



**FIJI REVENUE AND
CUSTOMS SERVICE**

Annual Report 2022–2023





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Who We Are

Our Vision

A World Class Revenue Service Delivering Excellence in Revenue Collection, Border Security, Trade and Travel Facilitation

Our Mission

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

Our Values

Customer Focused
Results Focused
Partnership
Leadership
Valuing Employees
Integrity

Core Business

A conducive environment for our customers through voluntary compliance, ensuring optimal revenue and border security.

CEO's Message

Bula from the Fiji Revenue and Customs Service,

It has been a tremendous honor and privilege to lead the Fiji Revenue and Customs Service. On behalf of the Executive Management and staff, I extend our greetings to our stakeholders, partners and customers.

The Fiji Revenue and Customs Service (FRCS) collected a cumulative net revenue of \$2.285b at the closure of the 2022-2023 fiscal year, exceeding the forecast by \$33.3m. The total revenue collections also surpassed the 2021-2022 fiscal year collections by \$592.7m or by 35.0%.

These attributed to the favorable cumulative collections to the performance of key tax categories such as Value Added Tax (VAT), which contributed \$1.0b or 43.9% towards the total collections, Income taxes, contributed \$623.9m or 27.2%, Trade Taxes, contributed \$472.7m or 20.6% and Other Taxes & Levies contributed \$188.8m or 8.2% of the tax mix.

The revenue achievement mirrors the earlier-than-anticipated overall economic recovery, underpinned by the consistently strong performance in sectors like Service, Wholesale & Retail Trade and Manufacturing.

The positive variances observed in both the monthly and the annual collection, point towards a significant overall economic recovery compared to a year ago. This recovery was attributed to various factors, such as the service sector benefitting from increased tourism activity, higher income taxes paid by companies based on improved turnover and profits, and the pent-up consumer demand leading to increased VAT collections. These factors contribute to the economic upturn, reflecting a positive trend across different sectors and fiscal aspects of the economy.

The revenue performance set a good platform for the new 2023-2024 fiscal year noting the \$3.1b revenue target. FRCS worked in partnership with our stakeholders and taxpayers to develop a national culture of tax and customs compliance.

I conclude by highlighting the fact that we achieved these results due to the hard-working and committed staff, management and Board, that continue to push on and achieve their goals.

I am proud to present the FRCS 2022-2023 Annual Report.

Mr Mark Dixon

Chief Executive Officer

Members of the Board

Board Member	Appointment Dates
Mr. Malakai Naiyaga	Appointed on 25th May 2023 to 24th May 2026 (Chairperson)
Mr. Malakai Naiyaga	Appointed on 2nd February 2023 to 24th May 2023 (Acting Chairperson)
Mr. Malakai Naiyaga	Appointed on 1st January 2023 to 1st February 2023
Mr. Shiri Gounder	Appointed on 16th March 2021 to 15th March 2024
Mr Ilisoni Vuidreketi	Appointed on 1st January 2023 to 31st December 2025
Ms. Umesh Prasad	Appointed on 27th September 2021 to 26th September 2023
Mr. Niecelesh Goundar	Appointed on 25th July 2023 to 24th July 2026
Ms. Nancy Tikoisuva	Appointed on 25th July 2023 to 24th July 2026
Mr. Savendra Dayal	Appointed on 1st January 2023 to 1st February 2023 (Chairperson)
Mr. Parvez Akbar	Appointed on 27th September 2021 to 15th January 2023
Ms. Fay Yee	Appointed on 1st January 2020 to 31st December 2022 (Chairperson)
Mr. Mahmood Khan	Appointed on 1st January 2020 to 31st December 2022
Ms. Lala Sowane	Appointed on 1st January 2020 to 31st December 2022



Key Priority Areas

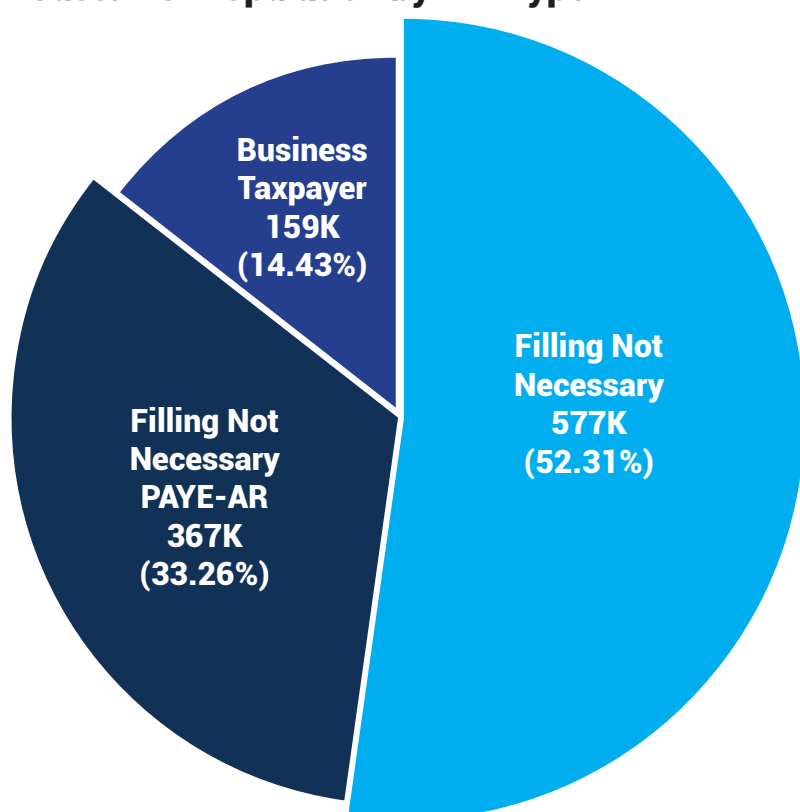
- **Customer Service, Transparency and Communication with Stakeholders**
- **Revenue Collection**
- **Corporate Culture Change**
- **Border Security**
- **Governance**

Customer Service, Transparency and Communication with Stakeholders

Know Our Customers

The dashboard below gives a snapshot of the current tax and duty paying population in Fiji based on various attributes which helps to identify and segment our customers. The dashboard gives an overview of the customer count spread across districts and those registered for different tax types.

Customer Population by TIN Type



Total Customers Population	1,103,221
Gold Card Customers	550
Total Deregistered Customers	24673

Note: The customer data above is for the 2nd quarter of 2023

Rollout of the Corporate Income Tax Portal

The Fiji Revenue and Customs Service (FRCS) launched the online filing of the Corporate Income Tax (CIT) for tax years 2015 to 2021 on the Taxpayer Online Service (TPOS). CIT is one of the major tax types, which impacts over 35,000 taxpayers.

For the 2021/2022 financial year, CIT contributed 13.6% or \$229.9 million towards the overall revenue collection of \$1.692 billion. CIT is filed by companies, co-operatives, estates, trusts and partnerships.

The launch of the CIT online filing for tax years 2015 to 2021 was a significant milestone for FRCS and a demonstration of our commitment to modernise the tax administration, enhance taxpayer experiences and provide more efficient services to Fijians. On the first day of the roll out, there were close to 40 CIT returns filed successfully on TPOS.

Our digital service aligns with the Fijian Government's strategy on digital transformation. TPOS is a self-service platform that has transformed the Fijian tax administration with the aim to achieve voluntary compliance, self-assessment environments as well as enhance the ease of doing business. FRCS planned to launch the Personal Income Tax (PIT) online filing for tax years 2015 to 2021 on TPOS simultaneously with CIT online filing for tax years 2015 to 2021. However, this implementation was deferred to Tuesday 6th September 2022 due to technical complexities related to the migration of data from FRCS's legacy system.

It was important to ensure that all data migration was done correctly in TPOS to avoid any adverse impact on the taxpayers after PIT online filing for tax years 2015 to 2021 was implemented. To facilitate the roll-out of PIT online filing for tax years 2015 to 2021, a system downtime was necessary to migrate data.

Our education and awareness of the Corporate Income Tax (CIT) and Personal Income Tax (PIT) for the tax years 2015 to 2021 intensified as we got closer to the online roll-out date. Our Chief Digital Educator and Senior Manager Taxpayer Education appeared on Fiji TV's Breakfast Show, Close Up Program and Radio talk back shows to speak on the roll-out of the Corporate Income Tax (CIT) and Personal Income Tax (PIT) for the tax years 2015 to 2021.

TPOS went live in December 2019, enabling taxpayers a 24/7 access to the FRCS services. Some of these services includes application for a Joint ID Card, statement of accounts, ability to update information and file, amend and object to tax returns. TPOS is one of the largest projects in Fiji and currently has more than 100 different services online. To date, more than 63,000 taxpayers have signed up for TPOS.



FRCS Executive Management visits Stakeholders in the North

FRCS engaged with key business stakeholders in the Northern Division as part of its commitment to supporting business growth and driving economic recovery.

FRCS Board Chair Ms. Fay Yee, CEO Mr. Mark Dixon, and the executive management team conducted stakeholder meetings in Labasa and Savusavu. While in Labasa, they met with the team from Kashmir Transport Ltd and visited the Damodar City Labasa Project. In Savusavu, they toured the newly developed Nawi Island and J. Hunter Pearls. The team also engaged with representatives from Ki-Maren Real Estate Limited, the Savusavu Chamber of Commerce, Long Investment Limited, and Jean-Michel Cousteau Resort.

They were impressed by the ongoing developments in both towns, which are set to strengthen the Northern economy. The CEO reaffirmed FRCS's commitment to supporting businesses by providing guidance on government incentives and assisting stakeholders in leveraging tax benefits under the Look North Policy.



Pacific Islands Tax Administrators Association (PITAA) Annual Heads Meeting

Our FRCS team, led by the Director Intelligence, Compliance & Investigations, Ms. Kelerayani Dawai attended the 2022 Pacific Islands Tax Administrators Association (PITAA) Annual Heads Meeting at the Tanoa International Hotel in Nadi. Fiji chaired the meeting which was attended by 16 members of PITAA. Important tax issues were discussed during the meeting. Director Taxation Ms. Momina Beg was the Chief Guest and spoke on the theme "Emerging Tax Challenges and Digitalization in the Pacific".



FRCS Partners with UNDP

Our Levuka team joined UNDP's Market for Change Market Business Fair at Levuka town. This was a great opportunity for us to take our services to the community. Our team provided services on Joint ID Cards and TIN Letters and attended to the tax and customs queries.



Pacific Leadership Program (PLP)

The New Zealand High Commissioner H.E. Ms Charlotte Darlow officially opened the Pacific Leadership Program (PLP) for FRCS senior leadership team. The Program aims to build leadership capability by providing practical resources for use in the workplace and takes an interactive and experimental approach to learning by leaders regardless of rank.

Leadership development is a critical enabling function and building the leadership capability of an organisation can create a leadership pool and energy that drives innovation and improved performance, thereby enabling increased effectiveness and sustainability of reform for the organisation.

The NZ Customs Service and the Ministry of Foreign Affairs and Trade entered a partnership arrangement in 2011 to support the development of the Customs sector in the Pacific over a decade-long plan with a view to enabling long-term security and economic growth across the region.

The last PLP in Fiji was undertaken in 2018. This is the first PLP for FRCS since the pandemic, and it creates important opportunities for new and renewed connections for leaders and contributes to a cohesive leadership group working across FRCS.

FRCS CEO, Mr. Mark Dixon, expressed gratitude to the NZ Government and the NZ Customs for continuing to provide financial, technical and partnership support through PLP.



Revenue Collection

The COVID-19 outbreak dealt a severe blow, causing significant setbacks and challenges across the country. From dwindling consumer spending to widespread economic uncertainties, its impact on revenue collection was undeniable. However, in the face of adversity, remarkable improvements have been made post-COVID. Businesses and the economy are adapting and evolving as reflected through revenue collections.

The successful progression post-COVID can be attributed to a collective commitment showcasing resilience in the face of adversity. It mirrors the ability of societies to adapt and rebuild, turning challenges into opportunities and laying the foundation for a more resilient economy.

The 2022-2023 fiscal year ended with an exceptional performance. In which revenue collections reflected a robust and noteworthy performance, underscoring commitment to financial strength and sustainability. FRCS has recorded net revenue of \$2.285 billion, surpassing the forecast by \$33.3 million or by 1.5% in 2022-2023. The total revenue collection had also outpaced the collection for 2021-2022 fiscal year by \$592.7 million, marking a notable 35% increase.

The Corporate Income tax (CIT) collections showcased a favourable trend when compared to the previous fiscal year. As of July 2023, CIT collections reached \$314.5 million, exceeding the forecast by \$84.7 million or 36.8%. This surge was attributed to the increase in economic activities and increased business turnover.

Fiscal year 2022-2023 made a prominent improvement in the Pay As You Earn (PAYE) with \$164.3 million, exceeding PAYE tax by \$29.3 million or 21.7% against the previous fiscal year. Post pandemic, there was a modest increase in PAYE tax, potentially attributed to economic recovery, gradual employment resurgence and improved earnings amongst employees.

The VAT collections increased to \$1,008.1 million in 2022-2023. The outcome was \$14.0 million or 1.4% above the budget forecast. In contrast to the collections recorded as of July 2022, the current figure shows an increase of \$347.9 million, marking a substantial rise of 52.7%. The implementation of the 15% VAT rate in the 2021- 2022 National Budget has surged the VAT revenue. The intention

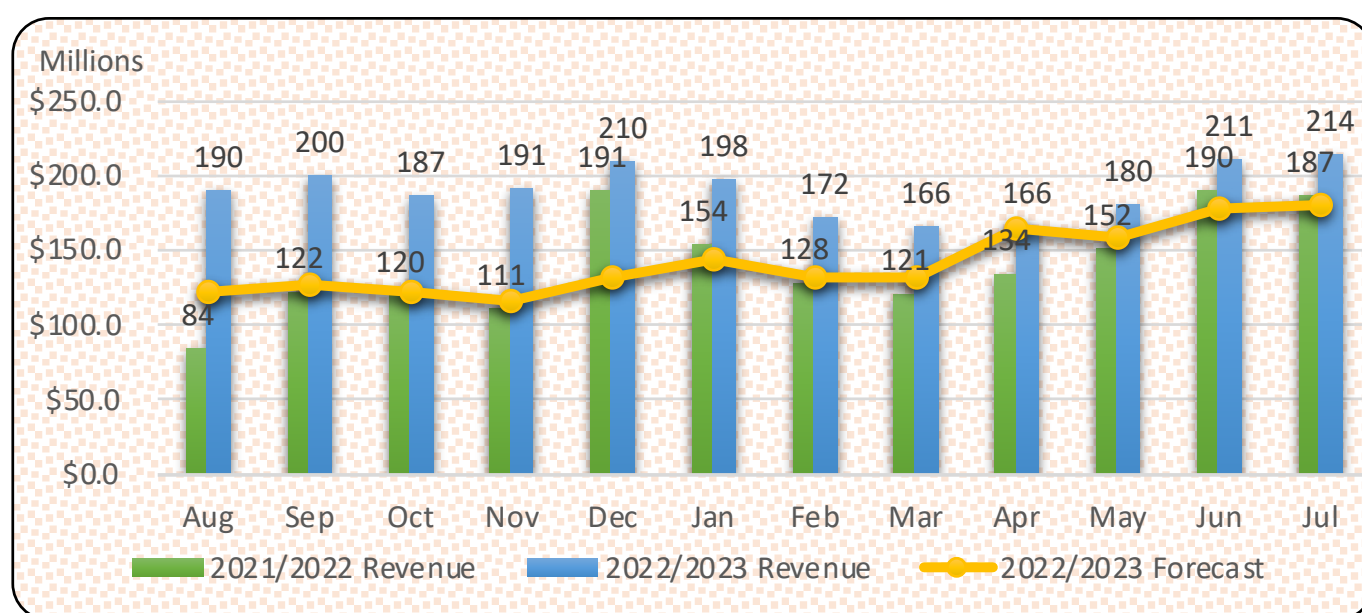
of the increase was to re-coup revenue lost due to the imposition of VAT zero-rating.

A total of \$471.9 million was collected in Net Customs, surpassing the forecast by \$4.6 million, representing a 1.0% increase. The gradual return to normal trade conditions was evident in the customs collections and is attributed to several factors such as reopening the borders, economic recovery, increase in duty and luxury vehicle levy on passenger motor vehicles.

Departure tax was recorded at \$61.7 million, which was slightly above the expected collections by \$0.3 million or 0.6%. The departure tax collection has experienced a bit of a rebound following the COVID-19 pandemic with the easing of travel restrictions. This uptick could be linked to increased tourism activities and migrations.

Water Resource Tax (WRT), being a substantial revenue contributor towards government revenue over the years, recorded a \$74.7 million which increased by \$1.4million (1.9%). The increase in WRT collection demonstrates that there is an increase in the production and exportation of mineral products.

Revenue Performance



The net revenue collections experienced significant revenue growth from the FY2021/2022 to the FY2022/2023, with some fluctuations in monthly revenues. The forecast for the FY2022/2023 was conservative, as the actual revenue exceeded the forecasted amount. The highest monthly revenue in 2022/2023 was in July (\$214 million), followed closely by June (\$211 million). The lowest monthly revenue in 2022/2023 was in March and April (\$166 million). The overall performance reflects robust double-digit revenue growth, showcasing a strong and promising economic environment.

The net revenue collections for the FY2020/2021 to the FY2022/2023, including the expected revenue, variation between forecast and actual collections in the FY2022-2023 fiscal year, and the amount refunded for the FY2020/2021 to the FY2022/2023, are detailed below

Table 1: Net Revenue Collections for FY2020/2021 to FY2022/2023

TAX	Revenue 2020-2021 FY (\$m)	Revenue 2021-2022 FY (\$m)	Revenue 2022-2023 FY (\$m)
Income Tax	425.4	426.0	615.8
VAT	443.1	660.2	1,008.1
Trade	400.1	442.0	471.9
Others	144.3	164.6	189.8
TOTAL	1412.9b	1692.7b	2285.5b

Table 2: Expected revenue – variation between forecast and actual collections in 2022-2023 Fiscal Year

TAX	Collection (\$m)	Forecast (\$m)	Variance (\$m)
Income Tax	615.8	603.5	12.3
VAT	1,008.1	994.0	14.0
Trade	471.9	467.3	4.7
Others	189.8	187.5	2.2
TOTAL	2285.5b	2252.2b	33.2b

Table 3: Amount refunded, for FY2020/2021 to FY2022/2023

Type of Refund	2020-2021 FY (\$m)	2021-2022 FY (\$m)	2022-2023 FY (\$m)
Income Tax	30.0	28.3	11.9
Film Tax Rebates	-	38.6	38.6
VAT	221.6	192.8	231.6
Tourist VAT Refund Scheme		0.8	2.1
Customs Rebate	5.3	2.5	2.9
TOTAL	256.9	262.8	287.1

FRCS introduces Private Binding Ruling Regime

Tax legislations often involve differing interpretations which can arise on a single issue. In such cases, it is often helpful for taxpayers and their advisers to know the FRCS CEO's interpretation on the matter. A Private Binding Ruling will provide certainty to taxpayers in relation to their transactions.

Private Binding Rulings are needed to assist taxpayers on complex areas of tax law. A full analysis and discussion of revenue laws is often required to give guidance on transactions.

FRCS Launches the 2023-2025 Compliance Improvement Strategy (CIS)

FRCS launched the 2023-2025 Compliance Improvement Strategy (CIS). The main objective of the CIS is to encourage voluntary compliance where our customers honestly register their business, file returns, pay taxes on time and accurately report all tax information to FRCS.

While launching the CIS, CEO Mr. Mark Dixon stated that FRCS is moving from an authoritarian regime to a service-centric organization that understands the importance of voluntary compliance. The CIS focuses on the ease of doing business and how we must continually streamline our tax administration, support our staff and continue our journey of digitization.

Corporate Culture Change

FRCS Sports and Social Club Give A Little Back to the Community

As part of our Corporate Social Responsibility (CSR) activity, our Sports and Social Club members and their families cleaned the Savusavu Special School and the Nasavusavu District School. This was part of our Corporate Social Responsibility for the community and as part of our Annual Event for this year 2022. The team planted short coconut trees at the schools as this involved bringing our members and their families together and working towards a good cause. We are often seen behind the counters, but our CSR efforts show that we also serve our communities and aspire to bring about change.



Tertiary Student Loan Scheme Awareness

Chief Digital Educator Ms. Karishma Kumar visited Fulton College in Nadi to conduct awareness on the online student loan/scholarship services under TSLS. Students under the TSLS can now access the following services from the online portal:

- Temporary Release to Travel Abroad
- Student Loan Statement
- Student Loan Accelerated Repayment (ARI)
- Permanent Release from Restricted Travel List
- Notify Commencement of Employment

We encourage all TSLS students to sign up for our online service to take advantage of the benefits offered and acquire knowledge on the requirements surrounding the loan scheme.



The Education team appeared on the Breakfast Show to educate and create awareness on the online student loan/scholarship services under TSLs. We continue to encourage TSLs students to sign up on for our Taxpayer Online Service (TPOS) for convenience and ease.



Our MSME Support Centre

We recognise the important role the Micro, Small and Medium Enterprises (MSME) sector play in the Fijian economy; particularly in creating employment opportunities, promoting innovative ideas and fostering entrepreneurship. To support this government initiative, we opened our MSME support centre which provides tax advisory services to all small businesses that need assistance.

The MSME Support Centre provides free-of-charge service to assist MSMEs to understand their tax obligations and become compliant. The team conducted outreach programs to assist more MSMEs in becoming tax compliant.

Some of the services available for MSMEs include:

- Signing Up on the Taxpayer Online Service (TPOS)
- Business Registration
- Tax Registration
- Filing Tax Returns
- Application for Certificates e.g. Tax Clearance, Tax Compliance etc.
- Other Advisory Services

FRCS held its first MSME Community Day at the Suva Flea Market in August. The Community Day allowed us to assist the MSMEs without much hindrance to their business. This was also a great opportunity for our team to build partnerships and listen to the concerns and suggestions from MSMEs which help us better serve our MSME community.



Fiji Women in Business Awards

Congratulations to our Director Taxation Ms. Momina Beg for winning the Fiji Women in Business Senior Manager of the Year – Public Sector Award. This was an incredible accomplishment not only for Ms. Beg but for FRCS too as this was the first time FRCS had won such an award.



Meet our own mover and shaker from the Pacific

Akosita Valamalua previously held the position of Principal Customs Officer and then as Executive Transformation Support at the FRCS. She was appointed an Expert Trainer at the World Customs Organisation Asia Pacific office based in Brussels, becoming the first Pacific islander to join the WCO.

"I wish to encourage women in Customs and women in the law enforcement area to find their passion and run with it. Your greatest limit is YOU, change starts with YOU, stepping out starts with YOU, changing mindsets starts with YOU. Respect one another and always have a good heart."



FRCS Launches New Uniform and Staff Wellness Centre

Maintaining its branding colours, FRCS rolled out its new uniform collection featuring mid and navy blue.

The collection includes shirts, jackets, Bula wear and several options for women. The stylish uniforms are designed with comfort and durability in mind with best-suited fabric for tropical climate like Fiji. The new uniforms provide a fresh look to FRCS officers reflecting the Organisation's progressive nature.

FRCS Chief Executive Officer, Mr. Mark Dixon said that it had been a while since our current uniform was issued and it was time to revisit and refresh our uniforms to ensure they continue to be a perfect fit for our people and FRCS's brand and inclusive culture.

"A good presentation is an important feature of overall service delivery excellence, and our new uniform will create a highly visible presence in all aspects of our work," he said. Officers in Suva were the first to don the new uniforms.

The formal wear of the new uniform was effective from the 1st of August which coincided with the new financial year. Our officers are key to providing exceptional service experience not only to our visitors at the border but also to our customers visiting our offices.

FRCS has also taken a proactive approach towards employee health and fitness with the setup of a Wellness Centre at the headquarters in Nasese.

The Wellness Centre will not only promote healthy living within the office but will also have many benefits such as enhancing productivity, reducing stress, having more motivated, happy and energetic employees and creating a better working environment. FRCS continues to invest in its people.



Border Security

Capacity Building in Border Security

Our Officers together with Fiji Navy and Fiji Police Force attended the Narcotics Investigative Course conducted by the Joint Interagency Taskforce West from the US Department of Defense with the objective to provide more awareness and capacity building to the targeted participants on narcotics investigation. We thank the US Department of Defense for this learning opportunity which will greatly help us in our work.



RadEye PRD-CD Training

Ten FRCS officers had the opportunity to undergo training on the RadEye PRD-CD contraband and radioactive detection system from 20th to 22nd September 2022. We would like to thank the Defense Reduction Threat Agency for facilitating this training and the Joint Interagency Task Force West (JIATF West) for funding it through the support from the US Embassy in Suva. The RadEye PDR - CD system can positively detect contraband such as drugs, explosive, weapons and currency. This equipment provided a fast and effective way of detecting any material of density that is typical of contraband substance. The training greatly assisted us in our Border Protection work.

Investigative Interviewing for Fair and Effective Administrative of Justice

Customs Officers together with Police Officers participated in the Fiji Police Force (FFP) Investigative Interviewing for Fair and Effective Administrative of Justice Workshop. The workshop was organised by the FFP in partnership with the University of Oslo (UiO) Norwegian Center for Human Rights Faculty of Law and New Zealand Police. According to the Fiji Police Force, the training centers around investigative interview techniques considering different models to safeguard human rights and ultimately providing fair and effective administration of justice.

FRCS Intercepts Smuggled Goods

The FRCS officers intercepted a consignment of goods countering attempts of customs duty fraud.

While reviewing the import documents, FRCS officers found anomalies indicating undeclared goods and upon physical inspection, two cartons of cigarettes and several highly dutiable undeclared goods were discovered. Undeclared goods included new tyres, sofa, sports equipment, food items, printer, vehicle accessories, cosmetics and electrical goods, etc.



The Service promoted voluntary compliance and trusted the importers and customs agents to accurately report the type, value, and country of origin for the merchandise they bring into the

country for which the right amount of duty must be paid. We will not condone customs fraud as this deprives the Fijian Government of revenue through customs duties and taxes that would otherwise be used to fund vital public services such as schools, hospitals and infrastructure.

Customs Agents and Brokers are also reminded to accurately declare all import items on the invoices as an incorrect declaration can be liable to penalties and imposition of further stringent measures.

Last year alone, FRCS either intercepted, detained or seized more than 1330 different goods at the border.

Fiji Detector Dog Unit Hold Open Day for Female Officers

The Fiji Detector Dog Unit (FDDU) held an open day for female officers from FRCS and the Fiji Police Force to seek their interest in becoming K-9 handlers.

In the 6th year anniversary of FDDU, they have been instrumental in drug, undeclared currency and firearms and ammunition seizures. The unit is currently male dominated; however, its leadership would like to advance the unit with the inclusion of female officers.



It was an excellent opportunity for our female officers to consider a future career as a detector dog handler - breaking down barriers, changing mind-sets and proving that there is absolutely no job in border enforcement that women cannot do just as well as men. It will open additional avenues for women in our border agencies and enhance our capability in this critical area that helps keep Fiji safe.

The FDDU's K-9 capabilities, through the support of the New Zealand Police continues to be strengthened and it is an exciting time to be part of the Unit and we do hope that the open day will encourage more women officers to join the Unit.

The Open Day programme included presentations on requirements for being a K-9 handler, trainings involved, success stories of FDDU, a walkthrough of the kennel and demonstration with K-9.

Master Trainer Programme on Customs Valuation and Harmonised System

The Third Working Group Activity (WG3) of Master Trainer Programme (MTP) on Customs Valuation and Harmonised System (HS) Classification was held at the FRCS Regional Training Centre in Suva.

Thirty three Customs Officers from Fiji, Papua New Guinea, Samoa, Timor-Leste, Tonga and Vanuatu are participated in the training. The MTP is a programme conducted under the WCO/JICA (Japan International Cooperation Agency) Joint Project.



The aim of MTP is to develop sustainable training capacity by 1) developing a pool of well-experienced trainers and 2) developing regionally featured training materials and programs to be used by these trainers. Upon completion

of the MTP, successful alumni are expected to become a common asset of their region and the entire Customs community and contribute to the sustainable economic development to the region through Customs modernization.

While officially opening the MTP, the Resident Representative of JICA Fiji Office, Ms. Mayumi Amaike told the participants that the MTP will strengthen and develop more sustainable training capacity on a variety of key issues necessary for Customs modernization in the Pacific. Ms. Amaike added that the MTP will not only benefit the six target countries but also all Pacific Islands by providing a pool of Master trainers in customs administration.

FRCS Chief Customs Officer Mr. Nausad Ali thanked WCO and JICA for organising the WG3 MTP. According to Mr. Ali, Customs Valuation and HS Classification is the core in promoting fair trade and compliance which can increase much needed revenue. Mr. Ali said proper data mining can lead to robust reporting of focus areas for government administrations towards their trade policy and in making our economies further resilient and grow beyond borders.

Fiji Detector Dog Unit in collaboration with Fiji Police Force Combat Drugs

Thirty-three arrests were made during a special joint drug operation between the Fiji Police Force and FRCS in the Northern Division.

Assistant Commissioner of Police operations Livai Driu said the joint operations began on the 19th of August 2022 and involved the deployment of officers from the Fiji Detector Dog Unit and Narcotics Bureau to assist Police in the North with the conduct of drug operations.

The focus was to target suppliers and this was achieved as several arrests and seizures made were of drugs intended for sale. Marijuana packed and ready for sale were seized by the team and there was a successful raid at a kava bar which resulted in the seizure of several small plastics of dried leaves believed to be marijuana hidden inside a mattress. Thirty-three grams of white drugs were also seized signifying a shift in crime trends.

Seizures of methamphetamine in Labasa, Savusavu and Nabouwalu, indicating the change in drug trends in the Northern Division, this has shifted our focus to those supplying within or to the Northern Division.

The head of Police operations said the deployment and change in operations strategies was specifically aimed at the suppliers, as the cases found in possession had risen.

The estimated street value of marijuana seized was worth more than \$1.7m and as the focus is on the cultivators and suppliers nevertheless, information from members of the public is equally as important towards the success of ongoing efforts in tackling the illicit drug trade. The joint operations team also conducted border, sea, farm, long range and red spot patrols as well as conducting awareness within communities.



Governance

Deputy Prime Minister Visits FRCS

The FRCS Board, CEO Mr. Mark Dixon, the Executive Leadership Team, and staff officially welcomed the Deputy Prime Minister, Minister for Finance, Strategic Planning, National Development and Statistics Hon. Professor Biman Prasad and Assistant Minister for Finance Hon. Esrom Immanuel at the FRCS Headquarters in Suva.

The purpose of the Deputy Prime Minister's visit to FRCS, was to meet the staff and management, acknowledge their effort and hard work in collecting revenue for the nation during a very uncertain period and emphasize the importance of their role in supporting government through revenue collection and border security.

In the same sentiments, the newly appointed FRCS Board Chair Mr. Savendra Dayal affirmed FRCS's continued support and commitment to the Government and Fiji in implementing policies and strategies that will further enhance revenue collection and thereby improve the country's economic performance.

The Deputy Prime Minister, Minister for Finance, Strategic Planning, National Development and Statistics Hon. Professor Biman Prasad acknowledged the good work done by the FRCS CEO and the staff during a very uncertain period.

He thanked the CEO, Mark, for making FRCS 'the employer of choice' and genuinely becoming an organisation with good cultural change to ensure that our workers in the organisation are part of achieving the objective of the organisation," he said.

"I am confident that FRCS will move into new heights and that we will together as partners ensure that we collect enough revenue in an efficient way that builds confidence, build business and supports economic growth."



FRCS collaborates with UNODC on WCO Container Control Programme and Air Cargo Control Unit

Our executive team had the pleasure of meeting with Mr. Ulrich Meiser, the Regional Coordinator of UNODC –WCO Container Control Programme (CCP) for South Asia, Southeast Asia and the Pacific and Ms. Wipa Tungtriamjai from the UNODC office on an official visit to Fiji. The two officials briefed our team on the current global and regional status of the CCP and agreed to a way forward of the Programme in Fiji. Since its implementation in 2020, the CCP aims to build capacity in countries seeking to improve risk management, supply chain security, and trade facilitation in seaports, airports and land border crossings to prevent the cross-border movement of illicit goods. Mr. Meiser and Ms. Tungtriamjai also visited the National Border Control Targeting Center in Suva and the Air Cargo Control Unit (ACCU) in Nadi.



Regional Aerial Surveillance Program(RASP)

A key Milestone achievement for Fiji as maritime border security agencies completed 64hrs and 8 Missions of Aerial Surveillance Operations after the Memorandum of Understanding (MOU) with FFA regarding the Regional Aerial Surveillance Program (RASP), was signed and approved by Cabinet in May 2023. A total of 26 contacts were sighted by the aircraft which had been monitored by remote sensors offered by regional partners.

The RASP capability augmented the outputs generated by the Fiji Maritime Surveillance Rescue Coordination Centre (FMSRCC), in particularly as the FMSRCC transitions to relocate to the Maritime Essential Services Centre (MESC) in 2024. Amongst other outputs, RASP had enhanced monitoring of fishing vessels that do not adhere to the maritime rules-based order and engage in illegal, unreported, and unregulated (IUU) fishing activities. The RASP proved to be a real great force multiplier in terms of supplementing the presence of RFN ships at sea and had contributed to Fiji's maritime domain awareness for the past two weeks in which Air Riders from Offshore Fisheries Department, FRCS and TCU border security agencies were able to cover Fiji's EEZ and TS waters. Fiji wishes to extend its appreciation to the FFA and its mobile Ops team for being able to work with Fiji on assisting the coordination and operation of the RASP aircraft.



**FIJI REVENUE AND
CUSTOMS SERVICE**



Financial Report 2022-2023

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In accordance with a resolution of the Service, the members herewith submit the Statement of Financial Position and Statement of changes in Equity of the Service as at 31 July 2023, and the related Financial Performance and Cash Flows Statements for the year ended 31 July 2023 and report as follows:

THE NAMES OF THE MEMBERS OF THE SERVICE IN OFFICE AT THE DATE OF THIS REPORT

Board Member	Appointment Dates
Mr. Malakai Naiyaga	Appointed on 25th May 2023 to 24th May 2026 (Chairperson)
Mr. Malakai Naiyaga	Appointed on 2nd February 2023 to 24th May 2023 (Acting Chairperson)
Mr. Malakai Naiyaga	Appointed on 1st January 2023 to 1st February 2023
Mr. Shiri Gounder	Appointed on 16th March 2021 to 15th March 2024
Mr Ilisoni Vuidreketi	Appointed on 1st January 2023 to 31st December 2025
Ms. Umesh Prasad	Appointed on 27th September 2021 to 26th September 2023
Mr. Niecelesh Goundar	Appointed on 25th July 2023 to 24th July 2026
Ms. Nancy Tikoisuva	Appointed on 25th July 2023 to 24th July 2026
Mr. Savendra Dayal	Appointed on 1st January 2023 to 1st February 2023 (Chairperson)
Mr. Parvez Akbar	Appointed on 27th September 2021 to 15th January 2023
Ms. Fay Yee	Appointed on 1st January 2020 to 31st December 2022 (Chairperson)
Mr. Mahmood Khan	Appointed on 1st January 2020 to 31st December 2022
Ms. Lala Sowane	Appointed on 1st January 2020 to 31st December 2022

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The net surplus of the Service for the year ended 31 July 2023 was \$6,703,568 compared to net deficit of \$2,860,753 for the period ended 31 July 2022.

BAD AND DOUBTFUL DEBTS

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

For the year ended 31 July 2023, the Service has written off \$3,220 as bad debts. The debt was money owed to the Service by a former staffs who had left employment without clearing outstanding dues. Legal advice is being sought for the recovery of the dues.

CURRENT ASSETS

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

As at the date of this report, the members are not aware of any circumstances which would render the values attributed to current assets in the Service's Financial statements misleading.

UNUSUAL TRANSACTION

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

EVENTS SUBSEQUENT TO BALANCE DATE

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

OTHER CIRCUMSTANCES

As at the date of this report:

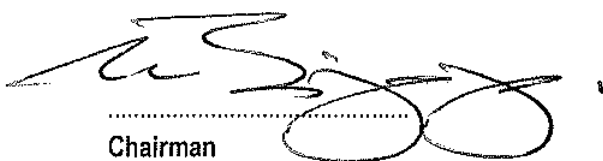
- a.** no charge on the assets of the Service has been given since the end of the financial year to secure the liabilities of any person;
- b.** contingent liabilities could not be reliably estimated at the end of the financial year; and
- c.** can become or are likely to be enforceable within the period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

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

MEMBERS' BENEFIT

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

For and on behalf of the Service :


Chairman

25 / 7 / 24
Date

STATEMENT BY THE MEMBERS

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

In the opinion of the members:

- i. the accompanying Statement of Financial Position and Statement of Changes in Equity of the Service are drawn up so as to give a true and fair view of the state of affairs of the Service as at 31 July 2023;
- ii. the accompanying Statement of Financial Performance of the Service is drawn up so as to give a true and fair view of the results of the Service for the year ended 31 July 2023;
- iii. the accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the cash flows of the Service for the year ended 31 July 2023;
- iv. at the date of this statement, there are reasonable grounds to believe that the Service will be able to pay its debts as and when they fall due; and
- v. all related party transactions have been adequately recorded in the books of the Service.

Dated at Suva this.....25th.....day of July.....2024.

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


.....
Member


.....
Member

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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INDEPENDENT AUDITOR'S REPORT

Fiji Revenue & Customs Service

Report on the Audit of the Financial Statement

Opinion

I have audited the financial statements of Fiji Revenue & Customs Service ("the Service"), which comprise the Statement of Financial Position as at 31 July 2023, and the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Service as at 31 July 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Service in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the Members' 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 that 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 Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Directors either intend to liquidate the Service or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional 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 Service's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Services' ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Service's to cease to continue as a going concern.

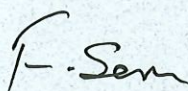
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Fiji Revenue and Customs Act 1998 in all material respects, and;

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Service has kept financial records sufficient to enable the financial statements to be prepared and audited.



Finau Seru Nagera
AUDITOR-GENERAL



Suva, Fiji
30 July 2024

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

		31 July 2023	31 July 2022
	Notes	\$	\$
Total Equity	(refer page 10)	86,314,346	79,610,777
CURRENT ASSETS			
Cash & Cash Equivalent	5	26,704,615	16,287,731
Receivables	6	5,825,466	5,886,874
Inventory		199,871	197,866
Prepayments		1,833,326	1,481,907
Investments	7	12,095,226	17,604,323
TOTAL CURRENT ASSETS		46,658,504	41,458,701
NON- CURRENT ASSETS			
Property, Plant and Equipment	8	18,860,966	31,060,969
Intangibles Assets	9	36,691,778	29,877,273
Right-Of-Use Assets	14(a)	19,332,901	21,548,572
Investment Property	10	12,539,666	10,438,433
TOTAL NON-CURRENT ASSETS		87,425,311	92,925,247
TOTAL ASSETS		134,083,814	134,383,948
CURRENT LIABILITIES			
Trade and Other Payables	11	3,446,653	2,055,408
Provision	12	518,217	390,709
Lease Liabilities	14(b)	3,276,783	2,935,168
Revenue Received In Advance		973,001	1,079,843
TOTAL CURRENT LIABILITIES		8,214,654	6,461,128
NON-CURRENT LIABILITIES			
Revenue Received In Advance		405,468	1,378,569
Lease Liabilities	14(b)	19,346,841	21,595,197
Deferred Grant Liability	13	19,802,503	25,338,276
TOTAL NON-CURRENT LIABILITIES		39,554,812	48,312,042
TOTAL LIABILITIES		47,769,466	54,773,170
NET ASSETS		86,314,346	79,610,777

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

These financial statements are approved in accordance with a resolution of the members of the Service.

Member.....
Date: 25/7/2024

Member.....
Date: 25/07/2024

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2023

		31 July 2023	31 July 2022
	Notes	\$	\$
REVENUE			
Grants from Government	15(a)	38,774,190	31,646,205
Fees and Charges	16	9,256,781	6,050,068
Recoupment of Depreciation through grants	13	5,537,438	5,875,353
Sundry Income	17	1,161,518	415,103
Interest Income		320,598	747,312
Rent Concession		4,254	298,711
Gain on Disposal of Asset		36,819	27,962
TOTAL REVENUE		55,091,599	45,060,713
EXPENSES			
Employee Costs	18	25,203,590	26,267,017
Administrative Expenses	19	2,061,579	2,000,848
Other Operating Expenses	20	6,729,675	5,718,779
Property Expenses	21	1,549,076	1,228,661
Depreciation - PPE	8(a) and 10	6,078,824	6,034,116
Depreciation - Right-of-use Assets	14(a)	3,431,853	3,375,764
Amortisation of Intangible Asset	9	1,598,646	1,423,372
Finance Cost	14(b)	1,734,787	1,872,909
TOTAL EXPENSES		48,388,030	47,921,466
NET SURPLUS/(DEFICIT) FOR THE PERIOD		6,703,568	(2,860,753)

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

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023

	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$
Balance as at 01 August 2021	11,959,851	70,511,679	82,471,530
Surplus/(Deficit) for the period	-	(2,860,753)	(2,860,753)
Balance as at 31 July 2022	11,959,851	67,650,927	79,610,777
Surplus/(Deficit) for the period	-	6,703,568	6,703,568
Balance as at 31 July 2023	11,959,851	74,354,497	86,314,346

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

FIJI REVENUE AND CUSTOMS SERVICE
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2023

		31 July 2023	31 July 2022
	Notes	\$	\$
Cash flows from operating activities			
Amount received from government for operating activities		38,774,190	31,646,205
Amount received for services provided		8,290,983	7,640,336
Payments to suppliers & employees		(34,393,222)	(36,883,869)
Net cash provided by operating activities		12,671,951	2,412,672
Cash flows from investing activities			
Payment for Property, Plant & Equipment		(4,416,156)	(6,657,928)
Net redemption /(payment) for investment		5,509,097	2,447,384
Proceed from sale of fixed assets		57,303	27,962
Interest from investment and other income		1,056,668	822,061
Income from investment property		357,015	309,921
Net cash provided/(used) in investing activities		2,563,927	(3,050,601)
Cash flows from financing activities			
Lease payments	14(b)	(4,828,994)	(4,805,113)
Net cash provided/(used) from financing activities		(4,828,994)	(4,805,113)
Net increase/(decrease) in cash held		10,406,884	(5,443,042)
Cash as at beginning of the year		16,297,731	21,740,773
Net cash at the end of the year	22	26,704,615	16,297,731

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

1. PRINCIPAL ACTIVITIES

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Issue of Financial Statements

The financial statements were approved for issue by the Service's Board of Directors at its meeting held on 22nd July 2024.

b. Basis of Accounting

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

The financial statements are presented in the Fijian currency and are rounded off to the nearest dollar, except otherwise indicated.

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

c. The Service as the Agent of the State

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

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

d. Changes in Accounting Policies

There were no major changes in the accounting policies for the year ended 31 July 2023.

e. Cash and cash equivalents

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

f. Comparative figures

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

g. Property, Plant and equipment

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

Additions

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

Depreciation rates

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

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

Disposals

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

Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. The costs of infinite life are tested for impairment annually and if there is any indication of impairment, necessary amortisation is carried out.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Service, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

h. Provision for Employee Entitlements

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

i. Income tax

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

j. Revenue Recognition

Government Operating & Capital Grant

Government grants are recognised in the Statement of Financial Performance on an accrual

basis over the periods necessary to match them with the related costs which the grants are intended to compensate. The cost of assets funded by grants are capitalized to fixed assets and the corresponding credit is taken as a deferred grant income.

The fixed assets are depreciated over their estimated useful lives. The benefits arising from the grants being the recoupment through depreciation, is credited to revenue over the period of the useful lives of those assets.

Accounting for COVID-19 related rent concessions

The Service has applied the practical expedient to rent concessions received due to COVID-19 and which meets the following conditions:

- a.** The changes in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceeding the change.
- b.** Any reduction in lease payments affects only payments originally due on or before 31 July 2023.
- c.** There is no substantive change to other terms and conditions of the lease.

All changes in lease payment arising from rent concession and those that has met the above criteria, the Service has applied the practical expedient approach and recognised rent concessions in its Statement of Financial Performance.

k. Other income

Fees and charges earned is recorded in the Statement of Financial Performance on an accrual basis.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Rental income earned from leasing or sub-leasing properties is recorded in the Statement of Financial Performance on an accrual basis.

l. Rounding off amounts

Amounts in the financial statements have been rounded off to nearest dollars unless specifically stated to be otherwise.

m. Value Added Tax

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

n. Trade and other payables

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

o. Inventories

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

p. Revenue Received in Advance

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

q. Leased Assets

Policy applicable

At inception of a contract, the Service assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset, the Service assesses whether:

- a.** the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- b.** the Service has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- c.** the Service has the right to direct the use of assets. The Service has this right when it has the decision - making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Service has the right to direct the use if the asset if either:
 - i.** the Service has the right to operate the asset ; or
 - ii.** the Service designed the assets in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Service allocates the consideration in the contract to each lease component on the basis of their relative stand - alone prices. However, for the leases of land and buildings in which it is a lease, the Service has elected not to separate non - lease components and account for the lease and non lease components as a single lease component.

(i) As a Lessee

Under IFRS 16

The Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of right-of-use assets are determined on the term of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Service's weighted average cost of capital.

Lease payments included in the measurement of the lease liability comprise the following:

- a.** fixed payments, including in substance fixed payments;
- b.** variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- c.** the exercise price under a purchase option that the Service is reasonably certain to exercise, lease payments in an optional renewal period if the Service is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Service's estimate of the amount expected to be payable under a residual value guarantee, or if the Service changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Service presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

Short term leases and leases of low-value assets.

The Service has elected not to recognise right-of-use assets and lease liability for short-term leases i.e. leases with lease term 12 months or less and leases of low value assets. The Service recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a Lessor

When the Service acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Service makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is finance lease; if not, then it is an operating lease. As part of this assessment, the Service considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

"When the Service is a lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the lease, not with reference to the underlying asset. If a lease is a short-term lease to which the Service applies the exemption described above, then it classifies the sub-lease as an operating lease."

If an arrangement contains lease and non-lease components, the Service applies IFRS 15 to allocate the consideration in the contract.

The Service recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating revenue'.

Where the Service is an intermediate lessor the sub-leases were classified with reference to the underlying asset.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

r. Financial Instruments

Initial Recognition and Measurement

The Service recognises a financial asset and financial liability in the statement of financial position when, and only when, the Service becomes party to the contractual provisions of the instrument.

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

Classification and subsequent measurement

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

The Service measures financial assets at amortised cost if both of the following conditions are met:

- a.** the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b.** the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e.; removed from the Services Statement of Financial Position) when :

- a.** The rights to receive cash flows from assets have expired;
- b.** The Service has transferred its rights to 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 :
 - i.** the Service has transferred substantially all the risks and rewards of the assets , or
 - ii.** the Service has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Derecognition of Financial Liabilities

The Service derecognises a financial liability from its statement of financial position when its obligation specified in the contract is discharged or cancelled or expires. The Service also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss.

Impairment of Financial assets

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

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

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

Offsetting of Financial Instruments

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

3. FINANCIAL RISK MANAGEMENT

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

a. Market Risk

Interest rate risk

The Service has significant interest-bearing assets in the form of short-term/long term cash deposits. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Service negotiates an appropriate interest rate with the banks and invests with the bank which offers the

highest interest return. Given the fixed nature of interest rates described above, the Service has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the Service does not require simulations to be performed over impact on net profits arising from changes in interest rates.

b. Credit Risk

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

c. Liquidity Risk

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

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

Fair value estimation

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

Financial Assets	<1 year	2 to 5 years	>5 years	Total
Investment	12,095,226	-	-	12,095,226
Receivables	1,175,254	4,415,432	234,780	5,825,466
Total	13,270,480	4,415,432	234,780	17,920,692
Financial Liabilities				
Trade and other payables	2,181,143	143,278	-	2,324,422
Provisions	518,217	-	-	518,217
Total	2,699,360	143,278	-	2,842,639

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

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

a. Impairment of Non-Financial Assets

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

b. Impairment of Receivables

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

5. CASH AND CASH EQUIVALENTS

	31 July 2023	31 July 2022
	\$	\$
Operating Account - ANZ	3,766,320	2,335,885
Fees & Charges - HFC	14,619,245	5,724,947
Operating Account - BSP	979,533	964,719
Interest Bearing- Bred Bank	6,265,593	6,231,699
BOB - Cheque Account	10,321	10,186
Petty Cash	2,450	2,100
Debit Card 1 - WBC	12,861	30,082
FRCS E Account -WBC	968,117	911,880
FRCS E Account -HFC	51,954	51,807
Debit Card 2 - WBC	9,481	8,593
Operating Account - HFC	18,740	15,833
Cash and Cash Equivalent	26,704,615	16,287,731

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

6. RECEIVABLES

	31 July 2023	31 July 2022
	\$	\$
Debtors	790,813	787,439
WHT Refund	4,415,432	4,419,727
Deposits	153,042	149,042
Rental Deposits	81,738	81,738
Interest Receivable	95,154	222,060
Business Advance	373	3,239
Vat Refund	288,914	239,164
	5,825,466	5,902,409
Less: Doubt full Debts	-	(15,535)
Total Receivables	5,825,466	5,886,874
Terms and conditions of the above financial assets		
- Debtors are non-interest bearing and are normally received with 30-60 day terms. - Interest receivable and business advance are non-interest bearing with an average term of 60-180 days.		
Contingent Assets	12,999	-
This relates to general litigation claims made by the Service against a taxpayer. These matters are resolved through various means not wholly within the control of the Service and may or may not give rise to a receivable.		

7. INVESTMENT

Investments as at balance date comprised of short and long term money placements ranging from three months to one year with interest rates between 0.50% - 1.75%

	31 July 2023	31 July 2022
	\$	\$
Current	12,095,226	17,604,323
Total Investments	12,095,226	17,604,323

8. PROPERTY, PLANT AND EQUIPMENT

	31 July 2023	31 July 2022
	\$	\$
Carrying amount of:		
Building	5,287,687	7,194,315
Computer Hardware	2,858,604	2,655,212
Office Equipment	337,345	264,906
Furniture & Fixtures	1,409,947	1,706,653
Land	2,870,000	3,525,000
Motor Vehicles	4,520,071	5,652,682
Detectors & Scanners	1,524,637	3,601,717
Capital Works in Progress	52,675	6,460,484
Total	18,860,966	31,060,969

FIJI REVENUE AND CUSTOMS SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

a. Reconciliation of Property, Plant and Equipment - 2022/2023

	Land at revalued amount	Building at revalued amount	Computer Hardware at cost	Office Equipment at cost	Furniture and Fixtures at cost	Motor Vehicles at cost	Detectors and Scanners at cost	Capital Works in Progress	Total
Cost or valuation	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 August 2022	3,525,000	8,479,585	11,135,462	7,037,300	10,698,905	11,377,680	11,085,185	6,460,484	69,799,601
Additions	-	8,000	1,737,861	265,158	31,376	367,430		5,020,303	7,430,128
Disposals	-	-	(8,384)	(108,902)		(126,881)	(63,102)	-	(307,269)
Transfers	(655,000)	(1,760,545)	-	-	-	-	-	(11,428,112)	(13,843,657)
Total	2,870,000	6,727,040	12,864,939	7,193,556	10,730,281	11,618,229	11,022,082	52,675	63,078,803
Accumulated depreciation									
Balance at 1 August 2022	-	1,285,270	8,480,250	6,772,394	8,992,252	5,724,998	7,483,468	-	38,738,632
Depreciation expense	-	247,979	1,532,197	192,719	328,082	1,484,788	2,072,642	-	5,858,408
Transfer/Eliminated on disposal of assets	-	(93,896)	(6,112)	(108,902)	-	(111,628)	(58,665)	-	(379,204)
Total	-	1,439,353	10,006,335	6,856,211	9,320,334	7,098,158	9,497,445	-	44,217,836
Carrying amount as at 31 July 2023	2,870,000	5,287,687	2,858,604	337,345	1,409,947	4,520,071	1,524,637	52,675	18,860,966

Work in Progress		
Opening Balance	6,460,484	17,585
Addition during the year	5,020,303	8,771,273
Transfer: IT and others	(11,428,112)	(2,272,296)
Transfer: New Nadi Office	-	(56,078)
Closing Balance	52,675	6,460,484

b. The Principal Land Valuer, Professional Valuations Limited during June 2021 valued the following properties:

	31 July 2023	31 July 2022
	\$	\$
1. Queens Warehouse with Land	2,740,000	3,360,000
2. Nadi Airport Customs Office	490,000	515,000
3. Nadi Dog Kennel	411,800	-
4. Suva Dog Kennel	380,000	-
5. Security Booth - Nasese	5,200	-
6. Lautoka Customs Office with Land	7,000,000	6,000,000
Total Value	11,027,000	9,875,000

Land and buildings are stated at their revalued amounts as determined by an independent valuer in 2021.

The Service is currently in the negotiation process with the Airports Fiji Limited for an offer on the disposal of the Nadi Airport Customs Office, in light of the expansion of the Nadi International Airport. As at 31 July 2023, no agreement has been reached between the two parties. The Nadi Airport Customs office building was revalued at \$490,000 as at 31 July 2021. Date of valuation was 9th June 2021. The valuer used replacement cost approach to value the property.

9. INTANGIBLE ASSETS

	31 July 2023	31 July 2022
	\$	\$
Cost-Software		
Balance as at 1st August 2022	35,408,411	35,408,411
Additions	8,413,151	-
Balance as at 31 July 2023	43,821,562	35,408,411
Accumulated amortisation:		
Balance as at 1st August 2022	5,531,138	4,107,766
Amortisation for the year	1,598,646	1,423,372
Balance as at 31 July 2023	7,129,784	5,531,138
Net Carrying amount	36,691,778	29,877,273

10. INVESTMENT PROPERTY

	31 July 2023	31 July 2022
	\$	\$
Investment Property		
Balance as at 1 August 2022	10,620,000	10,620,000
Addition	2,321,649	-
Balance as at 31 July 2023	12,941,649	10,620,000
Accumulated Depreciation		
Balance as at 1 August 2022	181,567	13,967
Add: Depreciation	220,416	167,600
Balance as at 31 July 2023	401,983	181,567
Written Down Value as at 31 July 2023	12,539,666	10,438,433

The Investment Property (Main Customs Building) was revalued by an independent valuer (Professional Valuations Limited) in June 2021. The valuer used replacement cost approach to value the property. Date of valuation was on 9th June 2021. There is no restriction on the realisability of investment property. The property is leased under operating lease. Revaluation is done every 5 years.

During the financial year, Lot 3 Tavewa Avenue building of Lautoka Property was reclassified as investment property. The property is leased under operating lease.

11. TRADE AND OTHER PAYABLES

	31 July 2023	31 July 2022
	\$	\$
Trade payable	1,026,520	552,449
VAT payable	1,122,231	376,719
Others	1,297,902	1,126,240
Total Trade and other Payables	3,446,653	2,055,408
Terms and conditions of the above financial liabilities:		
- Trade payables are non-interest bearing and are settled on 30 day terms.		
- Other payables are non-interest bearing and are settled as and when required.		

12. PROVISION

Employee entitlement represents annual leave accrued as at 31 July 2023

	31 July 2023	31 July 2022
	\$	\$
Annual Leave		
Opening Balance	390,709	572,747
Accrued during the year	1,456,346	1,200,950
Utilised during the year	(1,328,838)	(1,382,988)
Closing Balance	518,217	390,709

13. RECOUPMENT OF DEPRECIATION THROUGH GRANTS

	31 July 2023	31 July 2022
	\$	\$
Building		
Written down Value	729,365	766,212
Depreciation recoupment	(36,847)	(36,847)
Deferred Grant Liability	692,518	729,365
Computer Hardware & Software		
Written down Value	13,525,253	15,260,965
Addition during the year	17,788	-
Disposal	(868)	-
Depreciation recoupment	(1,557,295)	(1,735,712)
Deferred Grant Liability	11,984,878	13,525,253
Motor Vehicles		
Written down Value	5,652,682	7,215,392
Disposal	(15,255)	(8,797)
Depreciation recoupment	(1,451,814)	(1,553,913)
Deferred Grant Liability	4,185,613	5,652,682
Furniture & Fittings		
Written down Value	1,634,727	1,879,379
Addition during the year	-	56,079
Depreciation recoupment	(288,505)	(300,731)
Deferred Grant Liability	1,346,222	1,634,727
Office Equipment		
Written down Value	199,387	324,773
Addition during the year	-	22,847
Depreciation recoupment	(130,754)	(148,233)
Deferred Grant Liability	68,633	199,387
Detectors and Scanners		
Written down Value	3,596,862	5,663,392
Addition during the year	-	33,386
Depreciation recoupment	(2,072,223)	(2,099,916)
Deferred Grant Liability	1,524,639	3,596,862
Total Depreciation Recoupment	5,537,438	5,875,352
Total Deferred Grant Liability	19,802,503	25,338,276

14. LEASES

	31 July 2023	31 July 2022
	\$	\$
a. Right-Of-Use Assets		
Balance as at 01 August 2022	21,548,572	24,344,317
Additions during the year	1,216,181	580,019
Depreciation charge for the year	(3,431,853)	(3,375,764)
Balance as at 31 July 2023	19,332,900	21,548,572
b. Lease Liabilities		
Current	3,276,783	2,935,168
Non-Current	19,346,841	21,595,197
Total Lease Liabilities	22,623,624	24,530,365
Reconciliation of movement of liabilities to cash flows from financing activities		
Balance as at 01 August 2022	24,530,366	26,895,022
Additions during the year	1,187,465	567,548
Total Lease Liability for the year	25,717,830	27,462,570
Less Repayment of Lease Liability		
Lease payment	(4,828,994)	(4,805,113)
Interest Expense	1,734,787	1,872,909
Net Repayment of Lease Liability	(3,094,207)	(2,932,204)
Closing Balance as at 31 July 2023	22,623,624	24,530,366

15. GRANTS

	31 July 2023	31 July 2022
	\$	\$
a. GOVERNMENT GRANTS		
Operating Grants from Government	38,774,190	31,646,205
Net Grant received from Government	38,774,190	31,646,205
Operating Grant for the financial year 2022/2023 was received in full amounting to \$40M (VIP)		
b. GRANTS IN KIND		
The Service received VRT System Kiosk set for a total value of \$1,665 VEP from World Customs Organisation (WCO). All these items has been capitalized to fixed assets and necessary adjustments for depreciation and deferred grant is recorded on a monthly basis.		

16. FEES AND CHARGES

	31 July 2023	31 July 2022
	\$	\$
Fees and Charges	9,256,781	6,050,068
These are revenue earned from services provided by the Service, which are collected with other revenues and lodged into the Government consolidated fund account. The Ministry of Economy reimburses these funds to the Service.		

17. SUNDRY INCOME

	31 July 2023	31 July 2022
	\$	\$
Income from Investment Property	357,015	303,040
Rental Income	578,790	6,881
Other Revenue	225,713	105,182
Total Sundry Income	1,161,518	415,103

18. EMPLOYEE COSTS

	31 July 2023	31 July 2022
	\$	\$
Salaries and Wages	19,976,543	22,985,749
FNPF, Overtime and Allowances	2,832,592	1,660,440
Annual Leave	1,456,346	1,200,950
Training, Professional Development	218,367	143,152
Recruitment, Transfer and Others	719,742	276,726
Total Employee Costs	25,203,590	26,267,017

19. ADMINISTRATIVE EXPENSES

	31 July 2023	31 July 2022
	\$	\$
Communications	707,767	768,233
Electricity, Water & Power Supply	891,484	778,126
Travel and Accommodation	189,167	92,945
Contributions to ASMP, WCO & CATA	273,160	361,544
Total Administrative Expenses	2,061,578	2,000,848

20. OTHER OPERATING EXPENSES

	31 July 2023	31 July 2022
	\$	\$
Insurance	171,932	150,342
Computer Maintenance/Software Licenses	4,830,264	4,365,508
Stationery & Supplies	453,216	300,806
Vehicle Service & Maintenance	244,204	190,431
Training Levy	189,415	249,054
FCEF Levy	10,000	10,000

Consultancy / Special Projects	166,332	116,936
Professional fees	3,916	-
Legal Fees	69,665	25,465
Audit Fees	34,190	41,112
Advertising /Public Education	52,453	67,603
Books, Periodicals, Publication	641	972
Uniforms & Entertainment	159,549	3,638
Directors Fees	69,671	82,586
Minor Assets	135,944	51,457
Staff Team Building	18,507	-
Bank Fees and Charges	55,359	24,321
Write Off & Doubtful Debts	3,220	3,579
Dog Kennel Expenses	17,573	13,573
Rewards	43,623	21,395
Total Other Operating Expenses	6,729,674	5,718,778

21. PROPERTY EXPENSES

	31 July 2023	31 July 2022
	\$	\$
This includes rents for staff quarters, office space and office maintenance(building maintenance, cleaning, security, local rates, OHS, leased equipment and X-Ray equipment maintenance)		
Staff Quarters	41,018	17,059
Office Maintenance	1,508,058	1,211,602
Total Property Expenses	1,549,076	1,228,661
Rodwell Road property expenses & Lot 3 Lautoka Property expense for the period was \$72,358		

22. NOTES TO STATEMENT OF CASH FLOW

	31 July 2023	31 July 2022
	\$	\$
Reconciliation of Cash		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and excludes short term deposits		
Operating Account - ANZ	3,766,320	2,335,885
Fees & Charges - HFC	14,619,245	5,724,947
Operating Account - BSP	979,533	964,719
Interest Bearing- Bred Bank	6,265,593	6,231,699
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Petty Cash	2,450	2,100
Debit Card 1 - WBC	12,861	30,082
FRCS E Account -WBC	968,117	911,880
FRCS E Account -HFC	51,954	51,807
Debit Card 2 - WBC	9,481	8,593
Operating Account - HFC	18,740	15,833
Cash on hand and in Bank	26,704,615	16,287,731

23. COMMITMENTS

	31 July 2023	31 July 2022
	\$	\$
Rakiraki Generator	39,885	-
Meraki MX95/MX75/MX68CW License 3yr/5yr	34,855	-
PG PMS Implementation	14,797	-
Backup Appliance Expansion	-	247,798
Biometric Devices - Nasese Office	-	60,537
CCTV - FRCS Premises	-	35,477
FASTPASS Passport Scanner	-	147,000
Fortinet Fortigate Firewall	-	81,000
NTIS	-	3,192,356
Renewal of Lenovo HX Series Warranty	-	262,410
Supply of Nutanix Hardware Infrastructure	-	135,917
Total Commitment	89,537	707,728
Contingent Liabilities	4,456,919	708,793
The Service as a statutory body has a number of general litigation claims made against it and vice versa for employment or contractual matters. These matters are resolved through various means not wholly within the control of the Service and may or may not give rise to an obligation.		
Operating lease commitments		
Total commitments for future base lease rentals are as follows:		
Operating lease revenue		
Non Cancellable operating lease rentals are receivables as follows:		
Not later than 1 year	1,153,062	6,193
Later than 1 year but not later than 5 years	3,702,680	-
Greater than 5 years	-	-

24. RELATED PARTIES

a. Transaction with related parties

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

b. Directors and Key Management Personnel Remuneration

	31 July 2023	31 July 2022
	\$	\$
Directors' remuneration-fees	69,671	82,586
Key Management Personnel remuneration for salary and other benefits	1,463,558	798,803
Directors remuneration include amounts paid to the directors of the Service. Remuneration for Mr. Shri Gounder was paid directly to the Ministry of Finance. Remuneration for Ms. Fay Yee, Ms. Lala Sowane, Mr. Mahmood Khan, Mr. Parvez Akbar, Mr. Malakai Naiyaga, Mr. Ilisoni Vuidreketi, and Ms. Umesh Prasad was paid to them.		

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity.

During the reporting period, the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities.

Mr. Mark Dixon - Chief Executive Officer	01/08/2022 - 31/07/2023
Mr. Shavindra Nath - Director Corporate Services/Chief of Staff	01/08/2022 - 31/07/2023
Mr. Ben Chand - Director People,Capability & Culture	01/08/2022 - 02/02/2023
Mrs. Kelerayani Dawai- Director Compliance	01/08/2022 - 31/07/2023
Mr. Rohit Singh - Acting Director People,Capability & culture	06/02/2023 - 31/07/2023
Mrs. Shelini Devi - Acting Director Border Forces	01/08/2022 - 31/07/2023
Mrs. Momina Beg - Director Tax	24/08/2022 - 31/07/2023
Mrs. Emily Yalimaiwai - Chief Information Officer	01/08/2022 - 14/07/2023
Mrs. Ansu Singh - Chief Financial Officer	24/08/2022 - 31/07/2023
Mr. Robert Khan - Acting Chief Information Officer	22/06/2023 - 31/07/2023

25. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The registered office and principal place of business of the entity is located at:

Fiji Revenue and Customs Services Complex
Lot 1 Corner of Queen Elizabeth Drive and Ratu Sukuna Road
Nasese
Suva, Fiji

26. EVENTS SUBSEQUENT TO BALANCE DATE

There were no major events recorded subsequent to the balance date which had an impact on the financial statement for the year ended 31 July 2023.

27. AGENCY TRANSACTIONS ADMINISTERED FOR THE GOVERNMENT OF FIJI

a. GOVERNMENT REVENUE

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

Government revenue is recognised on cash basis.

	31 July 2023	31 July 2022
	\$	\$
Customs Collection	620,691,618	545,770,303
Less: Rebates/misc. fees & charges	(12,303,027)	(3,734,566)
	608,388,591	542,035,737
Inland Revenue Collection	719,570,285	554,414,806
Less: Refunds	(50,497,686)	(66,836,195)
	669,072,599	487,578,611
Value Added Tax	1,241,696,488	853,697,534
Less: Refunds	(233,647,938)	(193,535,161)
	1,008,048,550	660,162,373
Total Government Revenue	2,285,509,740	1,689,776,721

b. GOVERNMENT ASSETS - DEBTORS

The balance outstanding as at 31 July 2023 of \$875,651,831 consisted of revenue arrears as follows:

	31 July 2023	31 July 2022
	\$	\$
Income Tax & Other Taxes	94,409,432	109,011,020
Value Added Tax	90,951,452	75,012,988
Customs	970,485	8,376,640
Tertiary Education Loan Scheme (TELS)	648,331,889	589,084,789
PSC Loan	8,745,368	8,770,995
MSME Loan	32,243,205	33,316,672
Total Arrears	875,651,831	823,573,104

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

For the year ended 31 July 2023, a total amount of \$305,148,897 for TELS loan balances was provisioned for expected future Accelerated Repayment Incentive (ARI) claims by students.

For the year ended 31 July 2023, the total amount of \$103,404,533 in penalties was waived/written-off by the Service. The withdrawals were made in accordance with Section 48(7) of the Tax Administration Act and Section 34 of the Financial Management Act 2004.

c. GOVERNMENT LIABILITIES

	31 July 2023	31 July 2022
	\$	\$
VAT Refunds Outstanding	127,185,511	90,539,393
Income Tax Refunds	51,801,692	27,510,829
Film Rebate	155,759,295	108,993,406
Total Liabilities	334,746,498	227,043,628

d. GOVERNMENT CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

	31 July 2023	31 July 2022
	\$	\$
Contingent Liability	74,791,441	72,824,038
Contingent Asset	50,000	50,000





**FIJI REVENUE AND
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