

LEVUKA TOWN COUNCIL



ANNUAL REPORT

2016



LEVUKA TOWN COUNCIL



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2016

Levuka Town Council

P.O. Box 70

Levuka Fiji

Phone: 3440014

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Our Ref:

Date: 18th October. 2023

The Honorable Maciu Nalumisa

Minister for Local Government, Housing & Community Development

Gladstone Road

SUVA.

Dear Sir,

I have much pleasure in submitting the Levuka Town Council Annual Report for 2016.

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

The Annual Report 2016 has been prepared in accordance with the provisions of Section 19(1) (a), (b) and (c) of the Local Government Act Cap. 125.

Yours Sincerely

Nunia Labati

Acting Chief Executive Officer

LEVUKA TOWN COUNCIL

LEVUKA TOWN COUNCIL

COUNCIL DIRECTORY

LOCATION: Council Office

Bowling Road, Levuka

POSTAL ADDRESS: P.O. Box 70, Levuka

PHONE: 3440014

FAX: 3440288

E-MAIL: ceolevuka@gmail.com

BANK: Westpac Banking Corporation

AUDITOR: Auditor General

VISION

The Council will do all things as it lawfully may and as it considers expedient to promote the health, welfare and convenience of inhabitants of the municipality and to preserve the amenities.

MISSION

- 1. To keep the town clean and healthy.**
- 2. To continue property management.**
- 3. To promote good governance practice environment friendly and health practice.**
- 4. To promote the welfare of inhabitants.**

LEVUKA TOWN COUNCIL

Levuka is located on the island of Ovalau, part of the Lomaiviti Province, one of the three provinces of the Eastern Division of Fiji. Levuka was the administrative centre for the Eastern Division, as well as the only commercial centre for the Lomaiviti group of islands and a transportation mode for many inter-island services.

The non-indigenous settlement of Levuka began with a small aggregation of beachcombers in the 1830s. Because of Levuka's deep and protected harbor and exposure to the trade winds, by the 1850s it had developed into a principal port of call for European, Australian and American traders in the South Pacific. Levuka developed in the 1860s into a commercial centre for Fiji. Trade in copra, beche-de-mer, cotton and other commodities began to attract a stable population interested in long-term settlement in Levuka.

The Levuka Town Council was established as the first municipality in 1877 and also as the first capital of Fiji. It has been noted historically as the first in the many things like the first hotel, the first bank, etc. The town achieved a milestone in 2013 when it was declared a Heritage Town by the UNESCO and also joined in the Organization of World Heritage Towns/Cities. Again in 2017 the Council celebrated its 140 years of existence as a municipality. The challenge for the Council is to maintain its heritage status and at the same time adhere to the needs and demands of modern development and technologies.

Every year we have placed on record that one of the main pressing needs for the Council is funding. With only 152 ratepayers, the rates and other business revenue is limited. The Council depends very much on the assistance from outside donors' like Government grants, NGO's and business communities for funding. The Government through a Ministry's Cabinet paper in 2012 had approved that Levuka be given special treatment due to its heritage status. It was first allocated with a \$500,000 grant and has dropped significantly through the years. It is noted that the Ministry can relooked into this line of funding hoping that with improved infrastructure and accommodation can attract heritage tourism as another main source of future revenue for the people of Levuka.

The Levuka Town Council through the assistance by government funding through grants has enable the council to carry out infrastructure upgrading like the fallen seawalls, the rock lining and beautification of Totogo Creek, and the upgrading of footpath and roads to the Baba Settlements. Along this line, the council has challenged our business communities, our local investors to team up with the Council so that development could take place at a meaningful level.

The SWOT Analysis

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

1. COUNCILSTAFF

- Mr. Josese Rakuita - Chief Executive Officer
- Mr. ApenisaTawake - Project Accountant
- Mr. Kalivereti Vuakatagane - Accounts Clerk
- Mrs. Ema Taukena - Treasurer
- Mr. WaisaleTavatuilagi - Works Supervisor
- Mrs. SalaseiniSauqaqa - Environment Officer
- Mrs. Leba Aloï - Revenue Collector/Secretary
- Mrs. Nunia Labati - Ledger Clerk

2. MEETINGS

- Council: 9
- Staff: 3
- Special: 4

HIGHLIGHTS DURING THE YEAR

- TC Winston struck Ovalau causing a lot of damages around town in February and rehabilitation works were done throughout the year.

HEALTH SERVICES

1. Building Applications

Total Applications Received - 19

Total Applications Approved - 19

Type of Development	Value
Residential	\$38,947.00
Commercial	\$38,200.00
Civic	\$120,299.65
Others	-
TOTAL	\$89,446.65

2. Land Developments - Nil

3. Nuisances Notice Issued – nil

4. Complaints - a total of 7 complaints were received;

- 2-were complains from the market
- 1- was on building
- 2-were drain related
- 2-nuisance

5. ENVIRONMENT & WORKS DEPARTMENT

On 20th February, Winston one of the powerful storms ever recorded in the Southern Hemisphere lives a trail of devastation not only in Levuka but Fiji as a whole. It smashed school, churches, roads, crops, hundreds of homes were destroyed, thousands were left homeless and most of all, it claimed lives.

For almost 2-3 months Council carried out clean up and with financial assistance of \$20,000 from Department of Local Government we were able to complete it.

The Department consist of 1 Environment Officer, 1 Work Supervisor, 1 Mechanic & driver, 1 Cleaner and 8 field workers.

Five employees within the work force were selected to undergo Litter training and appointed as Litter Officers.

This year Delana High Methodist School and Saint James Anglican Primary School joined in for the Clean School Program. Total of 7 ratepayers are involved in Home composting program.

Council also received it's Approved Levuka Town Planning Scheme and Levuka General Provision from Department of Town and Country Planning.

As per our Annual Corporate Plan we were able to carry out 2 capital projects. These are:

1. Upgrading of the Nasau Park Pavilion Project
2. Seawall Projects

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Modyl Plaza
Karsanji Street, Vatuwaqa
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Suva, Fiji



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Website: <http://www.oag.gov.fj>



File: 769

13 September 2023

Mr. Ben Naidu
The Chairman
Special Administrators
Levuka Town Council
P O Box 70
LEVUKA

Dear Mr. Naidu

**LEVUKA TOWN COUNCIL
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

The audited financial statements for Levuka Town Council for the year ended 31 December 2016 together with my audit report on them are enclosed.

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

Yours sincerely

Sairusi Dukuno
ACTING AUDITOR-GENERAL

Encl.

LEVUKA TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

LEVUKA TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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**LEVUKA TOWN COUNCIL
MANAGEMENT REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

In accordance with a resolution of management, the Council herewith submits the statement of financial position as at 31 December 2016, the statement of profit and loss and other comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year ended on that date and report as follows:

1 Trading Results

The operating surplus for the year ended 31 December 2016 was \$40,460 (2015: deficit of \$4,174)

2 Current Assets

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

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

3 Bad and Doubtful Debts

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

4 Basis of Accounting

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

5 Events Subsequent to Balance Date

(a) Amendments to the Local Government Act 1972

A recent amendment made to the Local Government Act 1972 through Local Government (Budget Amendment) Act 2020 will require all Municipal Councils to update the audit of annual financial statements up to 31 July 2020 and have them published in an English language newspaper in Fiji by 31 March 2021. As a result of the amendment, all Councils will need to prepare and submit for audit, accounts for the seven-month period from 1 January to 31 July 2020.

(b) COVID-19 Outbreak

Subsequent to year end, the World Health Organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2016 financial statements is not expected to be material.

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

(c) Business Licenses

As announced in the 2020/2021 National budget, effective from 01 August 2020 Fiji's business license regime would be abolished and fees will no longer be collected by the Council.

5 Events Subsequent to Balance Date (continued)

(d) Base Fees and Market Fees

As announced in the 2021/2022 National budget, effective from 01 August 2021 to 31 July 2022, Government will pay the market fees and base fees for taxis, minibuses, carriers, and bus operators.

(e) Other than the above mentioned events;

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

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

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

6 Related Party Transactions

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

7 Other Circumstances

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

8 Unusual Transactions

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

For and on behalf of management this 8th day of August 2023.



Chief Executive Officer

LEVUKA TOWN COUNCIL
STATEMENT BY CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED 31 DECEMBER 2016

In my opinion:

- (a) the accompanying statement of profit and loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the council for the year ended 31 December 2016;
- (b) the accompanying statement of financial position of the council is drawn up so as to give a true and fair view of the state of affairs of the council for the year ended 31 December 2016;
- (c) the accompanying statement of changes in accumulated funds is drawn up so as to give a true and fair view of the movement in accumulated funds of the council for the year ended 31 December 2016;
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the council for the year ended 31 December 2016; and
- (e) at the date of this statement, there are reasonable grounds to believe that the council will be able to pay its debts as and when they fall due.

Signed on this 8th day of August 2023.


.....
Chief Executive Officer

OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

Levuka Town Council

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Levuka Town Council ("the Council"), which comprise the Statement of Financial Position as at 31 December 2016, the Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Accumulated Funds, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Basis for Disclaimer of Opinion

1. A disclaimer of opinion was issued on the 2015 financial statements. I was unable to obtain sufficient and appropriate audit evidence to ascertain the accuracy of the opening balances. Therefore, I am unable to satisfy myself concerning the opening balances disclosed in the Statement of Financial Position of the Council and the impact it may have on the determination of the closing balances of the 2016 financial statements.
2. There was an unreconciled variance of \$253,120, \$258,000, and \$4,300 between the 2015 balance of the Cash at Bank, Revenue and Expenses respectively disclosed as comparative in the 2016 financial statements and the 2015 audited financial statements. I was unable to perform alternative audit procedures due to lack of audit trail of the postings of transactions that makes up the balances in the 2016 financial statements. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2016.
3. The Council utilized \$224,200 from the Japan Embassy grant bank account and \$1,523 from the New Zealand grant bank account during the financial year 2016. However, I was unable to trace these transactions totaling \$225,723 to the financial statements due to lack of audit trail. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the cash at bank balance and related accounts at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2016.

Basis for Disclaimer of Opinion (con't)

4. The Council have not recorded Trade Payables, Accruals and Employees Annual Leave Expense and Liability in accordance with Section 2.36 and Section 28 – *Employee Benefits* of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) respectively. Furthermore, the Council did not include in its financial statements various accounting policies in the Notes to the Financial Statements in accordance with the requirements of *IFRS for SME's Section 8 – Notes to the Financial Statements*. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs.
5. The Council was unable to provide the Rates Receivables listings, subsidiary records and reconciliations to support the Rates Receivable balance of \$192,489 (Note 5) recorded in the Statement of Financial Position. Consequently, I was unable to ascertain the completeness and accuracy of the Rates Receivables balance of \$192,489 recorded in the financial statements as at 31 December 2016.
6. The Council recorded Loan balance of \$4,975 in the Statement of Financial Position as at 31 December 2016. The Council was unable to provide the details and reconciliation of this Loan balance, which was necessary to confirm the existence and completeness of the balance. As a result, I was not able to ascertain the accuracy of Loan balance of \$4,975 recorded in the financial statements as at 31 December 2016.
7. The Council was unable to provide relevant supporting documents to substantiate the disclosure of Deferred Income balance of \$367,641 as disclosed in Note 4 to the Financial Statements. In addition, the Council has not disclosed the nature and amounts of Government Grant recognized in the financial statements and unfulfilled conditions and other contingencies attached to the Government Grant that have not been recognized in Statement of Profit and Loss and Other Comprehensive Income. Consequently, I was not able to ascertain the accuracy of the Deferred Income balance of \$367,641 recorded in the financial statements as at 31 December 2016.
8. Note 3 to the financial statements notes Grant Income of \$117,244. Included in this balance is an adjustment of \$72,021. The Council was unable to provide relevant details and satisfactory explanations to support the adjustment. As a result, I was not able to ascertain the accuracy of Grant Income of \$117,244 recorded in the financial statements as at 31 December 2016.
9. An unreconciled variance of \$89,747 exists between the Rates Revenue listing and the Rates Revenue of \$231,784 as disclosed in Note 3 to the financial statements. The Council was unable to provide relevant details and satisfactory explanations to substantiate the variance. As a result, I was unable to ascertain whether the Rates Revenue of \$231,784 is fairly stated in the financial statements as at 31 December 2016.
10. The Council was unable to provide Market Fees register and ticket receipts. Due to the nature of transactions of the Market Fees it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, I am not able to satisfy myself whether the Market Fee income of \$1,418 is fairly stated in the financial statements as at 31 December 2016.
11. The Council was unable to provide the annual payroll summary report and salary reconciliation to substantiate the Salaries and Wages amount of \$149,984 as disclosed in the Statement of Profit and Loss and Other Comprehensive Income. In addition, there was an unreconciled variance of \$26,893 between the Salaries and Wages amount reported in the financial statements and the report generated from the ledger allocations. As a result, I was unable to ascertain whether the Salaries and Wages balance of \$149,984 is fairly stated in the financial statements as at 31 December 2016.

Basis for Disclaimer of Opinion (con't)

12. The Council did not account for Value Added Tax (VAT) separately and did not record VAT Receivable/Payable in the financial statements. The Statement of VAT account shows a VAT Payable balance of \$83,129 as at 31 December 2016. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the VAT at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.
13. The Council did not account for Discount Allowed on Rates for the financial year ended 31 December 2016. Furthermore, relevant details and records for Discount Allowed was not provided by the Council. As result, I was unable to determine whether any adjustments might have been necessary in respect of the discount allowed on rates and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.
14. Internal control functions of the Council were generally found to be weak. This is in respect of the non-preparation of the monthly bank reconciliations, and lack of audit trail and details of the postings made in the books of accounts and financial statements. In addition, there was poor revenue management, lack of separation of duties/supervisory review, poor payroll management, reconciliations not prepared, payment and procurement processes were not properly followed, and journal voucher system was not maintained. For Property, Plant and Equipment, there were incorrect classification in the different classes of assets, missing supporting documents and insufficient details to verify assets, board of survey was not conducted, and assets were not tagged.

Emphasis of Matter

I draw attention to Note 9(b) to the financial statements which notes the novel coronavirus (COVID-19) global pandemic subsequent to 31 December 2016 and how this has been considered by the Council in the preparation of the financial statements. As set out in Note 9, no adjustments have been made to the financial statements as at 31 December 2016. However, the Council notes that the impact of COVID-19 global pandemic will have a significant impact on all the major revenue streams of the Council in the financial year 2020 and beyond.

My opinion is not modified in respect of this matter.

Other information

The Special Administrators and Management are responsible for the other information. The other information comprises the Annual 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. Accordingly, I am unable to conclude whether or not the other information is materially misstatement with respect to matters described in the Basis of Disclaimer of Opinion.

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

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

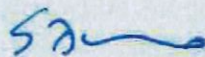
In preparing the financial statements, Management and Special Administrators are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Special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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was unable to provide a basis for an audit opinion of these financial statements.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sairusi Dukuno
ACTING AUDITOR-GENERAL



Suva, Fiji
13 September, 2023

LEVUKA TOWN COUNCIL
 STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Revenue	3	525,492	705,916
Wages, salaries and related expenses		(164,618)	(207,695)
Depreciation		(103,373)	(100,462)
Other operating expenses		<u>(216,696)</u>	<u>(401,432)</u>
Surplus/(deficit) from operations		40,805	(3,673)
Finance costs		<u>(345)</u>	<u>(501)</u>
Surplus/(deficit) for the year		<u>40,460</u>	<u>(4,174)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>40,460</u>	<u>(4,174)</u>

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

LEVUKA TOWN COUNCIL
 STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Current Assets			
Cash at bank		118,536	89,842
Receivables	5	192,489	101,882
		<u>311,025</u>	<u>191,724</u>
Non-Current Assets			
Property, plant and equipment	6	4,381,679	4,386,869
		<u>4,381,679</u>	<u>4,386,869</u>
TOTAL ASSETS		<u>4,692,704</u>	<u>4,578,593</u>
Current Liabilities			
Deferred income	4	532,819	459,168
		<u>532,819</u>	<u>459,168</u>
Non-Current Liabilities			
Loan		4,975	4,975
		<u>4,975</u>	<u>4,975</u>
TOTAL LIABILITIES		<u>537,794</u>	<u>464,143</u>
NET ASSETS		<u>4,154,910</u>	<u>4,114,450</u>
Accumulated funds		<u>4,154,910</u>	<u>4,114,450</u>

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

In our opinion the financial statements have been properly drawn up so as to show a true and fair view of the Levuka Town Council's operations for the year ended 31 December 2016 and the state of affairs as at that date.



Chief Executive Officer

Date: 8/8/23

LEVUKA TOWN COUNCIL
 STATEMENT OF CHANGES IN ACCUMULATED FUNDS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated Funds	\$
Balance as at 31 December 2014	4,118,624	
Deficit for the year	<u>(4,174)</u>	
Balance as at 31 December 2015	4,114,450	
Surplus for the year	<u>40,460</u>	
Balance as at 31 December 2016	<u><u>4,154,910</u></u>	

LEVUKA TOWN COUNCIL
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
Cash flows from operating activities		
Receipts from customers	317,641	441,459
Payments to suppliers and employees	<u>(381,659)</u>	<u>(651,989)</u>
Net cash flows used in operating activities	<u>(64,018)</u>	<u>(210,530)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	<u>(98,183)</u>	<u>(84,883)</u>
Net cash used in investing activities	<u>(98,183)</u>	<u>(84,883)</u>
Cash flows from financing activities		
Receipts from government grant	<u>190,895</u>	<u>257,894</u>
Net cash provided by financing activities	<u>190,895</u>	<u>257,894</u>
Net increase/(decrease) in cash and cash equivalents	28,694	(37,519)
Cash and cash equivalents at the beginning of the financial year	<u>89,842</u>	<u>127,361</u>
Cash and cash equivalents at the end of the financial year	<u><u>118,536</u></u>	<u><u>89,842</u></u>

LEVUKA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

These financial statements were authorised for issue by management on *8th August 2023*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of accounting

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

The financial statements of Levuka Town Council comprises the Council's General and Government Grant fund accounts.

2.2 Fixed assets

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

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

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

Building	4.0%
Equipment	13.0%
Motor Vehicle	25.0%

2.3 Receivables

Receivables comprises rates in arrears for the year.

2.4 Payables

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

2.5 Deferred Income

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

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

2.6 Revenue Recognition

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

LEVUKA TOWN COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Comparative figures

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

2.8 Rounding

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

3.	REVENUE	2016	2015
		\$	\$
	The breakdown of revenue is as follows:		
	Fees and licenses	69,795	82,591
	Rates	231,784	141,031
	Rent	5,177	10,090
	Other income	101,492	171,949
	Grant income	117,244	300,255
		<u>525,492</u>	<u>705,916</u>
4.	DEFERRED INCOME		
	Opening balance	248,767	245,904
	Government grants received during the year	190,895	257,894
	Less: Expenses made	<u>(72,021)</u>	<u>(255,031)</u>
		367,641	248,767
	Deferred income related to donated assets	210,401	255,624
	Less: Amortisation	<u>(45,223)</u>	<u>(45,223)</u>
		165,178	210,401
	Total deferred income	<u>532,819</u>	<u>459,168</u>
5.	RECEIVABLES		
	Rates receivable	192,489	101,882
		<u>192,489</u>	<u>101,882</u>
6.	PROPERTY, PLANT AND EQUIPMENT		

	Land	Building	Motor Vehicle	Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2015						
Opening net book amount	3,505,000	531,888	160,358	205,202	-	4,402,448
Additions	-	55,883	-	-	29,000	84,883
Depreciation charge	-	(25,532)	(44,906)	(30,024)	-	(100,462)
Closing net book amount	<u>3,505,000</u>	<u>562,239</u>	<u>115,452</u>	<u>175,178</u>	<u>29,000</u>	<u>4,386,869</u>
As at 31 December 2015						
Cost	3,505,000	666,744	179,624	240,196	29,000	4,620,564
Accumulated depreciation	-	(104,505)	(64,172)	(65,018)	-	(233,695)
	<u>3,505,000</u>	<u>562,239</u>	<u>115,452</u>	<u>175,178</u>	<u>29,000</u>	<u>4,386,869</u>

LEVUKA TOWN COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2016

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land	Building	Motor Vehicle	Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2016						
Opening net book amount	3,505,000	562,239	115,452	175,178	29,000	4,386,869
Additions	-	98,183	-	-	-	98,183
Transfer from work in progress	-	29,000	-	-	(29,000)	-
Depreciation charge	-	(29,193)	(44,156)	(30,024)	-	(103,373)
Closing net book amount	<u>3,505,000</u>	<u>660,229</u>	<u>71,296</u>	<u>145,154</u>	<u>-</u>	<u>4,381,679</u>
As at 31 December 2016						
Cost	3,505,000	793,927	179,624	240,196	-	4,718,747
Accumulated depreciation	-	(133,698)	(108,328)	(95,042)	-	(337,068)
	<u>3,505,000</u>	<u>660,229</u>	<u>71,296</u>	<u>145,154</u>	<u>-</u>	<u>4,381,679</u>

7. COMMITMENTS AND CONTINGENT LIABILITIES

- (a) Capital commitments as at 31 December 2016 amounted to \$27,333 relating to the pending municipal council projects (2015: \$253,162).
- (b) There were no contingent liabilities as at 31 December 2016 (2015: \$Nil).

8. RELATED PARTY TRANSACTIONS

(a) Special Administrators

The Special Administrators who held office during the financial year and up to the date of this report are as follows:

Mr. Bhan Pratap Singh	Chairman (from 28/08/19 till 2021)
Mr. Ben Naidu	Chairman (from 28/08/19 till 2021 and reappointed from 16/02/22 - Chair from 16/02/22)
Ms. Joanne Rymell	Special Administrator (from 16/02/22)

The Special Administrator's remunerations are paid for by the Ministry of Local Government.

(b) Key management personnel

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

	2016	2015
	\$	\$
Salary, allowances, and benefits	<u>22,640</u>	<u>46,099</u>

(c) Transactions with Related Parties

During the period, the Council entered into various transactions with related parties. The aggregate value of major transactions with related parties during the year is as follows:

<u>Government of Fiji</u>		
Government grant	<u>190,895</u>	<u>257,894</u>

9. EVENTS SUBSEQUENT TO BALANCE DATE

(a) Amendments to the Local Government Act 1972

A recent amendment made to the Local Government Act 1972 through Local Government (Budget Amendment) Act 2020 will require all Municipal Councils to update the audit of annual financial statements up to 31 July 2020 and have them published in an English language newspaper in Fiji by 31 March 2021. As a result of the amendment, all Councils will need to prepare and submit for audit, accounts for the seven-month period from 1 January to 31 July 2020.

LEVUKA TOWN COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 DECEMBER 2016

9. EVENTS SUBSEQUENT TO BALANCE DATE (continued)

(b) COVID-19 Outbreak

Subsequent to year end, the World Health Organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2016 financial statements is not expected to be material.

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

(c) Business Licenses

As announced in the 2020/2021 National budget, effective from 01 August 2020 Fiji's business license regime would be abolished and fees will no longer be collected by the Council.

(d) Base Fees and Market Fees

As announced in the 2021/2022 National budget, effective from 01 August 2021 to 31 July 2022, Government will pay the market fees and base fees for taxis, minibuses, carriers, and bus operators.

(e) Other than the above mentioned events;

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

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

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

10. OTHER INCOME	2016 \$	2015 \$
Fax, photocopy	302	85
Gate takings	-	1,989
Interest	90	-
Miscellaneous	93,324	120,493
Public convenience	573	59
Unidentified adjustment	-	46,723
	<u>94,289</u>	<u>169,349</u>

LEVUKA TOWN COUNCIL
 DETAILED STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$	2015 \$
Revenue			
Business and trading license		27,166	31,286
Fees		42,629	51,305
Hire charges		7,203	2,600
Rates		231,784	141,031
Release of deferred income		117,244	300,255
Rent		5,177	10,090
Other income	10	94,289	169,349
Total revenue		525,492	705,916
Expenditure			
Administration		500	1,945
Advertisement		295	426
Audit and legal fees		9,022	11,342
Challenge fund expenses		100	31,789
Depreciation		103,373	100,462
Donation		-	1,510
Finance costs		345	501
FNPF contributions		12,989	11,022
FNU levy		1,645	1,289
FRCS penalty		-	113,322
Garbage		19,164	17,875
Insurance		1,345	928
Printing and stationary		4,304	3,289
Property maintenance		35,636	55,858
Roads and drains		1,121	880
Staff related expenses		11,967	16,466
Tropical cyclone Winston		20,000	-
Utilities		8,103	29,110
VAT		-	77,427
Salaries and wages		149,984	195,384
Other expenses		105,139	39,265
Total expenditure		485,032	710,090
Surplus / (deficit) for the year		40,460	(4,174)

The detailed statement of income and expenditure is to be read in conjunction with the accompanying notes.

ADDITIONAL SUPPLEMENTARY INFORMATION NOT FORMING PART OF THE FINANCIAL STATEMENTS

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LEVUKA TOWN COUNCIL
 STATEMENT OF RECEIPTS AND PAYMENTS - GOVERNMENT GRANT ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 \$	2015 \$
Receipts		
Government grant		
Total receipts	<u>190,895</u>	<u>257,894</u>
	190,895	257,894
Payments		
Administration costs		
Advisor salary	500	1,945
Audit fees	-	16,362
Batiniwai creek retaining wall	-	2,267
CEO top up salary	-	56
Challenge fund	22,640	29,099
Environment officer	-	31,789
Events management	4,254	800
Health inspection	-	222
New works depot	-	7,775
Ovalau club	4,756	29,000
Pavilion and canteen upgrade	-	1,510
Property maintenance	26,180	116
Reconstruction of depot	-	21,518
Reimbursement	20,888	-
Street beautification	-	11,277
Town hall improvement	-	16,661
VAT arrears-FRCS	51,115	55,883
Total payments	<u>130,333</u>	<u>303,707</u>
	130,333	303,707
Surplus / (Deficit) for the year	60,562	(45,813)
Balance at the beginning of the year	<u>(53,483)</u>	<u>(7,670)</u>
	(53,483)	(7,670)
Net Profit / (Loss)	<u><u>7,079</u></u>	<u><u>(53,483)</u></u>
	7,079	(53,483)