



# Annual

## REPORT 2021-2022



**FIJI REVENUE AND  
CUSTOMS SERVICE**

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



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# About Us



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



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



Customer Focused  
Result Focused  
Partnership  
Leadership  
Valuing Employees  
Integrity







# Acting CEO's Message

## **Bula from the Fiji Revenue and Customs Service,**

On behalf of the Board and Executive Management, I extend our greetings to our stakeholders, partners, customers, and staff.

Upon Mr. Mark Dixons' resignation in July 2023, I was entrusted with the role of Acting Chief Executive Officer. I express my gratitude to Mark and Ms. Faye Yee who was Acting CEO prior to Mark's appointment for their dedicated contributions to the organization during the year under review and commend Mark and the Executive Leadership Team for their steadfast commitment to realizing the completion of the new 2023-2025 Strategic Plan.

It is a privilege to have the opportunity to work with the executive team on executing the plan to ensure we achieve the three key areas of becoming an employer of choice, becoming a customer-centric organization, and driving the transformation of our business through digitalization. The new Strategic Plan matches the scale of ambition with our ability to deliver and sets out a new direction for the organization where we will work towards achieving our objectives by upholding the values we have committed to work and live by.

This Annual Report showcases the accomplishments and events of the reporting period, and I extend my appreciation to the former members of the Board of Directors and the former Chief Executive Officers for their commendable efforts during the challenging year 2021-2022 as Fiji's economy grappled with the aftermath of COVID-19. The organization faced staffing challenges and navigated through a period of changing Chief Executives and Board of Directors. Our very capable staff stepped up to oversee day-to-day operations, ensuring uninterrupted service delivery.

In response to the repercussions of COVID-19, the organization underwent a redundancy exercise, affecting both our staff numbers and our service delivery. I am pleased to announce that, buoyed by the economic recovery and anticipated growth, we have commenced the rehiring process to make the organization fit for purpose and a number of our former employees that possess the necessary expertise and positive attitudes are rejoining the organization through this process.

A notable advantage of reemploying previous staff lies in the reduction of training time especially on our new digital platform, Taxpayer Online System (TPOS).

We have launched and concluded the final stages of the New Tax Information System (NTIS) rollout. We acknowledge that the Corporate Income Tax (CIT) and Personal Income Tax (PIT) rollouts encountered challenges. We are committed to closely collaborating with our major stakeholders to address their concerns. Recognizing technology as a tool for digitizing processes and a key strategic service transformation enabler, it will remain a critical area of organizational focus in collaboration with our International Partners, ensuring our systems are developed and enhanced to meet international standards and best practices.

I am truly humbled to be part of a team of deeply committed individuals across our Board of Directors, Executive Leadership team, and Staff as we collectively work to elevate the organization's services for the benefit of all our stakeholders and towards achieving our vision – "To be a trusted, efficient service driven tax administration that minimizes tax gap and maintains the protection of Fiji's borders for the prosperity of the people of Fiji" .

**It is with great pleasure that I present the FRCS 2021-2022 Annual Report.**

**Mr. Malakai Naiyaga**  
Acting Chief Executive Officer



# Members of the Board



**Ms. Fay Yee**  
Board Chairperson



**Mr. Shiri Goundar**  
Board Member



**Mr. Mahmood Khan**  
Board Director



**Ms. Lala Sowane**  
Board Director



**Ms. Umesh Prasad**  
Board Director



**Mr. Parvez Akbar**  
Board Director



# Key Priority Areas

## Priority Area: Customer Service, Transparency and Communication with Stakeholders

### FRCS Call Centre

Creating and adding value to our customers and stakeholders has been one of the main objectives of the organization in trying to improve and provide efficient and effective service. Our call centre plays a vital role in attending to customer enquiries by answering customer calls and emails, allowing our technical staff to dedicate more time to assessing returns and assisting our walk-in customers. To monitor the enquiries received, a monthly dashboard shows the summary of calls, emails, and types of enquiries that are received and acknowledged by the ten offices located around the country.

### Customer Service Charter

In November 2021, the International Monetary Fund (IMF) through their counterpart Pacific Financial Technical Assistance Centre (PFTAC) provided technical assistance to FRCS on "Improving Taxpayer Services" in the organization. FRCS requested for a review of its current taxpayer services function and communication with taxpayers with a focus on Micro, Small and Medium sized enterprises (MSME's). A few months later the customer service charter was developed and implemented. The charter provides information to customers on the process of how we manage their queries together with a timeline. The document is revised to ensure customers' expectations are met in the changing business environment.

### Customer Survey

A customer survey was conducted in August 2021 to determine the service standards during the pandemic. The survey was sent to 24,000 customers of which 1,752 responded. The feedback received showed that most respondents said our services with regards to customers, staff and the new tax system had improved. During the pandemic, there were measures introduced (through the COVID-19 budget) to ensure that businesses were assisted with their tax and customs matters.

### Memorandum of Understanding

To further develop our partnerships regarding the sharing of information with stakeholders, there were nine Memorandum of Understanding (MOUs) signed with other stakeholders. For the twelve months, the organization signed MOUs with the following stakeholders:

- i. Tertiary Scholarships and Loans Service
- ii. Fiji National University (FNU)
- iii. Port Denarau Marina
- iv. Market Facility (MDF)
- v. VATIS PTE Limited
- vi. Ministry of Agriculture
- vii. Fiji Elections Office
- viii. Lami Town Council
- ix. Suva City Council

## Standard Interpretation Guidelines

Following every budget announcement, new policies are announced by the Government followed by changes to the laws and regulations that FRCS administers. We have Standard Interpretation Guidelines (SIG)s that are prepared which outline the process and the implementation of the new policies. Internal and external awareness is done before the SIGs are signed off and become a public document.

## Suva Retailers Association Workshop

As part of our continued support, the FRCS team was invited to be part of the Suva Retailers Association to educate and enhance awareness on TPOS, the VAT Monitoring System (VMS) and the current tax incentives for businesses. The workshop was a great opportunity for FRCS officials to engage with the association and discuss issues of importance such as service delivery, implementation of the new online service and compliance with the tax system.

## Talanoa Session with Taxpayer Online Services Users (TPOS)

In March and April, the communications team organized a Talanoa session with users of the new TPOS system. The objective of the session was to engage with users of TPOS and gain their views on what's working well on TPOS and what's not and to note other Customs and Tax issues that needed to be addressed by the organization. These sessions gave FRCS the opportunity to engage with TPOS users in different locations around the country and to discuss issues. The open and interactive networking session allowed FRCS and the TPOS users to have an open dialogue on matters impacting them as well as resolve arising issues.

## Implementation of Private Binding Rulings

The implementation of the Private Binding Ruling (PBR) was announced in the 2021-2022 National Budget. Division 9 of the Tax Administration Act 2009 and the Tax Administration (Private Rulings) Regulations 2021 allows taxpayers to apply for a PBR on tax issues. A PBR refers to the CEO's interpretation and application of tax laws on a particular arrangement of facts that are applicable to a taxpayer. A PBR provides certainty and clarity to the applicant as the ruling is binding on the Fiji Revenue and Customs Service (FRCS). The regime was rolled out at the end of November 2021.

Private Ruling	
2021/2022	Number
Private Ruling Received	95
Private Ruling Issued	78

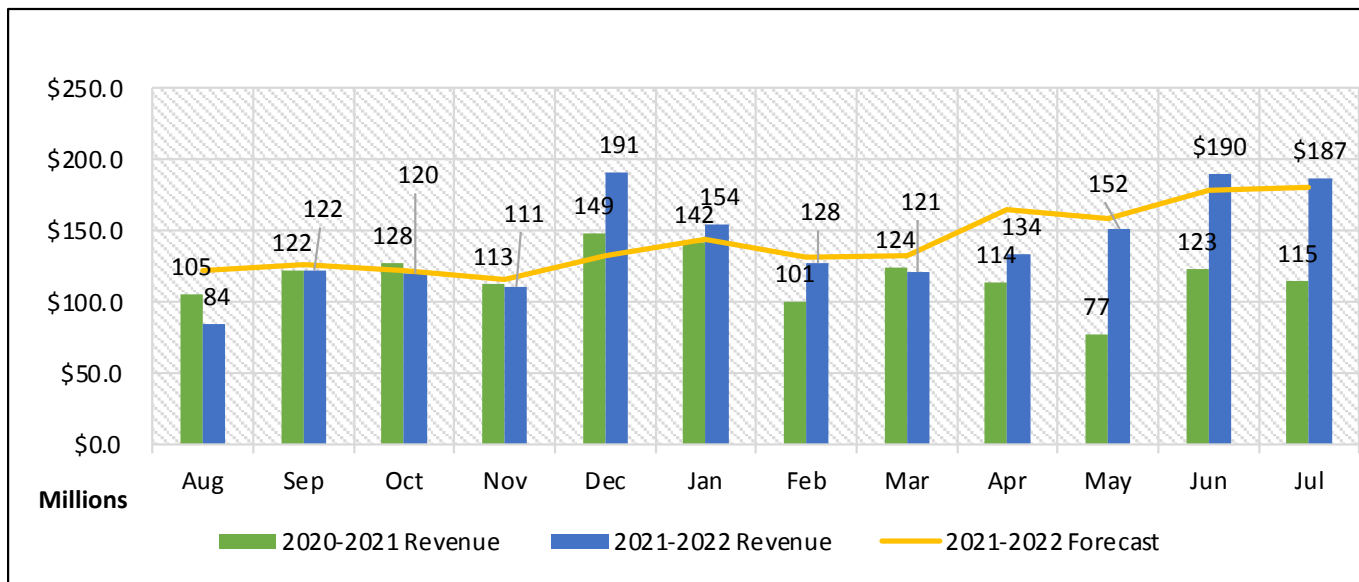
## Consultation and Awareness of the VAT Bill

With the objective of simplifying the VAT laws for clearer interpretation by FRCS, the VAT Rewrite Team together with the profound expertise of Professor Lee Burns, carried out internal and external consultation and awareness on the changes to the VAT Act rewrite for all FRCS staff. The pandemic had put a pause on this project however the teams are eager to push this through to completion.

## Priority Area: Revenue Collection

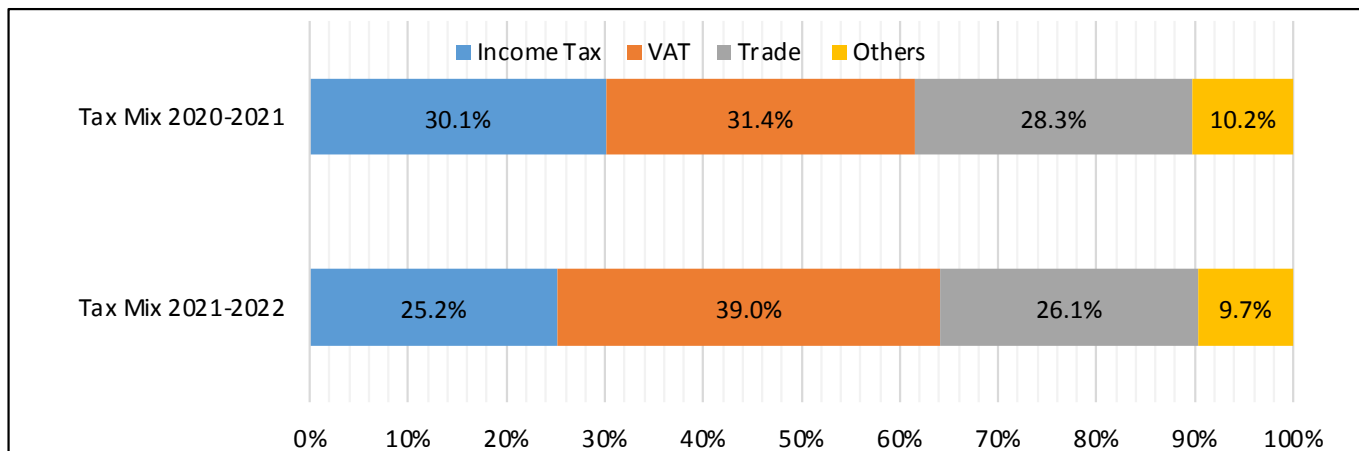
Cumulatively, \$1,692.7m was collected in the 2021-2022 fiscal year which was above the forecast by \$11.9 m or 0.7%. Compared to the collections in the 2020-2021 fiscal year, the net revenue was above by \$279.8 m or 19.8%.

**Graph 1: Monthly Revenue Performance**



The composition of the total revenue, VAT collections led the tax mix composition comprising of around 39.0%, followed by Trade taxes at 26.1%, Income Taxes at 25.2% and the remaining 9.7% was from Other Taxes and Levies.

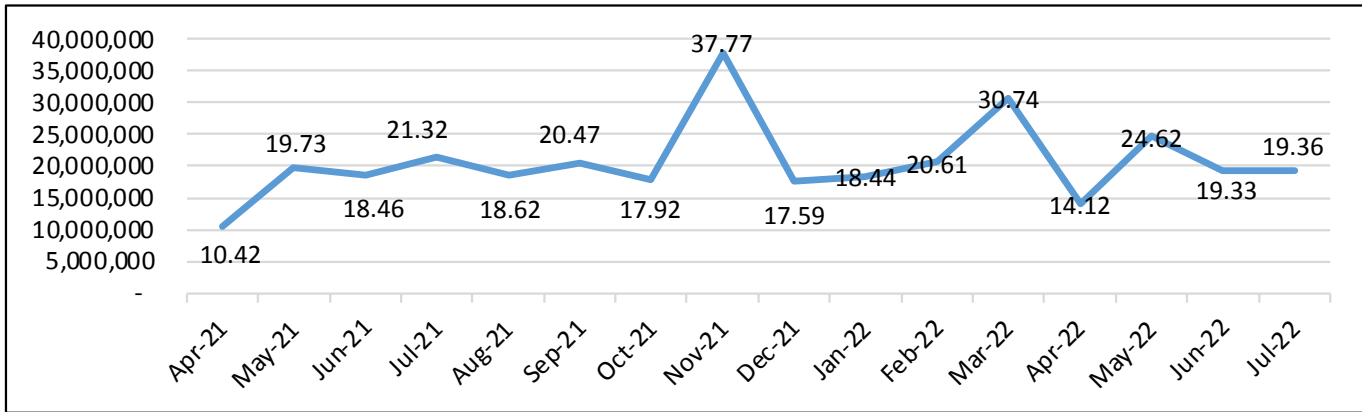
**Graph 2: Tax Mix Composition**



Income Tax and VAT refunds continued to be released according to the monthly forecast allocations. The graph below provides a comparative illustration of monthly total refunds over the last 12 months with an average refund of \$21.5 m per month.

**Graph 3: Monthly Refunds**





At the end of the 2021-2022 fiscal year, a total of \$38.6 m was disbursed for film tax rebates out of the total \$40 m budgeted for the fiscal year. Film Tax Rebates continued to be disbursed to reduce the total amount owed to production companies which stands in excess of \$150 m.

In addition to the usual cash disbursements, FRCS is also reducing its refund liability through credit off-set with other tax types where the VAT amount refundable is used to offset other tax/customs payables. A total of \$42.3 m in VAT credits was used to off-set other tax and customs liability in the last 9 months.

**Table 1 – Monthly VAT Refunds Offset**

Month	Value of Offset (\$)
Aug	0
Sep	334,690
Oct	8,643
Nov	4,348,502
Dec	2,693,537
Jan	4,822,438
Feb	3,070,259
Mar	9,660,347
Apr	2,611,307
May	5,903,546
Jun	4,734,066
Jul	4,091,810
Total	42,279,145

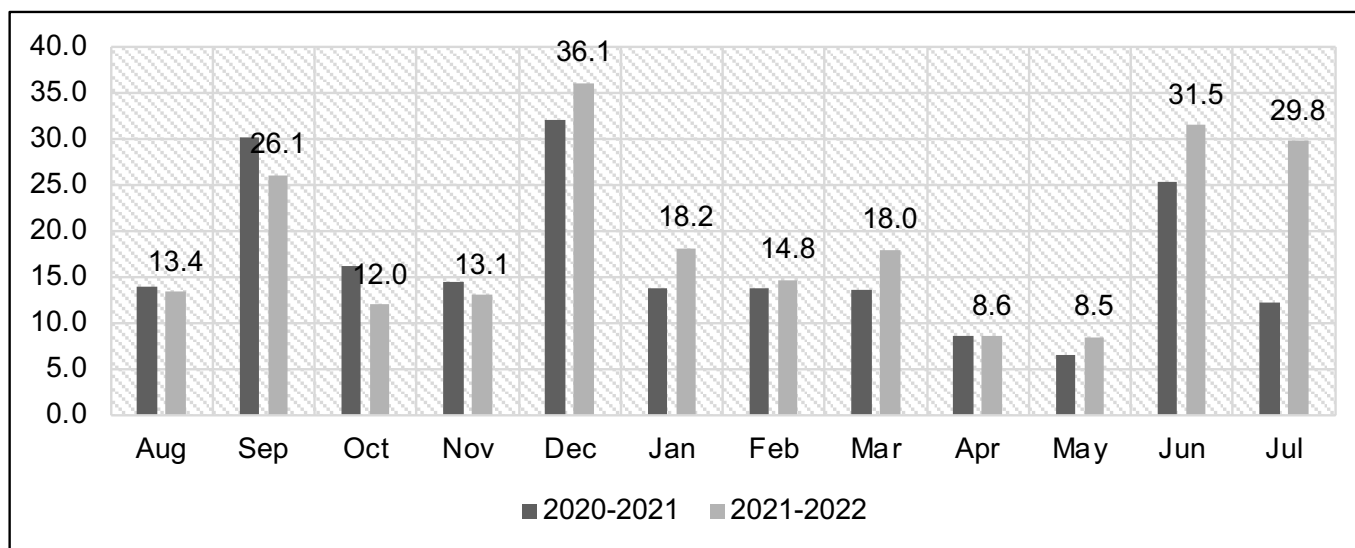
### Income Taxes

The cumulative net income tax collection stood at \$426.0 m, which was above the forecast by \$12.7 m or 3.1%. Compared to the 2020-2021 cumulative collections, it was also higher by \$0.57 m or 0.1%.

## Corporate Tax

Cumulative to July, a total of \$229.9 m was recorded for Corporate Tax, it was above the forecast by \$11.6 m or 5.3%. Compared to the cumulative 2020-2021 collections, Corporate Income Tax collections was higher by \$28.7 m or 14.2%.

**Graph 4: Monthly Corporate Tax Collection**



## PAYE

For the 2021-2022 fiscal year, PAYE collections of \$134.9 m was below the forecast by \$0.8 m or 0.6%. Compared to cumulative 2020-2021 collections, PAYE collections was above by \$8.1 m or 6.4%.

PAYE collections slightly improved compared to the pandemic period. Average monthly collections were up from \$10.2m to \$11.2 m signifying the job uptake in the labour market returning to normalcy. The job advertisement survey also revealed that employment had been on an upward trend for the past seven (7) months (Dec 20-Jun 21) thus correlating with the level of PAYE collections.

## Withholding Taxes

For the 2021-2022 fiscal year, Withholding Tax collections of \$ 64.5 m are above the forecast by \$2.1 m or 3.3%. Compared to 2020-2021 cumulative collections, Withholding Tax collections were lower by \$12.1 m or 15.8%.

Withholding Tax collections from Professional Services are expected to increase given the opening of the borders and phasing out of the travel partner countries policy. There was a marginal upward trend since the opening of the borders and the easement of COVID containment controls.

## Value Added Tax

For the 2021-2022 fiscal year, the net VAT collections of \$660.2 m was below the forecast by \$0.4 m or 0.1%. Compared to 2020-2021 cumulative collections, the net VAT was above by \$217.0 m or 49.0%.

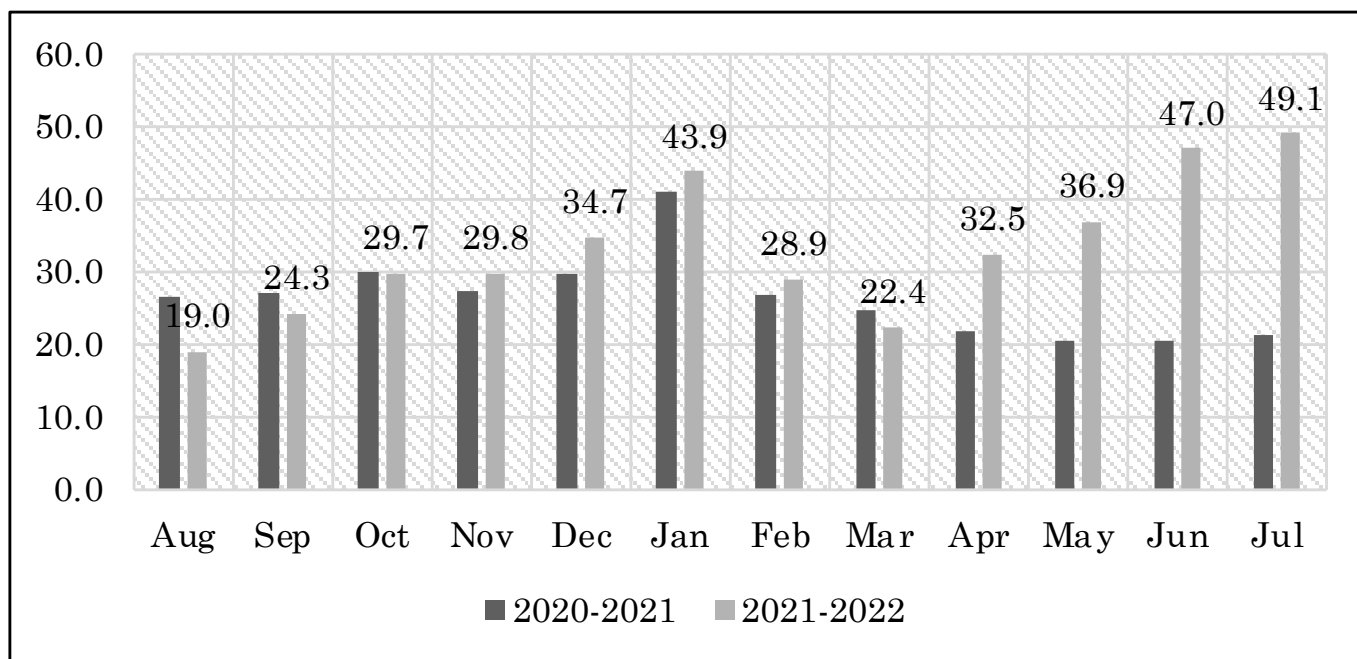
The strong growth in both Domestic VAT and Import VAT was largely due to the strong growth in the tourism sector and the increased rate of 15% on prescribed goods and services which was announced in the revised 2021/2022 national budget. VAT

collections in the 2020-2021 fiscal year had been significantly affected by the outbreak of the second wave of the COVID-19 pandemic and the number of Covid containment measures such as lockdowns, curfews, restrictions on social gatherings that were implemented.

### Domestic VAT

For the 2021-2022 fiscal year, Domestic VAT recorded a total collection of \$398.2 m and it was above the forecast by \$5.6 m or 1.4%. Compared to 2020-2021 cumulative collections, Domestic VAT collections were higher by \$80.1 m or 25.2%.

**Graph 5: Domestic VAT Collection**



Growth in Domestic VAT collections was driven by the strong rebound of the tourism sector and wholesale trade market. The accommodation sector contributed \$11.8 million towards the Domestic VAT collections out of the total collection of \$47 m in June. With the higher anticipated consumption demand coupled with a line of events scheduled to take place in the coming months, Domestic VAT collections are expected to remain strong.

### Customs Duties & Levies

In cumulative terms, the collection was below the forecast by \$2.3 m or 0.5% but when compared to the same period last year, Net Custom was above by \$41.9 m or 10.5%.

Net Customs collection performed relatively well compared to the same period last year. Import VAT, Fiscal Duty and Domestic Excise continued to be the main contributors of Net Customs revenue. The inflationary pressures imported through high food and energy costs, was somewhat added to the improvement of revenue collections from a customs duty standpoint.

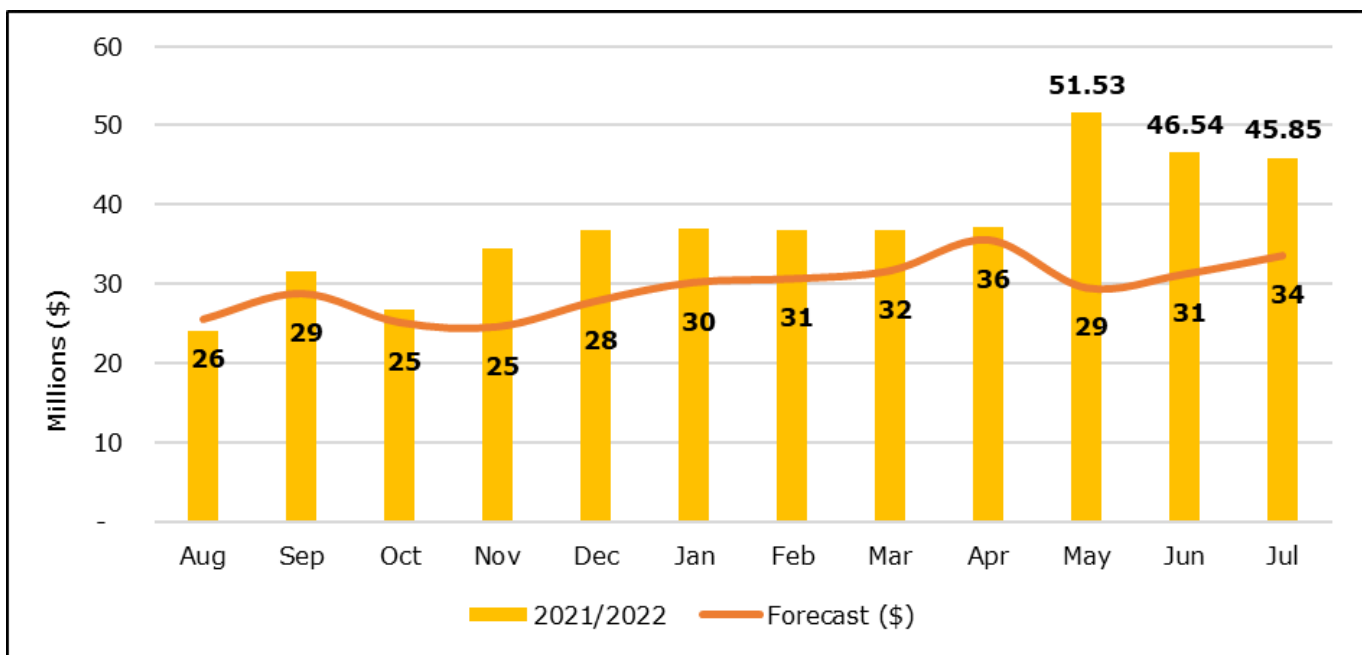
### Import VAT

Cumulative in July, Import VAT collection of \$444.9 m is below the forecast by \$3.2 m or 0.7%. When compared to July 2021 cumulative collections, Import VAT is higher by \$109.4 m or 32.6%.



Import VAT (IV) performance perfectly captures the recovering Fijian economy. In the first four months of the 2021/2022 fiscal year, Import VAT collections averaged around \$29.2 m per month. As economic conditions improved towards the end of December 2021 and spilling over to 2022, so was the performance of Import VAT collections with the growing need for imported products to sustain the domestic demand. The Import VAT performance for May, June, and July with an average monthly collection of \$47.9 m signifies that the Fijian economy recovered at a faster pace than expected and exceeds pre-pandemic levels. Underpinned by the high freight costs, food & energy demand, Import VAT maintained its momentum in the following months of the fiscal year

**Graph 6 – Import VAT Collections**



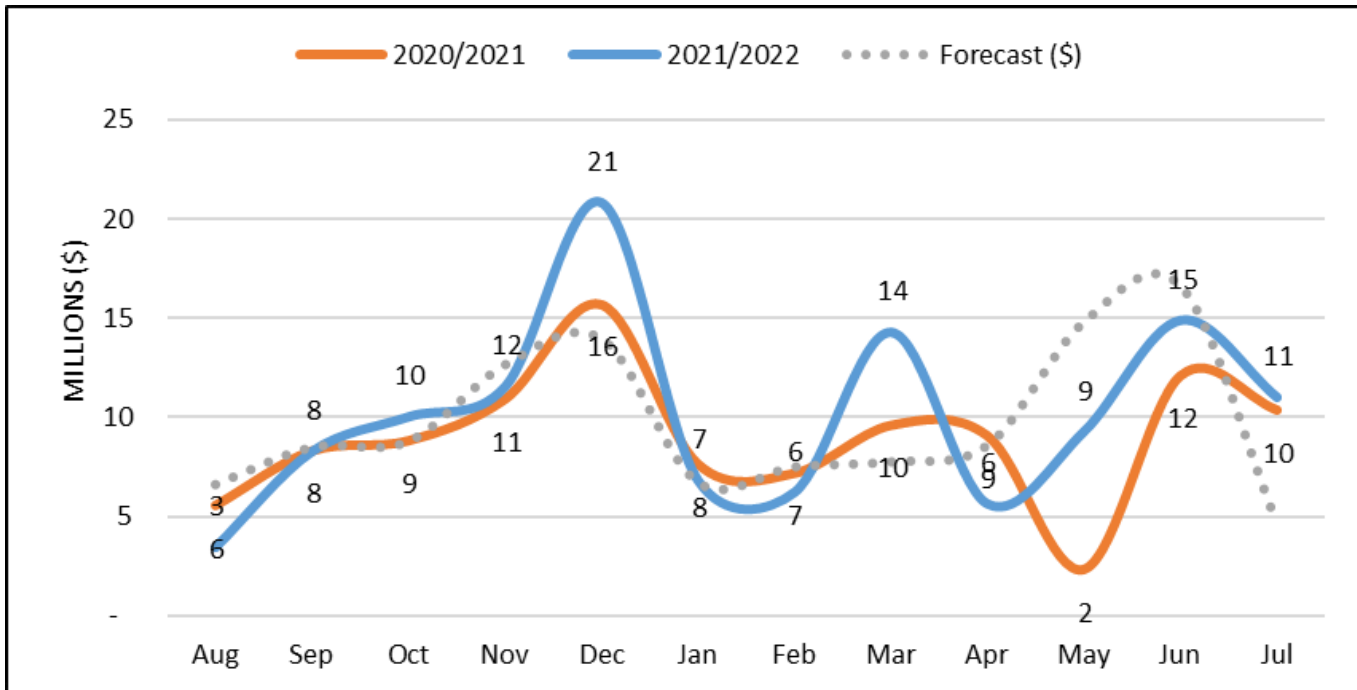
### Fiscal Duty

Fiscal duty has been a consistent performing tax type during the pandemic and has gradually increased in the 2021/2022 fiscal year. Since its highly correlated with the level of imports, the high import cost including the freight cost aided the increased fiscal duty where ad-valorem duty was applicable. Revenue generating chapters for Fiscal duty stem from the importation of Machinery, Mineral Fuels, Motor Vehicles and Electric Equipment.

### Domestic Excise Duty

In cumulative terms, Excise Duty collections stood at \$122.5 m which was above the forecast by \$1.1 m or 0.9%. Compared to 2021 cumulative collections, Excise Duty was also above by \$15.1m or 14.0%. The domestic excise collection mirrors the domestic consumption pattern and gradually increased leading up to the festive season and tourism peak periods and declined during off-peak periods.

**Graph 7 – Domestic Excise Duty Collections**



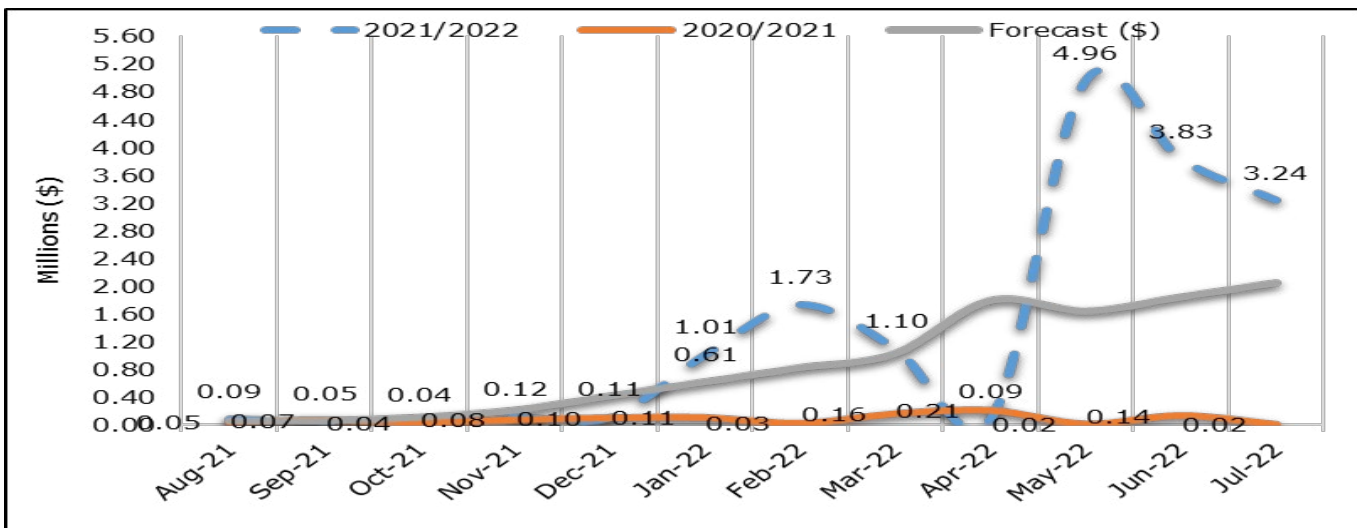
**Water Resource Tax**

Cumulatively, Water Resource Tax recorded \$83.6 m which was above the forecast by \$0.8m or 1.0%. Compared to 2021 cumulative collections, Water Resource Tax was also above by \$11.7m or 16.2%.

WRT remained strong, and a relevant revenue earner as bottled water, mainly Fiji Water is one of Fiji’s key export commodities.

**Departure Tax**

The Departure tax graph below exactly captures the recovery in the tourism sector compared to the same period last year when international borders were closed, and the country was dealing with the second wave of COVID infections. The re-commencement of international travel has not only brought about a hype of activities in the tourism space, but it has also created positive spill over benefits to sectors linked directly and indirectly to tourism. With new routes and increased flights scheduled to Fiji and local hotels and resorts recording increased room occupancy bookings, the departure tax collection is maintained a favourable trend.



## Priority Area: Corporate Culture Change

### Restructure and Re-design

It was a very challenging twelve months for the organization. The organization had undergone a restructuring and redesign. Some positions were made redundant which resulted in the downsizing of the staff numbers. The table below shows the number of staff as of August, 2021 and as of January 2022, after the redundancy process.

#### Number of Staff

	Total Staff	Male	Female
As at Aug -21	698	349	349
As at Aug -22	566	291	275

The need to reduce staff was due to the economic and technological changes. The technological changes were done through self-assessment and the fact that the New Tax Information System was being implemented in phases, allowed taxpayers the ability to obtain their tax information online. Taxpayers can carry out their tax affairs online like printing TIN letters, lodging of returns, checking their tax status, etc. A staff survey was conducted in August to obtain feedback from staff and stakeholders on their experience using the online portal. As an organization there were a few areas where FRCS needed to improve its work environment, culture change, service, morale and mind set of the staff. The organization values and invests in its staff regarding training, capacity building and ensuring personal growth and development. During the twelve months of the fiscal year, most training and workshops were done virtually due to the pandemic.

## Priority Area: Border Security

The closure of airports for all passenger flights contributed to the decrease in flights by 44% in the year of 2020 and 2021, however in December 2021, the flights increased by 200% due to the re-opening of our Fiji borders.

In the Maritime space, foreign vessel movements decreased by 10% during the year 2020 to 2021 with a notable decrease during the second half of the year. However, during May, June and July there was a significant increase in the number of vessel clearances due to the end of the cyclone season. In addition to this, there was also a boost to the passenger vessel arrivals from March 2021 when Fiji's second Blue Lane Yacht port was approved for Savusavu by the Government.

Following on from the pandemic in 2020, the Border Control officers were deployed to the cargo clearance areas and some new initiatives were formulated to facilitate the flow of legitimate trade. After the 1st quarter of 2021, trade flows including postal mail gradually increased and although not at the same volumes experienced pre-Covid, the volume in 2021 had significantly recovered when compared to 2020.

Whilst the movement of travellers remains restricted in 2021, individuals utilized the increased personal allowance of concession code 212 (Personal Effects arriving by sea or airfreight) to order goods online and receive consignments from families and friends abroad. Approximately 33% of importations in 2021 were cleared by our officers through the border initiative of advanced clearance using non-intrusive inspections.



This initiative minimized physical intervention of officers on personal consignments that posed a low risk. The Border Control division was also heavily involved in relief efforts during the three cyclones that hit Fiji in 2021 namely, Yasa, Ana and Bina. Our involvement was focused on the timely facilitation of disaster relief efforts which saw some of our officers deployed with the Disaster Management Committee (DISMAC) teams.

## **Border Enforcement**

As part of our duty in protecting our borders and communities, our border officers issued a total of 1,062 detention notices on restricted and prohibited goods. These included goods that were not declared or wrongly declared by the importer to avoid paying the correct duty. The smuggling of illicit drugs continue to be a concern at our borders however with the continuous upskilling of our officers and the knowledge of criminal intelligence available, we prevented these illicit drugs from entering the country.

Another area of concern encountered at our borders is the smuggling of high dutiable goods such as liquor and tobacco products. This is a concern as it affects the collection of revenue for the country, a total value of F\$100,000 was collected due to these detections.

A unique detention was also intercepted in 2021 of fraudulent Immigration documents where our officers led a joint operation with the Fiji Immigration Department and the Fiji Police Force. This led to the arrest of a Fiji national charged with human trafficking. Fiji being the hub of the Pacific, we continue to face new and emerging trends and challenges at our borders. We acknowledge the continuous development of criminal activities that test our process and systems at the borders and are grateful to our international partners for providing our teams the training to develop our capability and knowledge on the new criminal trends.

## **Online CCP-AIR Condensed Basic Training 1**

On 10th March 2021, FRCS joined hands with United Nations represented by the Office of Drugs and Crime (UNODC) for the roll out of the Container Control Program (CCP) as part of our collaboration with the World Customs Organisation (WCO) and the support from the Australian Border Force and the Air Cargo Control Unit (ACCU). The unit is tasked with profiling inbound and outbound air consignments and to identify and stop those that may carry illicit substances. The program aims to bring the best of counterpart agencies working together and focus the unit on risk analysis, joint profiling and targeting in an inter-agency setup.

## **Priority Area: Governance**

FRCS is committed to maintaining a Corporate Governance structure based on the needs of its stakeholders, its Board and the staff. The organization aims to promote four key governance principles of Transparency, Responsibility, Fairness and Accountability and to ensure that the necessary organizational framework and institutional capacity are in place for implementation.

The FRCS management approved the Communications Security Policy which deals with Network Security Management and information transfer. The policy is to safeguard the network controls, segregation and security and maintaining the confidentiality in

providing and transferring the information. Also, to ensure the protection of information in networks and its supporting information processing facilities.



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# Financial Statements for the year ended 31 July 2022



# Content

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**FIJI REVENUE AND CUSTOMS SERVICE  
MEMBERS' REPORT  
AS AT 31 JULY 2022**

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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 2022, and the related Financial Performance and Cash Flows Statements for the year ended 31 July 2022 and report as follows:

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

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 Shri Gounder	Appointed on 16th March 2021 to 15th March 2024
Mr Ilisoni Vuldrekeli	Appointed on 1st January 2023 to 31st December 2025
Ms. Umesh Prasad	Appointed on 27th September 2021 to 26th September 2023
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 Yae	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 deficit of the Service for the year ended 31 July 2022 was \$2,860,752 compared to net deficit of \$8,922,139 for the period ended 31 July 2021.

**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 2022, the Service had made a provision of \$15,535 as doubtful debts. The debt was money owed to the Service by a supplier and former staffs who had left employment without clearing outstanding dues. Legal advice is being sought for the recovery of the dues hence adequate provisions has been made for the doubtful debts.

**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

Continued on the next page



**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

21/09/2023  
.....  
Date

FIJI REVENUE AND CUSTOMS SERVICE  
STATEMENT BY THE MEMBERS  
AS AT 31 JULY 2022

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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 2022;
- (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 2022;
- (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 2022;
- (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.....<sup>21</sup>.....day of Sep..... 2023.

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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P. O. Box 2214, Government Buildings  
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Website: [www.oag.gov.fj](http://www.oag.gov.fj)



### 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 2022, 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 2022, 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 Annual Report but does not include the financial statements and the auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report 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.

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

- 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.

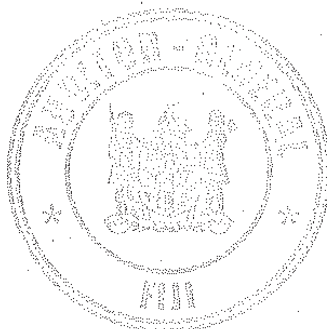
### Report on Other Legal and Regulatory Requirements

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.



Sairusi Dukuno  
**ACTING AUDITOR-GENERAL**



Suva, Fiji  
28 September 2023



**FIJI REVENUE AND CUSTOMS SERVICE**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022**

		31 July 2022	31 July 2021
	Notes	\$	\$
<b>Total Equity</b>	<b>(refer page 30)</b>	<b>79,610,778</b>	<b>82,471,530</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalent	5	16,287,731	21,740,773
Receivables	6	5,886,874	7,991,871
Inventory		197,866	222,450
Prepayments		1,481,907	907,479
Investments	7	17,604,323	20,051,707
<b>TOTAL CURRENT ASSETS</b>		<b>41,458,701</b>	<b>50,914,280</b>
<b>NON- CURRENT ASSETS</b>			
Property, Plant and Equipment	8	31,060,969	30,248,453
Intangible Assets	9	29,877,273	31,300,645
Right-Of-Use Assets	14(a)	21,548,572	24,344,317
Investment Property	10	10,438,433	10,606,033
<b>TOTAL NON-CURRENT ASSETS</b>		<b>92,925,247</b>	<b>96,499,448</b>
<b>TOTAL ASSETS</b>		<b>134,383,948</b>	<b>147,413,728</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	11	2,055,408	5,781,935
Provision	12	390,709	572,747
Lease Liabilities	14(b)	2,935,168	2,916,026
Revenue Received In Advance		1,079,843	512,252
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,461,128</b>	<b>9,782,960</b>
<b>NON-CURRENT LIABILITIES</b>			
Revenue Received In Advance		1,378,569	-
Lease Liabilities	14(b)	21,595,197	23,978,996
Deferred Grant Liability	13	25,338,276	31,180,242
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,312,042</b>	<b>55,159,238</b>
<b>TOTAL LIABILITIES</b>		<b>54,773,170</b>	<b>64,942,198</b>
<b>NET ASSETS</b>		<b>79,610,778</b>	<b>82,471,530</b>

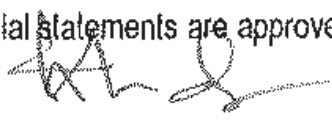
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# FIJI REVENUE AND CUSTOMS SERVICE

## STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2022

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

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

Member ..... 

Member ..... 

Date: ..... 21/09/2023

**FIJI REVENUE AND CUSTOMS SERVICE**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 JULY 2022**

		<b>31 July 2022</b>	<b>31 July 2021</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>			
Grants from Government	15(a)	31,646,205	27,000,000
Grants in Kind	15(b)	-	10,504
Fees and Charges	16	6,050,068	4,962,328
Recoupment of Depreciation through grants	13	5,875,353	7,249,714
Sundry Income	17	415,103	416,343
Interest Income		747,312	1,477,730
Revaluation Gain - Investment Property		-	4,345,061
Rent Concession		298,711	55,449
Gain on Disposal of Asset		27,962	77,940
<b>TOTAL REVENUE</b>		<b>45,060,713</b>	<b>45,595,069</b>
<b>EXPENSES</b>			
Employee Costs	18	26,267,017	32,173,510
Administrative Expenses	19	2,000,848	2,241,432
Other Operating Expenses	20	5,718,779	5,934,974
Property Expenses	21	1,228,661	1,229,914
Depreciation - PPE	8(a) and 10	6,034,116	6,289,763
Depreciation - Right-of-use Assets	14(a)	3,375,764	3,369,295
Amortisation of Intangible Asset	9	1,423,372	1,222,046
Finance Cost	14(b)	1,872,908	2,056,274
<b>TOTAL EXPENSES</b>		<b>47,921,466</b>	<b>54,517,208</b>
<b>NET SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(2,860,753)</b>	<b>(8,922,139)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation Gain		-	1,425,790
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(2,860,753)</b>	<b>(7,496,349)</b>

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.

Continued on the next page

**FIJI REVENUE AND CUSTOMS SERVICE**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022**

	<b>Asset Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	
<b>Balance as at 01 August 2020</b>	<b>10,534,061</b>	<b>79,433,818</b>	<b>89,967,879</b>
Surplus/(Deficit) for the period	-	(8,922,139)	(8,922,139)
Other Comprehensive income	1,425,790	-	1,425,790
<b>Balance as at 31 July 2021</b>	<b>11,959,851</b>	<b>70,511,679</b>	<b>82,471,530</b>
Surplus/(Deficit) for the period	-	(2,860,753)	(2,860,753)
<b>Balance as at 31 July 2022</b>	<b>11,959,851</b>	<b>67,650,926</b>	<b>79,610,778</b>

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 2022**

		<b>31 July 2022</b>	<b>31 July 2021</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Amount received from government for operating activities		31,646,205	27,000,000
Amount received for services provided		7,640,336	3,728,830
Payments to suppliers & employees		(36,883,869)	(37,375,501)
<b>Net cash provided by operating activities</b>		<b>2,402,672</b>	<b>(6,646,671)</b>
<b>Cash flows from investing activities</b>			
Payment for Property, Plant & Equipment		(6,657,929)	(8,663,123)
Net redemption / (payment) for investment		2,447,384	11,247,810
Proceed from sale of fixed assets		27,962	74,492
Interest from investment and other income		822,061	1,986,490
Income from investment property		309,921	309,233
<b>Net cash provided / (used) in investing activities</b>		<b>(3,050,601)</b>	<b>4,954,902</b>
<b>Cash flows from financing activities</b>			
Lease payments	14(b)	(4,805,113)	(4,272,361)
<b>Net cash provided / (used) from financing activities</b>		<b>(4,805,113)</b>	<b>(4,272,361)</b>
Net increase / (decrease) in cash held		(5,453,042)	(5,964,130)
Cash as at beginning of the year		21,740,773	27,704,903
<b>Net cash at the end of the year</b>	<b>22</b>	<b>16,287,731</b>	<b>21,740,773</b>

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.

# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 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 (“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 21 September 2023

### 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 2022.

### e. Cash and cash equivalents

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

Continued on the next page

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### 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 revalued amount less accumulated depreciation and impairment loss.

#### Additions

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

#### Depreciation rates

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

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

Continued on the next page

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### **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 preceding the change.
  - b.** Any reduction in lease payments affects only payments originally due on or before 31 July 2022.
  - 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 have 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.

Continued on the next page



## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### 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

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### (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 asset, 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.

Continued on the next page

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### **(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.

Continued on the next page

# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 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.

Continued on the next page

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### **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, 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 offsetted 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.

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# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 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.

<b>Financial Assets</b>	<b>&lt;1 year</b>	<b>2 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Investment	17,604,323	-	-	17,604,323
Receivables	1,236,367	4,419,727	230,780	5,886,875
<b>Total</b>	<b>18,840,690</b>	<b>4,419,727</b>	<b>230,780</b>	<b>23,491,197</b>
<b>Financial Liabilities</b>				
Trade and other payables	1,912,130	143,278	-	2,055,408
Provisions	390,709	-	-	390,709
<b>Total</b>	<b>2,302,839</b>	<b>143,278</b>	<b>-</b>	<b>2,446,117</b>

Continued on the next page



# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 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

Cash and Cash Equivalents	31 July 2022	31 July 2021
Operating Account - ANZ	2,335,885	7,523,393
Fees & Charges - HFC	5,724,947	417,092
Operating Account - BSP	964,719	953,476
Interest Bearing- Bred Bank	6,231,699	12,113,098
BOB - Cheque Account	10,186	10,186
Petty Cash	2,100	2,770
Debit Card 1 - WBC	30,081	17,865
FRCS E Account -WBC	911,880	637,903
FRCS E Account -HFC	51,807	49,160
Debit Card 2 - WBC	8,593	-
Operating Account - HFC	15,833	15,830
<b>Cash and Cash Equivalent</b>	<b>16,287,731</b>	<b>21,740,773</b>

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 and WBC Debit Card earn interest.

Continued on the next page

# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 6. RECEIVABLES

	31 July 2022	31 July 2021
Debtors	787,439	357,590
WHT Refund	4,419,727	4,419,727
Deposits	149,042	146,632
Rental Deposits	81,738	81,738
Interest Receivable	222,060	270,598
Business Advance	3,239	-
VAT Refund	239,164	2,727,542
	5,902,409	8,003,827
Less: Doubtful Debts	(15,535)	(11,956)
<b>Total Receivables</b>	<b>5,886,874</b>	<b>7,991,871</b>
<p>Terms and conditions of the above financial assets</p> <ul style="list-style-type: none"> <li>-Debtors are non-interest bearing and are normally received with 30-60 day terms.</li> <li>-Interest receivable and business advance are non-interest bearing with an average term of 60-180 days.</li> </ul>		
<b>Contingent Assets</b>	<b>-</b>	<b>50,000</b>
<p>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.</p>		

## 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 0.75% - 3%

	31 July 2022	31 July 2021
	\$	\$
Current	17,604,323	20,051,707
<b>Total Investments</b>	<b>17,604,323</b>	<b>20,051,707</b>

## 8. PROPERTY, PLANT AND EQUIPMENT

Carrying amount of :	\$	\$
Building	7,194,317	7,476,994
Computer Hardware	2,655,212	3,929,124
Office Equipment	264,906	395,662
Furniture & Fixtures	1,706,653	2,009,777
Land	3,525,000	3,525,000
Motor Vehicles	5,652,682	7,215,392
Detectors & Scanners	3,601,717	5,678,919

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FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF  
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

**8. PROPERTY, PLANT AND EQUIPMENT (continued)**

<b>a. Reconciliation of Property, Plant and Equipment – 2021/2022</b>										
	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 2021	3,525,000	8,461,707	11,050,546	6,987,351	10,642,826	11,443,660	11,051,799	17,585	63,180,474	
Additions	-	17,878	84,916	52,671	56,079	-	33,386	8,771,273	9,016,203	
Disposals	-	-	-	(2,722)	-	(65,980)	-	-	(68,702)	
Transfers	-	-	-	-	-	-	-	(2,328,374)	(2,328,374)	
<b>Total</b>	<b>3,525,000</b>	<b>8,479,585</b>	<b>11,135,462</b>	<b>7,037,300</b>	<b>10,698,905</b>	<b>11,377,680</b>	<b>11,085,185</b>	<b>6,460,484</b>	<b>69,799,601</b>	
Accumulated depreciation										
Balance at 1 August 2021	-	984,713	7,121,422	6,591,689	8,633,049	4,228,268	5,372,880	-	32,932,021	
Depreciation expense	-	300,557	1,358,828	183,427	359,203	1,553,913	2,110,588	-	5,866,516	
Eliminated on disposal of assets	-	-	-	(2,722)	-	(57,183)	-	-	(59,905)	
<b>Total</b>	<b>-</b>	<b>1,285,270</b>	<b>8,480,250</b>	<b>6,772,394</b>	<b>8,992,252</b>	<b>5,724,998</b>	<b>7,483,468</b>	<b>-</b>	<b>38,738,632</b>	
<b>Carrying amount as at 31 July 2022</b>	<b>3,525,000</b>	<b>7,194,315</b>	<b>2,655,212</b>	<b>264,906</b>	<b>1,706,653</b>	<b>5,652,682</b>	<b>3,601,717</b>	<b>6,460,484</b>	<b>31,060,969</b>	

Continued on the next page

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

Capital Works in Progress	6,460,481	17,585
<b>Total</b>	<b>31,060,970</b>	<b>30,248,453</b>
<b>Work in Progress</b>		
<b>Opening Balance</b>	<b>17,585</b>	<b>6,114,556</b>
Addition during the year	8,771,273	9,239,956
Transfer: IT and others	(2,272,296)	(385,701)
Transfer: WHT Refund	-	(3,659,847)
Transfer: Expenses	-	(1,345,288)
Transfer: NTIS	-	(8,053,054)
Transfer: New Nadi Office	(56,079)	(1,893,037)
<b>Closing Balance</b>	<b>6,460,483</b>	<b>17,585</b>

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

	June/2021	July/2016
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
<b>Total Value</b>	<b>11,027,000</b>	<b>9,875,000</b>

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 2022, 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

Cost-Software	31 July 2022	31 July 2021
Balance as at 1st August 2021	35,408,411	29,542,349
Additions	-	8,053,055
Disposals	-	(2,186,993)
<b>Balance as at 31 July 2022</b>	<b>35,408,411</b>	<b>35,408,411</b>

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## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

<b>Accumulated amortisation:</b>		
Balance as at 1st August 2021	4,107,766	5,065,540
Amortisation for the year	1,423,372	1,222,046
Eliminated on disposal of assets	-	(2,179,820)
<b>Balance as at 31 July 2022</b>	<b>5,531,138</b>	<b>4,107,766</b>
<b>Net Carrying amount</b>	<b>29,877,273</b>	<b>31,300,645</b>

### 10. INVESTMENT PROPERTY

	31 July 2022	31 July 2021
	\$	\$
<b>Investment Property</b>		
Balance as at 1 August 2021	10,620,000	6,995,000
Add: Revaluation gain	-	3,625,000
<b>Balance as at 31 July 2022</b>	<b>10,620,000</b>	<b>10,620,000</b>
<b>Accumulated Depreciation</b>		
Balance as at 1 August 2021	13,967	551,250
Eliminated on revaluation	-	(720,061)
Add: Depreciation	167,600	182,778
Balance as at 31 July 2022	181,567	13,967
<b>Written Down Value as at 31 July 2022</b>	<b>10,438,433</b>	<b>10,606,033</b>

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.

### 11. Trade and Other Payables

	31 July 2022	31 July 2021
	\$	\$
Trade payable	552,449	4,258,342
VAT payable	376,719	-
Others	1,126,240	1,523,593
<b>Total Trade and other Payables</b>	<b>2,055,408</b>	<b>5,781,935</b>

Continued on the next page

## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

### 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 2022	31 July 2022	31 July 2021
<b>Annual Leave</b>	<b>\$</b>	<b>\$</b>
Opening Balance	572,747	641,793
Accrued during the year	1,200,950	1,502,686
Utilised during the year	(1,382,988)	(1,571,732)
<b>Closing Balance</b>	<b>390,709</b>	<b>572,747</b>

## 13. RECOUPMENT OF DEPRECIATION THROUGH GRANTS

	31 July 2022	31 July 2021
	<b>\$</b>	<b>\$</b>
<b>Building</b>		
Written down Value	766,212	803,059
Depreciation recoupment	(36,847)	(36,847)
Deferred Grant Liability	729,365	766,212
<b>Computer Hardware &amp; Software</b>		
Written down Value	15,260,965	17,087,193
Addition during the year	-	119,120
Disposal	-	(2,422)
Depreciation recoupment	(1,735,712)	(1,942,926)
Deferred Grant Liability	13,525,253	15,260,965
<b>Motor Vehicles</b>		
Written down Value	7,215,392	8,836,643
Disposal	(8,797)	(42,256)
Depreciation recoupment	(1,553,913)	(1,578,995)
Deferred Grant Liability	5,652,682	7,215,392
<b>Furniture &amp; Fittings</b>		
Written down Value	1,879,379	611,753
Addition during the year	56,079	1,514,557
Depreciation recoupment	(300,731)	(246,931)
Deferred Grant Liability	1,634,727	1,879,379

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## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

<b>Office Equipment</b>		
Written down Value	324,773	87,133
Addition during the year	22,847	378,480
Depreciation recoupment	(148,233)	(140,840)
Deferred Grant Liability	199,387	324,773
<b>Detectors and Scanners</b>		
Written down Value	5,663,392	7,784,588
Addition during the year	33,386	-
Depreciation recoupment	(2,099,916)	(2,121,196)
Deferred Grant Liability	3,596,861	5,663,392
<b>Deferred Grant - Expenses</b>		
Depreciation Recoupment- Old Nadi Office	-	(1,036,205)
Depreciation Recoupment- New Nadi Office	-	(145,774)
	-	(1,181,979)
<b>Total Depreciation Recoupment</b>	<b>5,875,353</b>	<b>7,249,714</b>
<b>Committed Capital Grant which are in progress:</b>	<b>\$</b>	<b>\$</b>
Capital Grant	-	70,130
	-	<b>70,130</b>
<b>Total Deferred Grant Liability</b>	<b>25,338,273</b>	<b>31,180,242</b>

### 14. LEASES

	31 July 2022	31 July 2021
<b>a. Right-Of-Use Assets</b>	<b>\$</b>	<b>\$</b>
Balance as at 01 August 2021	24,344,317	27,713,612
Additions during the year	580,019	-
Adjustments	-	-
Depreciation charge for the year	(3,375,764)	(3,369,295)
<b>Balance as at 31 July 2022</b>	<b>21,548,572</b>	<b>24,344,317</b>
<b>b. Lease Liabilities</b>		
Current	2,935,168	2,916,026
Non-Current	21,595,197	23,978,996
<b>Total Lease Liabilities</b>	<b>24,530,365</b>	<b>26,895,022</b>

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## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

<b>Reconciliation of movement of liabilities to cash flows from financing activities</b>		
Balance as at 01 August 2021	26,895,022	29,111,109
Additions during the year	567,547	-
Total Lease Liability for the year	27,462,569	29,111,109
<b>Less Repayment of Lease Liability</b>		
Lease payment	(4,805,113)	(4,272,361)
Interest Expense	1,872,908	2,056,274
Net Repayment of Lease Liability	(2,932,204)	(2,216,087)
<b>Closing Balance as at 31 July 2022</b>	<b>24,530,365</b>	<b>26,895,022</b>

### 15. GRANTS

	31 July 2022	31 July 2021
	\$	\$
<b>a. GOVERNMENT GRANTS</b>		
Operating Grants from Government	31,646,205	27,000,000
<b>Net Grant received from Government</b>	<b>31,646,205</b>	<b>27,000,000</b>
Operating grant for the financial year 2021-2022 was received in full amounting to \$32.122m (VIP)		
<b>b. GRANTS IN KIND</b>		
Grants in Kind	-	10,504

As part of the New Zealand Governments Aviation and Border Security Capacity and Aid program, the Service received five Itemiser DX Trace Detection Systems for a total value of \$33,385.50 VEP. 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 2022	31 July 2021
	\$	\$
<b>Fees and Charges</b>	<b>6,050,068</b>	<b>4,962,328</b>

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 Finance reimburses these funds to the Service.

### 17. SUNDRY INCOME

	31 July 2022	31 July 2021
	\$	\$
Income from Investment Property	303,040	303,040

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## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

Rental Income	6,881	7,225
Other Revenue	105,182	106,078
<b>Total Sundry Income</b>	<b>415,103</b>	<b>416,343</b>

### 18. EMPLOYEE COSTS

	31 July 2022	31 July 2021
	\$	\$
Salaries and Wages	22,985,749	27,935,034
FNPF, Overtime and Allowances	1,660,440	1,644,570
Annual Leave	1,200,950	1,502,685
Training, Professional Development	143,152	173,202
Recruitment, Transfer and Others	276,726	918,019
<b>Total Employee Costs</b>	<b>26,267,018</b>	<b>32,173,510</b>

### 19. ADMINISTRATIVE EXPENSES

	31 July 2022	31 July 2021
	\$	\$
Communications	768,233	857,804
Electricity, Water & Power Supply	778,126	900,090
Travel and Accommodation	92,945	20,585
Contributions to ASMP, WCO & CATA	361,544	462,953
<b>Total Administrative Expenses</b>	<b>2,000,848</b>	<b>2,241,432</b>

### 20. OTHER OPERATING EXPENSES

	31 July 2022	31 July 2021
	\$	\$
Insurance	150,342	112,174
Computer Maintenance/Software Licenses	4,365,508	3,495,558
Stationery & Supplies	300,806	227,376
Vehicle Service & Maintenance	190,431	142,219
Training Levy	249,054	295,124
FCEF Levy	10,000	10,000
Consultancy / Special Projects	116,936	180,131
Professional fees	-	36,977
Legal Fees	25,465	26,697
Audit Fees	41,112	41,112
Advertising /Public Education	67,603	18,870
Books, Periodicals, Publication	972	16,286

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## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

Uniforms & Entertainment	3,638	9,425
Directors Fees	82,586	77,299
Minor Assets	51,458	158,307
Taxi / Freight	-	335
Bank Fees and Charges	24,321	21,389
Write Off & Doubtful Debts	3,579	1,042,184
Dog Kennel Expenses	13,573	13,516
Asset Writedown	-	7,173
Rewards	21,395	2,822
<b>Total Other Operating Expenses</b>	<b>5,718,777</b>	<b>5,934,974</b>

### 21. PROPERTY EXPENSES

	31 July 2022	31 July 2021
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)	\$	\$
Office Rent	-	56,096
Staff Quarters	17,059	-
Office Maintenance	1,211,602	1,173,818
<b>Total Property Expenses</b>	<b>1,228,662</b>	<b>1,229,914</b>

Rodwell Road property expenses for the period was \$103,081

### 22. NOTES TO STATEMENT OF CASH FLOW

Reconciliation of Cash	31 July 2022	31 July 2021
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	2,335,885	7,523,393
Fees & Charges - HFC	5,724,947	417,092
Operating Account - BSP	964,719	953,476
Interest Bearing- Bred Bank	6,231,699	12,113,098
BOB - Cheque Account	10,186	10,186
Petty Cash	2,100	2,770
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FRCS E Account -WBC	911,880	637,903
FRCS E Account -HFC	51,807	49,160
Debit Card 2 - WBC	8,593	-
Operating Account - HFC	15,833	15,830
<b>Cash on hand and in Bank</b>	<b>16,287,731</b>	<b>21,740,773</b>

Continued on the next page

# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 23. COMMITMENTS

	31 July 2022	31 July 2021
	\$	\$
NTIS	3,192,356	11,645,048
Fortinet Fortigate Firewall	81,000	-
Renewal of Lenovo HX Series Warranty	262,410	-
FASTPASS Passport Scanner	147,000	-
CCTV - FRCS Premises	35,477	-
Biometric Devices - Nasese Office	60,537	-
Backup Appliance Expansion	247,798	-
New Nadi Office	-	178,140
Supply of Nutanix Hardware Infrastructure	135,917	-
<b>Total Commitment</b>	<b>4,162,496</b>	<b>11,823,188</b>
<b>Contingent Liabilities</b>	<b>708,793</b>	<b>579,177</b>
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.		
<b>Operating lease commitments</b>		
Total commitments for future base lease rentals are as follows:		
<b>Operating lease revenue</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
Non Cancellable operating lease rentals are receivables as follows:		
Not later than 1 year	6,193	6,537
Later than 1 year but not later than 5 years	-	-
Greater than 5 years	-	-

## 24. RELATED PARTIES

<b>a. Transaction with related parties</b>		
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>b. Directors and Key Management Personnel Remuneration</b>	31 July 2022	31 July 2021
	\$	\$
Directors' remuneration-fees	82,586	77,299
Key Management Personnel remuneration for salary and other benefits	798,803	520,575

Directors remuneration include amounts paid to the directors of the Service. Remuneration for Mr. Shri Gounder was paid directly to the Ministry of Economy. Remuneration for Ms. Fay Yee, Ms. Lala Sowane, Mr. Mahmood Khan, Mr. Parvez Akbar and Ms. Umesh Prasad was paid to them.

# FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

## 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.

<b>Mr. Mark Dixon - Chief Executive Officer</b>	04/01/2022 - 31/07/2022
<b>Ms. Fay Yee - Acting Chief Executive Officer</b>	20/09/2021 - 03/01/2022
<b>Mr. Jonetani Vuto - Acting Chief Executive Officer</b>	16/01/2021 - 17/09/2021
<b>Mr. Ben Chand - Director People, Capability &amp; Culture</b>	30/05/2022 - 31/07/2022
<b>Mrs. Emily Yalimaiwai - Chief Information Officer</b>	28/08/2020 - 31/07/2022
<b>Mr. Shavindra Nath - Chief of Staff</b>	09/05/2022 - 31/07/2022
<b>Mr. Shavindra Nath - Acting Director Corporate Services</b>	08/08/2021 - 08/05/2022
<b>Mrs. Shelini Devi - Acting Director Border Forces</b>	09/05/2022 - 31/07/2022
<b>Mr. Winston Rounds - Acting Director Border Forces</b>	21/02/2022 - 06/05/2022
<b>Mr. Osea Dakai - Acting Director Border Forces</b>	16/10/2021 - 31/01/2022
<b>Mr. Nausad Ali - Acting Director Border Forces</b>	14/06/2021 - 15/10/2021
<b>Mr. Fazrul Rahman - Director Revenue Management</b>	01/09/2020 - 24/12/2021

## 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 Service Complex**  
**Lot 1 Corner of Queen Elizabeth Drive and Ratu Sukuna Road**  
**Nasese**  
**Suva, Fiji**

## 26. EVENTS SUBSEQUENT TO BALANCE DATE

The Coalition Government has made a commitment to write off debts related to the Tertiary Education Loan Scheme (TELS) on the basis that students will do service to the country through bonding provisions.

## 27. AGENCY TRANSACTIONS ADMINISTERED FOR THE GOVERNMENT OF FIJI

<b>a. GOVERNMENT REVENUE</b>		
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.		
<b>Government revenue is recognised on cash basis.</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
	\$	\$
Customs Collection	545,770,303	478,429,365
Less: Rebates/misc. fees & charges	(3,734,566)	(5,460,785)
	542,035,736	472,968,580
Inland Revenue Collection	554,414,806	526,874,071

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## FIJI REVENUE AND CUSTOMS SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022

Less: Refunds	(66,836,195)	(30,040,513)
	487,578,611	496,833,558
Value Added Tax	853,697,534	664,739,804
Less: Refunds	(193,535,161)	(221,597,330)
	660,162,373	443,142,474
<b>Total Government Revenue</b>	<b>1,689,776,721</b>	<b>1,412,944,612</b>
<b>b. GOVERNMENT ASSETS - DEBTORS</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
The balance outstanding as at 31 July 2022 of \$823,573,104 consisted of revenue arrears as follows:		
Income Tax & Other Taxes	109,011,020	130,754,850
Value Added Tax	75,012,988	71,908,221
Customs	8,376,640	8,250,356
Tertiary Education Loan Scheme (TELS)	589,084,789	539,292,968
PSC Loan	8,770,995	8,824,081
MSME Loan	33,316,672	33,258,450
<b>Total Arrears</b>	<b>823,573,104</b>	<b>792,288,926</b>
The above amounts include penalties that may be waived and balances that may be disputed by taxpayers.		
For the year ended 31 July 2022, a total amount of \$275,373,876 for TELS loan balances was provisioned for expected future Accelerated Repayment Incentive (ARI) claims by students.		
For the year ended 31 July 2022, the total amount of \$82,764,298 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.		
<b>c. GOVERNMENT LIABILITIES</b>	<b>31 July 2022</b>	<b>31 July 2021</b>
VAT Refunds Outstanding	90,539,393	109,687,969
Income Tax Refunds	27,510,829	23,909,409
Film Rebate	108,993,406	42,842,251
<b>Total Liabilities</b>	<b>227,043,628</b>	<b>176,439,629</b>
<b>d. GOVERNMENT CONTINGENT LIABILITIES AND CONTINGENT ASSETS</b>		
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.		
Contingent Liability	72,824,038	58,474,353
Contingent Asset	50,000	-

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A world class revenue service delivering excellence in revenue collection, border protection, trade and travel facilitation.



**Headquarters**

Revenue & Customs Service Complex,  
Lot 1 Corner of Queen Elizabeth Drive  
& Ratu Sukuna Road, Nasese, Suva.

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