation and depreciation expense		(956,190)	(545,619)
Amortisation of right-of-use assets	19	(12,518)	(7,174)
Employee benefit expenses	3	(1,162,991)	(629,458)
Other operating expenses	4	(1,284,783)	(759,275)
Total operating expenses		<u>(3,416,482)</u>	<u>(1,941,526)</u>
Profit from operations		1,165,419	767,760
Finance income/(cost)	5	368,434	(55,708)
Net profit for the year/period		<u>1,533,853</u>	<u>712,052</u>
Write off Prior years WIP		-	(268,318)
Total comprehensive income for the year/period		<u>1,533,853</u>	<u>443,734</u>

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

PUBLIC RENTAL BOARD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2020

	Note	For the 12 months ended 31 July 2020 \$	For the 7 months ended 31 July 2019 (Restated) \$
Contributed equity			
At 1 August		20,692,166	20,692,166
Movement for the year/period		-	-
At 31 July		20,692,166	20,692,166
Retained earnings			
At 1 August		4,456,724	4,197,160
Net profit for the year/period		1,533,853	443,734
Effect of adoption of IFRS 16 Leases		-	(192,104)
Adjustment to prior period Accruals	23		7,934
Adjustment to prior period for billboard income	23		-
At 31 July		5,990,577	4,456,724
Total equity		26,682,743	25,148,890

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

**PUBLIC RENTAL BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020**

	Notes	31 July 2020 \$	31 July 2019 \$
ASSETS			
Non-current assets			
Property, plant and equipment	6	33,045,641	32,649,345
Right-of-use assets	19 (i)	955,813	950,279
Intangible assets	7	63,144	134,471
Financial assets	8	-	91,309
		34,064,598	33,825,404
Current assets			
Cash and cash equivalents	9	3,230,097	2,743,362
Financial assets	8	4,554,084	4,806,470
Rent receivable	10	84,050	102,801
Inventories	11	6,270	6,459
Prepayments and other assets	12	185,817	201,110
		8,060,318	7,860,202
TOTAL ASSETS		42,124,916	41,685,606
EQUITY AND LIABILITIES			
Capital and reserves			
Contributed equity		20,692,166	20,692,166
Retained earnings		5,990,577	4,456,724
Total equity		26,682,743	25,148,890
Non-current liabilities			
Deferred revenue	13	4,143,193	4,166,431
Interest-bearing debts	14	8,866,987	9,898,782
Lease liabilities	19 (ii)	737,016	718,609
		13,747,196	14,783,822
Current liabilities			
Trade payables and accruals	15	1,525,490	1,612,426
Lease liabilities	19 (ii)	837	773
Deferred revenue	13	16,404	9,569
Employee entitlements	16	152,246	130,126
		1,694,977	1,752,894
Total liabilities		15,442,173	16,536,716
TOTAL EQUITY AND LIABILITIES		42,124,916	41,685,606

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

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

.....
Chairperson

.....
Director

**PUBLIC RENTAL BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2020**

	Notes	For the 12 months ended 31 July 2020 \$	For the 7 months ended 31 July 2019 (Restated) \$
Operating activities			
Receipts from customers		4,402,149	2,587,583
Payments to suppliers and employees		(2,342,330)	(1,206,725)
Interest paid	5	77,903	(212,076)
Interest received	5	295,274	156,368
Cash flows from operating activities		2,432,996	1,325,150
Investing activities			
Payments for property, plant and equipment		(1,281,159)	(749,155)
Proceeds from sale of assets		24,160	63,340
Net receipts/(payments) for investments		343,695	(137,142)
Cash flows used in investing activities		(913,304)	(822,957)
Financing activities			
Repayments of borrowings		(1,031,794)	(275,299)
Repayment of lease liabilities - principal portion only		(1,163)	(428)
Cash flows used in financing activities		(1,032,957)	(275,727)
Net increase in cash and cash equivalents		486,735	226,466
Cash and cash equivalents at 1 August		2,743,362	2,516,896
Cash and cash equivalents at 31 July	9	3,230,097	2,743,362

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

1.1 Corporate Information

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

The principal activities of the Board are described in Note 21.

1.2 Basis of preparation of the Financial Statements

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

Statement of compliance

The financial statements of Public Rental Board have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Going concern

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

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

1.3 Significant accounting judgments, estimates and assumptions

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

Judgments

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

1.5 Significant accounting judgments, estimates and assumptions *continued*

Judgments *continued*

Leases

Determining the lease term of contracts with renewal and termination options – Board as lessee

The Board determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Board has several lease contracts that include extension and termination options. The Board applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Board reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Property lease classification – Board as lessor

The Board has entered into commercial property leases on its investment property portfolio. The Board has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Estimation and assumption

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

Expected credit loss

The Board uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Board's historical observed default rates. The Board will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in a customer segment, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

1.3 Significant accounting judgments, estimates and assumptions *continued*

Estimation and assumption *continued*

Expected credit loss *continued*

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Board's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Board's trade receivables and contract assets is disclosed in Note 20.

Impairment of non-financial assets

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

Significant judgements and estimates relating to the application of FRS 16

The application of IFRS 16 requires the Board to make judgments and estimates that affect the measurement of right-of-use assets and liabilities in determining the lease term, we must consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

Leases - Estimating the incremental borrowing rate

The Board cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Board would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Board 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Board estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

1.4 Significant accounting policies

a) Property, plant and equipment

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

1.4 Significant accounting policies *continued*

a) Property, plant and equipment *continued*

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

Building	Over their estimated remaining useful life
Furniture, fittings and equipment	20%
Motor vehicles	20%
Office premises	2%

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

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

b) Intangible assets

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

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

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

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

c) Impairment of non-financial assets

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

1.4 Summary of significant accounting policies *continued*

c) Impairment of non-financial assets *continued*

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

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

d) Inventories

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

e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short term deposits with an original maturity of three months or less.

f) Financial Instruments - Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

For purposes of subsequent measurement, the Board's financial assets are classified in two categories:

- Financial assets at fair value through profit or loss; and
- Financial assets measured at amortised cost (rent and other trade receivables, cash and short-term deposits).

1.4 Summary of significant accounting policies *continued*

f) Financial instruments - Initial recognition and subsequent measurement *continued*

1) Financial assets *continued*

Initial recognition and measurement *continued*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Board's business model for managing them. The Board initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Board's rent and other trade receivables do not contain a significant financing component, they are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on revenues from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Board's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost are subsequently measured 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.

Since the Board's financial assets (rent and other trade receivables, cash and short-term deposits) meet these conditions, they are subsequently measured at amortised cost.

Derecognition

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 Board's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Board has transferred its rights to receive 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 (a) the Board has transferred substantially all the risks and rewards of the asset, or (b) the Board has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1.4 Summary of significant accounting policies *continued*

η Financial instruments - Initial recognition and subsequent measurement *continued*

ι) Financial assets *continued*

Derecognition continued

When the Board has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Board continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Board also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Board has retained.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Rent receivables (Note 10)
- Prepayments and other assets (Note 12)
- Financial risk management objectives and policies (Note 20)

The Board recognises an allowance for expected credit losses (ECLs) for all receivables at amortised cost held by the Board. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Board expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables, the Board applies a simplified approach in calculating ECLs. Therefore, the Board does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Board has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Board considers a financial asset in default when contractual payments are due as a result of vacated properties (flats). However, in certain cases, the Board may also consider a financial asset to be in default when internal or external information indicates that the Board is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Board. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.4 Summary of significant accounting policies *continued*

f) Financial instruments - Initial recognition and subsequent measurement *continued*

ii) Financial liabilities

Initial recognition and measurement

The Board's financial liabilities comprise interest-bearing loans and borrowings and trade and other payables.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of all financial liabilities except derivative financial instruments, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, all financial liabilities, except derivative financial instruments, are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the Effective Interest Rate (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

For more information on the interest-bearing loans and borrowings, refer to Note 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are off set and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Provisions

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

1.4 Summary of significant accounting policies *continued*

g) Provisions *continued*

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

h) Employee entitlements

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

Wages and salaries, sick leave and annual leave

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

Provision for long service leave

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

Retirement provision

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

i) Leases

Board as lessee

The Board assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Board applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Board recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

ij) Right-of-use assets

The Board recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

1.4 Summary of significant accounting policies *continued*

i) Lessee continued

Board as lessee continued

i) Right-of-use assets continued

Right-of-use assets of the Board comprises of leased land which is amortised over the period of the lease.

If ownership of the leased asset transfers to the Board at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 1.4 (c) Impairment of non-financial assets.

The Board has lease contracts for crown and native land used in its operations. Leases of crown and native land generally have lease terms for 63 to 99 years.

ii) Lease liabilities

The lease liability is measured at the present value of the fixed lease payments net of cash lease incentives that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Lease modifications are accounted for as a new lease with an effective date of the modification.

iii) Short-term leases and leases of low-value assets

The Board applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Board as a lessor

Leases in which the Board does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Board has entered into operating leases on its investment property portfolio consisting of housing units. These leases have terms of 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions and wage brackets.

1.4 Summary of significant accounting policies continued

j) Taxes

The Board's income is exempted from income tax as stipulated under Section 26 of the Housing Act (Cap.267) and the Income Tax (Exempt Income) Regulations 2016.

k) Trade and other payables

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

l) Rent receivables

Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost.

m) Tenant deposit

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

n) Revenue recognition

The Board's key source of income is rental income.

Rental income

The Board earns revenue from acting as a lessor in operating leases. Rental income arising from operating leases on property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income is derived from rent received from rental housing provided to low income earners. Rental income is recognised on an accrual basis.

Weekly rent is charged to tenants with a renewable tenancy agreements for three years.

Government grant

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

i) Social cost grant

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

1.4 Summary of significant accounting policies continued

n) Revenue recognition continued

Government grant continued

ii) Rent subsidy grant

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

iii) Deferred grant

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

o) Net financing cost

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

p) Current versus non-current classifications

The Board presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Board classifies all other liabilities as non-current.

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

1.4 Summary of significant accounting policies *continued*

q) Comparatives

The financial statements are for the year ended 31 July 2020, whereas the comparatives are for the 7 months period ended 31 July 2019. The Board is required to align its reporting period to that of the Government of Fiji. Therefore, the amounts presented in the financial statements are not entirely comparable.

1.5 New and amended standards and interpretations

The Board applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Board has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standard	Effective date	Impact on the Board's current reporting
Amendments to IFRS 3: Definition of a Business	1 January 2020	No impact.
Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform	1 January 2020	No impact.
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020	No impact.
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020	No impact.
Amendments to IFRS 16 Covid-19 Related Rent Concessions	1 June 2020	No impact.

1.6 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Board's financial statements are disclosed below. The Board intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard	Effective date	Impact on the Board's current reporting
IFRS 17 Insurance Contracts	1 January 2023	No impact.
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023	No impact.
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	No impact.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022	No impact.
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022	No impact.
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022	No impact.

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

	12 months ended 31 July 2020 \$	7 months ended 31 July 2019 \$
2. Other operating income		
Amortisation of deferred revenue from government grants	16,404	9,569
Taxi base income	19,170	12,760
Community income	17,815	15,170
Maintenance income	12,093	4,155
Billboard income	39,950	23,943
Market stall fees	695	135
Gain on sale of property, plant and equipment	24,160	63,340
Expected credit loss reversed	-	16,996
Miscellaneous income	8,198	7,466
Rental - others	45,260	18,108
	183,745	171,642
3. Employee benefit expense		
Salaries and wages	959,486	563,242
Fiji National Provident Fund contributions	76,997	50,473
Fiji National University levy	9,917	2,665
Personnel expenses	116,591	13,078
	1,162,991	629,458
The number of employees at the end of the financial year was 42 (2019: 47).		
4. Other operating expense		
Auditors' remuneration - audit fees	11,233	12,000
Expected credit loss	157,940	-
Insurance	137,574	78,653
Repairs and maintenance	289,375	273,700
Professional services	42,277	45,228
Motor vehicle	66,257	26,920
Utilities and rates	236,142	131,614
Office and administration	293,421	160,207
Board expenses	28,770	16,844
Bank charges	6,604	4,963
Advertising and promotions	10,321	9,146
Relocation	4,869	-
	1,284,783	759,275
5. Net financing (income)/cost		
Interest income	(295,275)	(156,368)
Interest expense - loan	176,016	92,719
Foreign exchange gain - unrealised	(294,596)	93,528
Interest - leases	45,421	25,829
Net financing (income)/cost	(368,434)	55,708

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

	31 July 2020	7 months ended 31 July 2019
	\$	\$
6. Property, plant and equipment		
<u>Land and buildings</u>		
Cost:		
At 1 August	43,564,632	44,202,762
Transfer of leased land to ROU assets	-	(638,130)
At 31 July	43,564,632	43,564,632
<u>Depreciation and impairment</u>		
At 1 August	12,328,165	12,116,350
Depreciation charge for the year/period	713,561	420,199
Reclassification of amortisation on leased land	-	(208,384)
At 31 July	13,041,726	12,328,165
Net book value	30,522,906	31,236,467
<u>Office premises</u>		
Cost:		
At 1 August	171,071	171,071
At 31 July	171,071	171,071
<u>Depreciation and impairment</u>		
At 1 August	117,662	116,829
Depreciation charge for the year/period	1,428	833
At 31 July	119,090	117,662
Net book value	51,981	53,409
<u>Motor vehicles</u>		
Cost:		
At 1 August	993,989	916,037
Additions	-	232,802
Disposals	-	(154,850)
At 31 July	993,989	993,989
<u>Depreciation and impairment</u>		
At 1 August	620,829	726,184
Depreciation charge for the year/period	104,312	49,495
Disposals	-	(154,850)
At 31 July	725,141	620,829
Net book value	268,848	373,160
<u>Furniture and fittings</u>		
Cost:		
At 1 August	883,303	833,997
Additions	36,815	49,306
At 31 July	920,118	883,303

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

	31 July 2020	7 months ended 31 July 2019
	\$	\$
6. Property, plant and equipment continued		
<u>Furniture and fittings continued</u>		
<i>Depreciation and impairment</i>		
At 1 August	751,865	718,490
Depreciation charge for the year/period	65,562	33,375
At 31 July	817,427	751,865
Net book value	102,691	131,438
<u>Work in progress</u>		
<i>Cost:</i>		
At 1 August	854,870	656,143
Amounts Derecognised	-	(268,318)
Additions	1,244,345	467,046
At 31 July	2,099,215	854,871
Net book value	33,045,641	32,649,345

The Work in Progress include the Savusavu Low Cost Housing Project, Simla Low Cost Housing Project, New Town Project 2018, Raiwai Water Issue , Raiwaqa Ex-Sewerage Project - Earthworks Design and Rawlinson Vs. Raiwai housing Project - 2014

7. Intangible assets	\$	\$
<i>Cost</i>		
At 1 August	698,822	698,822
At 31 July	698,822	698,822
<i>Less amortisation and impairment:</i>		
At 1 August	564,351	522,634
Amortisation	71,327	41,717
At 31 July	635,678	564,351
Net book value	63,144	134,471

8. Financial assets

Term deposits with an interest rate between 2.85% to 4% on 3 months to 1 year term are held at the various financial institutions. The term of more than 12 months are classified as non-current while within 12 months are classified as current investment. The term deposits are as follows:

<u>Non-current</u>	\$	\$
Bank of South Pacific	-	91,309
	-	91,309

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

	31 July 2020	7 months ended 31 July 2019
	\$	\$
8. Financial assets continued		
Current		
Bred Bank	500,000	1,022,446
Westpac Banking Corporation	500,000	2,029,440
Credit Corporation	1,250,000	-
HFC	1,500,000	-
ANZ Bank	799,500	750,000
Bank of South Pacific	4,584	1,004,584
	<u>4,554,084</u>	<u>4,806,470</u>
Total financial assets	<u>4,554,084</u>	<u>4,897,779</u>

9. Cash and cash equivalents	\$	\$
For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks and investment in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash	<u>3,230,097</u>	<u>2,743,362</u>
10. Rent receivable	\$	\$
Rent receivable	259,302	129,803
Less: allowance for expected credit loss	<u>(175,252)</u>	<u>(27,002)</u>
	<u>84,050</u>	<u>102,801</u>

As at 31 July 2020 rent receivables at nominal value of \$259,302 (2019: \$129,803) were examined for impairment and \$175,252 (2019 : \$27,002) were provided for.

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

At 1 August	27,002	43,998
Charge for the year/period	176,093	-
Utilised	(9,692)	-
Unused amount reversed	<u>(18,151)</u>	<u>(16,996)</u>
At 31 July	<u>175,252</u>	<u>27,002</u>

For the year/period ended, the ageing analysis of rent receivables is as follows:

Current	79,164	47,596
32- 61 days	41,376	19,634
62 -92 days	37,494	18,966
> 92 days	<u>101,268</u>	<u>43,606</u>
	<u>259,302</u>	<u>129,803</u>

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

	31 July 2020	7 months ended 31 July 2019
	\$	\$
11. Inventories		
Inventories - at cost	6,270	6,459
Inventories consists of items purchased and kept in stock for maintenance of properties.		
12. Prepayments and other assets		
	\$	\$
Prepayments	106,565	127,962
Interest receivable	40,866	50,432
Sundry receivable	28,824	13,314
Construction refundable deposit	320	160
Security deposit - Energy Fiji Limited	9,242	9,242
	185,817	201,110
13. Deferred revenue		
	\$	\$
At 1 August	4,176,000	4,184,569
Less: amortisation transferred to revenue	(16,404)	(9,569)
Less: opening of new account	-	1,000
At 31 July	4,159,596	4,176,000
Current	16,404	9,569
Non-current	4,143,193	4,166,431
	4,159,597	4,176,000
Deferred revenue relates to grant received from the Government for the construction of the Newtown stage, Raiwaqa feasibility study, community halls at Vakatora in 2005, Vunimoli and Natokowaga in 2008, Macfarlane and Kalabu in 2009, Volua, Levuka, Simla, Golf Link, Nalabua and Naodamu. Revenue is brought to account over the periods necessary to match the related cost of the buildings. Government grant for Simla received in 2017 and 2018 has been added to Deferred Income in accordance with the Board's policy in Note 1.4 (n).		
14. Interest-bearing debt		
	\$	\$
<u>Non-current</u>		
Housing Authority bond (ii)	1,134,190	1,134,190
EXIM Bank of China (i)	7,732,797	8,764,592
	8,866,987	9,898,782

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

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

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

	31 July 2020	7 months ended 31 July 2019
	\$	\$
15. Trade payable and accruals		
Trade creditors and accruals (Note 23)	294,248	328,151
Accruals - leases (Note 19 (ii))	4,129	-
Rental deposits	391,750	373,926
Credit balances in receivables	421,841	452,947
Unallocated subsidy	413,522	458,175
	<u>1,525,490</u>	<u>1,613,199</u>

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

On demand	1,133,741	1,218,498
1 to 5 years	9,258,736	10,272,707
Total	<u>10,392,477</u>	<u>11,491,205</u>

	\$	\$
16. Employee entitlements		
At 1 August	130,126	312,923
Accumulating during the year/period	96,602	(174,784)
Utilised	(74,482)	(8,013)
At 31 July	<u>152,246</u>	<u>130,126</u>

17. Related parties

a) Identity of related parties

The Board of Directors in office at any time during the year were:

Directors	Appointed	Position	Served Until
Mr. Vilame Vodonaivalu	26-Oct-21	Chairperson	25-Oct-24
Mr. Saud Minam	26-Oct-21	Board member	25-Oct-24
Ms. Florence Takinana	26-Oct-21	Board member	25-Oct-24
Ms. Renee Duguivalu	26-Oct-21	Board member	25-Oct-24
Ms. Susan Naidu	26-Oct-21	Board member	25-Oct-24
Mr. Anil Prasad	26-Oct-21	Board member	25-Oct-24
Mr. Nesbitt Hazelman	4-May-2019	Chairperson	3-May-2020
Ms. Lorraine Seeto	3-June-2020	Chairperson	25-Oct-21
Mr. Roveen Pernal	3-May-2016	Board Member	6-Sep-20
Ms. Senikavika Jiuta	3-June-2020	Board Member	25-Oct-21
Mr. Craig Strong (Reappointed)	1-May-2019	Board Member	1-April-2020
Mr. Mohit Kumar Raj	1-May-2019	Board Member	25-Oct-21
Ms. Anabel Ali	1-May-2019	Board Member	25-Oct-21

b) Transactions with related parties

Transactions with related parties during the year ended 31st July 2020 with approximate transaction values are summarised as follows:

	\$	\$
Board expenses and allowances	28,770	16,042
Amount owing to the Government for the Housing Authority bond	1,134,190	1,134,190
Government grant received to subsidise rental	<u>1,360,000</u>	<u>1,300,000</u>

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

17. Related parties *continued*

b) Transactions with related parties *continued*

- (i) The Board received a Government Grant for the Simla Housing Project 2016 of \$2,225,533 in 2018 (2017: \$1,299,109). Initial capital invested was \$250. PRB utilised a total of \$1,157,223 for the period 2019/2020 (\$407,694 in the period July 2019). The Project is expected to complete by 2021.

c) Compensation of key management personnel	31 July 2020	7 months ended 31 July 2019
	\$	\$
Short term employee benefits	197,786	104,911

18. Commitments and contingencies

a) Capital expenditure commitments	1,874,482	3,006,080
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Capital expenditure commitments relates to approved grant for Simla Housing.

b) Operating lease income - PRB as lessor	\$	\$
Undiscounted future operating lease rental income:		
Not later than one year	3,598,641	3,223,326
Later than one year but not later than five years	3,014,317	2,778,935
	6,612,958	6,002,261

19. Leases

i) Right-of-use assets

Land

At 1 August	950,279	957,453
Additions during the year/period	18,489	-
Other adjustments	(437)	-
Amortisation for the year/period	(12,518)	(7,174)
At 31 July	955,813	950,279

ii) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year/period are set out below:

	31 July 2020	7 months ended 31 July 2019
	\$	\$
At 1 August	719,382	719,811
Additions during the year/period	18,859	-
Accretion of interest	45,421	25,829
Accruals (Note 15)	(4,129)	-
Other adjustments	161	-
Payments	(41,841)	(26,258)
At 31 July	737,853	719,382
Current	837	773
Non-current	737,016	718,609
	737,853	719,382

19. Leases (continued)

The maturity analysis of lease liabilities is disclosed in Note 20.

The Board has leases for native and crown land which have remaining lease terms from 10 to 56 years with fixed lease payments subject to periodic assessments.

	31 July 2020	7 months ended 31 July 2019
	\$	\$
The following are the amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	12,518	7,174
Interest expense on lease liabilities	45,421	25,829
	<u>57,939</u>	<u>33,003</u>

The Board had total cash outflows for leases of \$50,431 in 2019/2020 (\$53,737 for the 7 months ended 31 July 2019).

20. Financial risk management objectives and policies

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

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

Interest rate risk

The Board's exposure to the risk of changes in market interest rates relates primarily to the Board's interest bearing debt. The level of debt is disclosed in Note 14. The interest rate on income ranges from 2% to 4% and is reviewed when required by the Board.

Credit risk

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

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

	Carrying Amount	
	31 July 2020	7 months ended 31 July 2019
	\$	\$
Cash and cash equivalents (Note 9)	3,230,097	2,743,362
Trade and other receivables (Note 10 and 12)	445,119	330,913
Financial assets (Note 8)	4,554,084	4,897,780
	<u>8,229,300</u>	<u>7,972,055</u>

20. Financial risk management objectives and policies (*continued*)

Credit risk continued

Expected credit loss

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Board's trade receivables using a provision matrix:

31 July 2020

31 July 2020	Trade receivables					
	Days past due					
	Current	32 – 61 days	62– 92 days	93– 122 days	>122 days	Total
Expected credit loss rate	31%	52%	75%	100%	100%	68%
Estimated total gross carrying amount at default	79,164	41,376	37,494	37,150	64,118	259,302
Expected credit loss	24,538	21,355	28,090	37,150	64,117	175,250

31 July 2019 (7 months period)

31 July 2019 (7 months period)	Trade receivables					Total
	Days past due					
	Current	32 – 61 days	62- 92 days	93- 122 days	>122 days	
Expected credit loss rate	10%	23%	31%	28%	0%	
Estimated total gross carrying amount at default	47,596	19,634	18,966	43,607	-	129,803
Expected credit loss	4,580	4,443	5,916	12,063	-	27,002

Liquidity risk

The Board monitors its risk of a shortage of funds using a liquidity planning tool.

The Board's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and lease contracts. The Board's policy is that not more than 10% of borrowings should mature in the next 12-month period. Approximately 8% of the Board's debt will mature in less than one year at 31 July 2020 (7 months ended 2019: 9%) based on the carrying value of borrowings reflected in the financial statements. The Board assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Board has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Board's financial liabilities based on contractual undiscounted payments:

Year ended 31 July 2020

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	\$	\$	\$	\$	\$	\$
Trade payables and accruals	1,133,741	-	-	-	-	1,133,741
Interest-bearing debt	-	-	-	9,258,737	-	9,258,737
Lease liabilities	-	7,719	38,595	231,573	2,927,780	3,205,667
	1,133,741	7,719	38,595	9,490,309	2,927,780	13,598,145

Year ended 31 July 2019

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	\$	\$	\$	\$	\$	\$
Trade payables and accruals	1,239,272	-	-	373,926	-	1,613,198
Interest-bearing debt	-	-	-	9,898,782	-	9,898,782
Lease liabilities	-	7,502	37,512	225,073	2,856,766	3,126,853
	1,239,272	7,502	37,512	10,497,780	2,856,766	14,638,833

PUBLIC RENTAL BOARD
NOTES TO FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2020

21. Principal activities

The principal activities of the Board during the course of the year ended 31 July 2020 were to provide public rental housing to low income earners, estate services and building projects. There were no significant changes in the nature of activities of the Board during the year.

22. Subsequent events

Subsequent events are as follow:

- (i) Except for the proposed merger with the Housing Authority of Fiji presented in Parliament which is yet to be formalised and timelines yet to be confirmed, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Board, the results of those operations or the state of affairs of the Board in the subsequent financial period.
- (ii) The effects of COVID-19 have manifested in the interval between the end of the financial year and the date of this report, and will affect significantly the operations of the Board in the subsequent financial year.

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

23. Correction of an error

- a) As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated (IAS8).

The estimates have been corrected by restating each of the affected financial statement line items for the comparable period.

Adjustments were made to reverse the prior year expense for Staff uniform amounting to \$7,934.12 and accrued charges for the same amount as this were accrued in 2018 and was no longer payable. In addition, Billboard income of \$2,550 recorded under other operating income and sundry receivable for November 2018 was received in 2019/2020.

	Previously reported July 2019	Adjustment to Accrued Charges Increase/ (decrease)	Adjustment to Accrued Charges Increase/ (decrease)	Restated 2019
	\$	\$		\$
statement of Changes in Equity				
Equity				
Retained earnings	(4,446,240)	(7,934)	(2,550)	(4,456,724)
Current Liability				
Trade payables and accruals	1,621,133	(7,934)		1,613,199
Current assets				
Prepayments and other assets	198,560		2,550	201,110

24. Significant Events During the Year

Significant events that occurred during the year were:

i) Impact of the Coronavirus (COVID-19) outbreak

During the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

There has been a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

In May 2020, as part of the COVID-19 relief the Housing and Community Development Minister Premila Kumar announced a deferral for rent payments for the tenants of Public Rental Board for the three months beginning April 2020. This relief was further extended for an additional 3 months. The deferral of rental payments has resulted in a significant increase in rent receivable and expected credit loss for the year.

ii) Relocation of the Board

In August 2020, the Board had relocated to the Housing Authority Building, Valelevu, Nasinu. Its principal place of business is Housing Authority Building, Valelevu, Nasinu.

PRB ACTIVITIES DURING THE YEAR

BUDGET SESSION



HOLI CELEBRATION



Donation of food packs



Kalabu Drainage Works



PRB ACTIVITIES DURING THE YEAR

DIWALI CELEBRATION



CHRISTMAS CELEBRATION



PRB ACTIVITIES DURING THE YEAR

Womans Day



Staff Team Building



Staff Farewell



Staff Retirement & Birthday



Talanoa Session

New Kitchen

Votua Estate Visitation



Raiwai Water Pump





Public
RENTAL Board