



LABASA TOWN COUNCIL

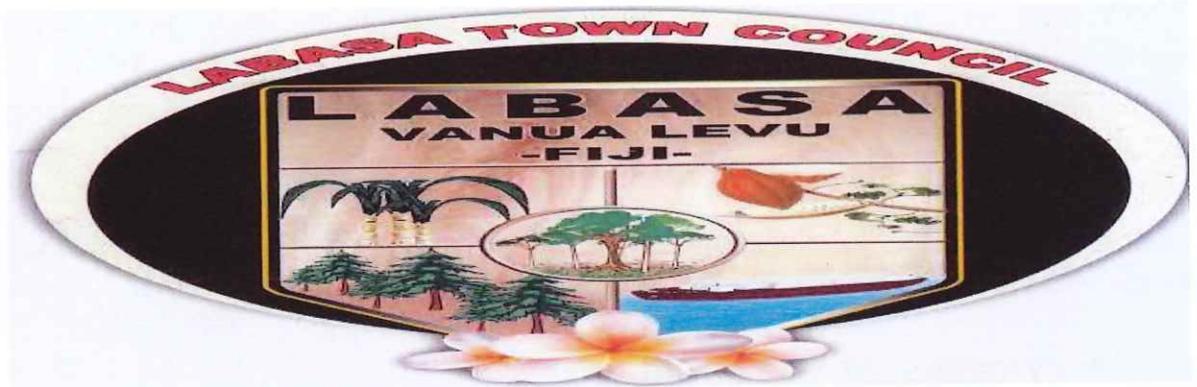


ANNUAL REPORT 2020 / 2021



PARLIAMENT OF FIJI
PARLIAMENTARY PAPER NO. 154 OF 2025

LABASA TOWN COUNCIL



ANNUAL REPORT 2021

[August 2020 to July 2021 Narratives]

Acting Chief Executive Officer
M. F. ALI

ANNUAL REPORT 2021

INTRODUCTION

Annual Report is a summary of proceedings and activities of the Council from August 1, 2020 to July 31, 2021 (s19).

THE COUNCIL

The Ministry of Local Government, Housing and Community Development appointed **Mr. Justin Hunter** as the Special Administrator- Chair along with **Mr. Ami C. Kohli & Ms. Doreen Robinson** [special administrators] for Labasa and Savusavu Town Council's on the 28th August, 2019.

This appointment was in accordance with the Local Government Act 1972. Term for the Special Administrators appointed expired on 27th August 2021.

SENIOR OFFICERS OF THE COUNCIL

Chief Executive Officer - **Mr. Sumeet Prasad** [resigned]

[Note, the position was vacant since 29th of April 2016 - Health Inspector/Building Surveyor [HI/BS] Mr. ALI was appointed to Act as Council's CEO. The position was duly advertised by the Ministry of Local Government on 16/12/2017 and thereafter on 9/2/2019].

Mr. Sumeet Prasad was appointed as the Councils incoming new Chief Executive Officer for three [3] years effective from 9th October 2019. However, Mr. Sumeet on 30/10/20 resigned from office.

As an interim arrangement HI/BS Mr. Ali was once again re-appointed to Act as the Council's CEO effective from 3/11/2020 until the position was advertised and duly filled. Note, the CEO's position was thereafter advertised in July 2021 and till date the position is yet to be finalized by Ministry of Local Government.

Manager Finance & Administration - **Ms. Karishma Devi** [appointed on 12th April 2021 under a 3yr. contract].

[Note, the Accountant Ms. Seema resigned in November 2019 to join Savusavu Town Council as its new Ceo. Council under the Special Administrators appointed based on the recommendations of the out-going Accountant, resolved in the Council meeting to appoint Council's property officer one Mr. Ashneel Singh to Relieve as the Accountant until the position was advertised and duly filled].

Health Inspector/Building Surveyor - **Mr. Mohammed Faiz Ali**

Works Supervisor - Vacant [officer resigned]

[note: Council assigned its Senior Carpenter Mr. Maloni Rawesi to take charge of the Works Depot. until the position was advertised and filled].

Properties Officer - Mr. Ashneel Singh

Market Manager - Vacant [position advertised]

[Note, the former Market Manager Mr. Shalendra Atish Chand employment with Council was terminated for misappropriation of market stall fees etc. and the matter was reported to FICAC for investigations. Charges were laid by FICAC - matter currently before Court]

Enforcement Officer - Mr. Akaia Turanga

Legal Officer - Mr. Akash A. Prasad [appointed in 26th April 2021 under a 3yr. contract]

Librarian - Ms. Ishne lata [appointed on 16/8/21 under a 3yr. contract]

Organisation Structures

Council in consultation with Ministry of Local Government had carried out reviews of its existing organisation structure in 2020 and finally adopted a Revised Organisation Structure in 2021 - refer to revised structure below.

Under the revised Organisation Structure certain positions were upgraded and with positions advertised in phases. New appointments were made under a new 3yr, employment contractor under the revised structure.

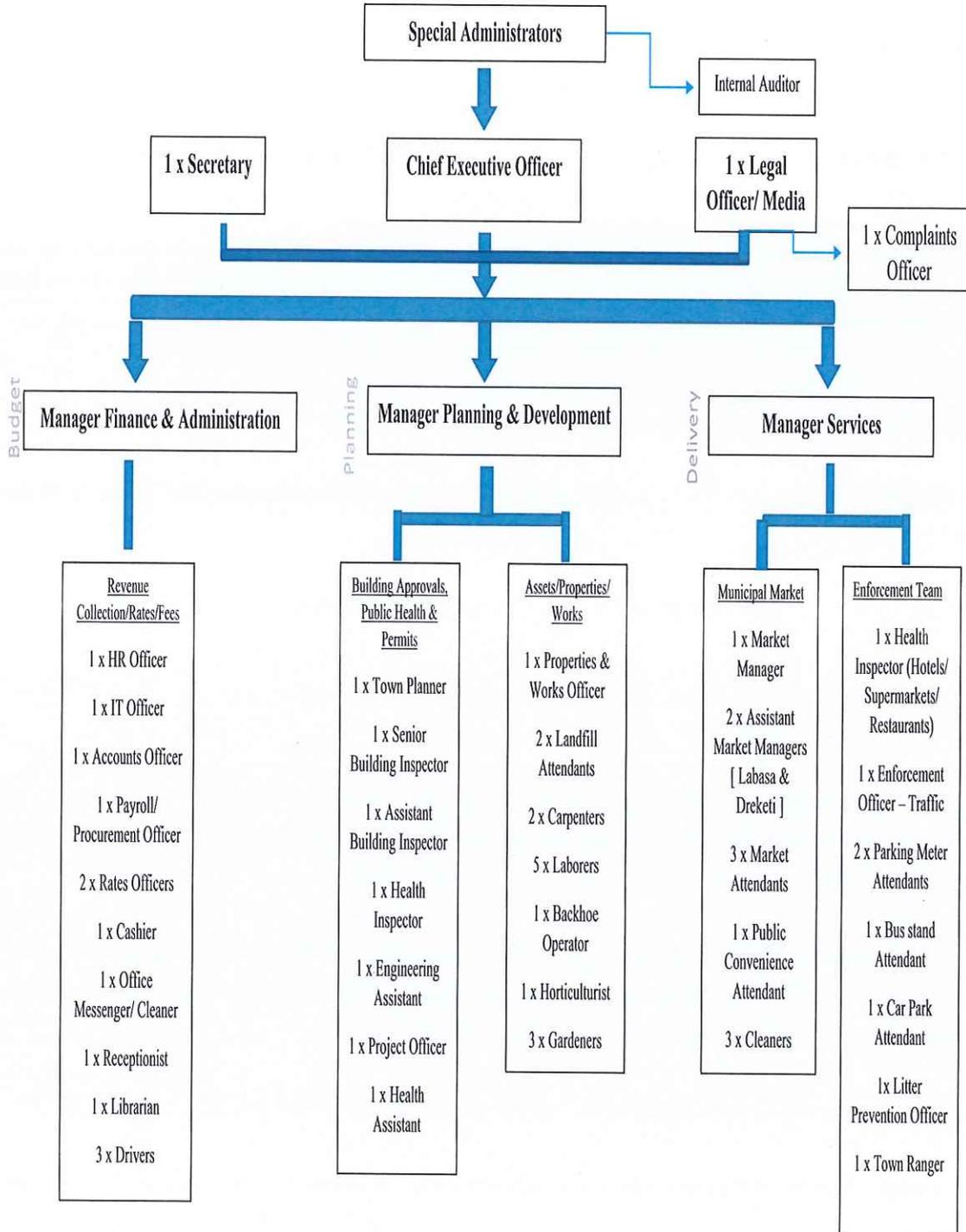
Council also entered into a Collective Agreement with FPSA on 16th April 2021.

Note, some of the positions were re-advertised to enable the Council to screen, select and appoint a suitable candidate or employee under the OMRS.

Organisation Structure

LABASA TOWN COUNCIL

ORGANISATION STRUCTURE 2021



POPULATION

Estimated population for 2017 (census 2007):

Labasa Urban	-	7,706
Labasa Peri Urban	-	20,243

Other Provinces that the council indirectly serves:

Bua	-	14,176
Macuata	-	72,441
Cakaudrove	-	49,344

RATES

Town Rates are the highest income source for the Council Rates are levied on unimproved capital value of all rateable properties within the town.

Rates Levied for the year 2021 remained as follows: -

General Rate	-	0.937 cents in the \$ on UCV
Special Rate	-	0.125 cents in the \$ on UCV

1.062 cents in the \$ on UCV
=====

ACTIONS AGAINST DEFAULTING RATEPAYERS

The Council is taking the following actions against defaulting ratepayers to enhance rate collection, especially arrears of rates:

- House to house rate collections (most effective)
- Payment of rates by instalments (most effective)
- Reminder notices served to defaulters
- Summons through Small Claims Tribunal
- Lodging of Fiji Charge on property owing huge rates
- Deductions at source
- Attornment of leases
- Withhold building permits until rates are settled
- Exercising other provisions in the Local Government Act

TOTAL VALUE OF PROPERTIES

Total value of rateable properties based on year 2017 valuation:
\$92,709,745.00 UV

COUNCIL AUDITORS

Office of the Auditor General, Fiji.

COUNCIL BANKERS

Bank of Baroda
Westpac Banking Corporation Limited
Australia and New Zealand Banking Group Limited
Bank of South Pacific
HFC Bank

OVERVIEW

Vision

Vision for the Community

To build Labasa Town as an attractive place to live, work, visit and do business.

Vision for the Organization

Strive to honor our past, manage our present and embrace our future to create a quality, unique place for families and businesses.

Mission

To provide a framework for a high quality of life, promote a strong sense of community and provide responsive public services in a caring, ethical, innovative and accountable manner.

Values

In delivering its mission statement, Labasa Town Council believes in the following values:

Communication

Simplicity

Good Governance

Responsibility and Responsiveness

Community Participation

Sustainable Development

Quality

Accountability

Leadership

Strategic priority areas:

Key strategic priorities by which Council will achieve its Vision and Mission are:

1. *Community and Lifestyle*
2. *Health and Safety*
3. *Economic Development*
4. *Environment Sustainability*
5. *Infrastructure Services*
6. *Transport Services*
7. *Organizational Performance*
8. *Governance*

ANNUAL CORPORATE PLAN 2021 ACHIEVEMENTS

Key Strategic Priority 1: Community & Lifestyle

Due to COVID-19 restrictions placed on public gathering and social distancing etc., Council had to defer its quarterly ratepayer consultations meetings within the four wards namely at Tuatua Housing, Naiyaca subdivision, Naodamu Subdivision & Namara. This consultation over the years basically involved our team to explain to the residents the services provided by the Council including on capital projects and also to take note of their grievances and expectations in their respective area.

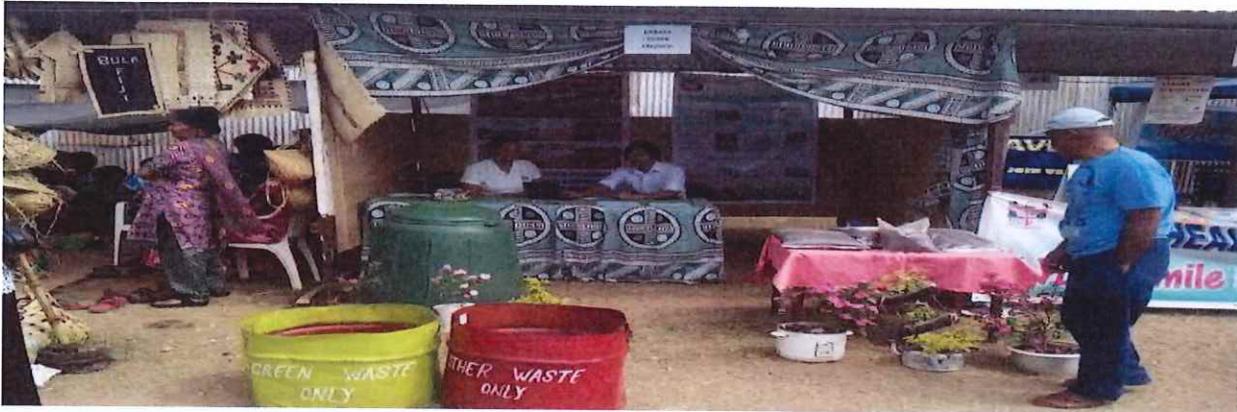


Flashback photos of yesteryears out-reach programs

On the contrary Council conducted its Ordinary Full Council & Standing Committee meetings under strict Covid protocols and minute copies were made available for members of the public or ratepayers for feedbacks or suggestion etc.

Due to Covid-19 no major carnival or festivals were held.

The Agriculture Show Case 2021 that normally were held at the Subrail Park ground No. 2. by the Ministry of Agriculture, Fisheries and Forest were suspended due to Covid 19 restrictions placed on gatherings and social distancing



[flash back photos of Agriculture shows normally held at Subrail Park]

Key Strategic Priority 2: Health & Safety

The Council undertook stray dog trapping exercise periodically in partnership with Ministry of Primary Industries to abate the nuisance. A total of 42 dogs were trapped, desexed and released.



Stary dogs caught during the dog trapping exercise.

The anti mosquito spraying campaign was undertaken for 2 rounds via mist blowers to eliminate adult mosquitoes and abate powder to destroy mosquito breeding grounds with town area.



Enter and abate of overgrowth for 8 vacant lots within the town boundary were undertaken upon approval of the Medical Officer Northern. This is normally contracted out to the Maintenance Services contractor and the cost per lot is invoiced or added to the town rates of the individual property owner.

A complaints register is maintained by the Council and complaints when received are registered. Upon the receipt of any complaint council officers attend to it within 24 to 48 hours and submit a report for Council's actions. There were 21 registered complaints for the year.

There were a number of cases where residents or business proprietors act in contrary to laws and regulations and the following actions are taken (provisional figures):

- No. of unauthorized development notices served: 59
- No. of improvement notices served: 24
- No. of closing orders served: Nil

Council had to take legal actions against those ratepayers who contravene these Laws and failed to adhere to instructions given by Council.

Key Strategic Priority 3: Economic Development

- A. The new Industrial Subdivision at Vakamasisuasua industrial, Stage 5 [SL1654-2] - State Land without Title [lots 1-9 meant for Industrial, lots 10 -11 meant for Civic-Car Park] carried out through consultants/contractors engaged by the Dept of Lands- note this subdivision currently is incomplete and approval to scheme plans

granted by the Director of Town & Country Planning has lapsed. The Consultants engaged will be seeking extension to the approval granted to complete and comply with conditions imposed by DTCP on 22/10/2014. According to the applicant, FRA requirements/standards need to be met before the subdivision engineering works are cleared.

- B. A new subdivision at Delaituatua, off- Delailabasa Macuata Drive has recently been approved by DTCP for a local investor/developer namely Natural Gifts Carrier Pte Limited that will involve: lots 1-3: commercial; lots 4-41 residential and open space [SL5987]. Site clearing and landscaping works have summarily begun.
- C. Covata Housing Subdivision stage 2 [SL6031] by Housing Authority, Note, landscaping and site clearing works have begun by Contractors involving: Lots 1-106 Residential; one commercial lot; one lot for Civic (Taxi & Mini-market) and lots 109-114 for open space etc.

The building industry in the town had been slow due to COVID-19; however, the following provisional figures could be noted:

- 135 building applications received
- 118 building permits granted
- 19 completion certificates issued
- Nil- Building applications with DTCP
4- Refused
- 70- subdivision applications received & 56 approved, 3 refused, 17 completion certificates issued, 5- with DTCP
- 45- rezoning applications received & 25 approved, 2 refused & 20 - with DTCP,

Following the 2018/2019 announcement of the National Budget, Council effective from 1st of August 2018 was empowered to also provide its services within the 'Extended Town Area' covering the whole of Macuata Province including Rotuma Island- these areas were formerly managed by the Macuata Rural Local Authority [now dissolved]. This meant that whilst the Council will continue to fully exercise and perform municipal powers and functions to implement changes in its administrative, financial and operational functions to ensure efficient and effective services to the existing ratepayers, it was also required to extend its services with the existing manpower and resources to the peri-urban and rural areas particularly to do with development control matters related to Building & Subdivisions including Solid Waste Management.

Business licensing was waived [August 2020] following the 2020/2021 National Budget announcement that incurred substantial loss in revenue for the Council and was not subsidized for by the Government.

Business operations in town were generally normal but operated under strict Covid protocols with high-risk business remained closed until further notifications by gazette.

Key Strategic Priority 4: Environmental Sustainability

As part of the Anti-Mosquitoes Campaign, Council held quarterly Clean Up Campaign within the town area to reduce the outbreak of dengue in the Northern Division. A Diwali Clean Up was also organized in addition to the above cleanup, whereby residents cleared their compounds of unwanted debris in preparation for the festive season.



Photos: flooding during TC Ana [January 2021]



Aftermath Clean-up

The washing of the Bus Station is undertaken by the Bus Operators themselves to clean up the area and any oil spillage that may suffice. It is done on a quarterly basis instead of monthly due to water restrictions placed by WAF and COVID-19.

For the year 2021 Garbage & Refuse Collection (provisional figures) had been as follows: household waste was 15,854.04395 m³ and green waste was 8,221.2594 m³ due to TC Ana.



Namara landfill- main entrance



Control-tipping- semi-aerobic Fukuoka method



The Namara Landfill site is maintained by the Council and its Garbage Contractor on a daily basis.



Namara Landfill Design concept



Composting Techniques

Shredder Machine



The Council had enhanced its home composting method at the Landfill site with the help of a JICA Volunteers, who had to return back to Japan in early 2020 due to COVID-19 repatriations call from the Embassy.

The Clean School program was deferred due to COVID-19. At these programs, Council Health Team usually advocate on home composting and benefits of practicing 3R.

Council had carried out beautification projects in town area and also the upgrade of children's facility for the ratepayer's children to enjoy.



Traffic islands

new planters in Town.



New planter boxes opposite Labasa Court house and in Town



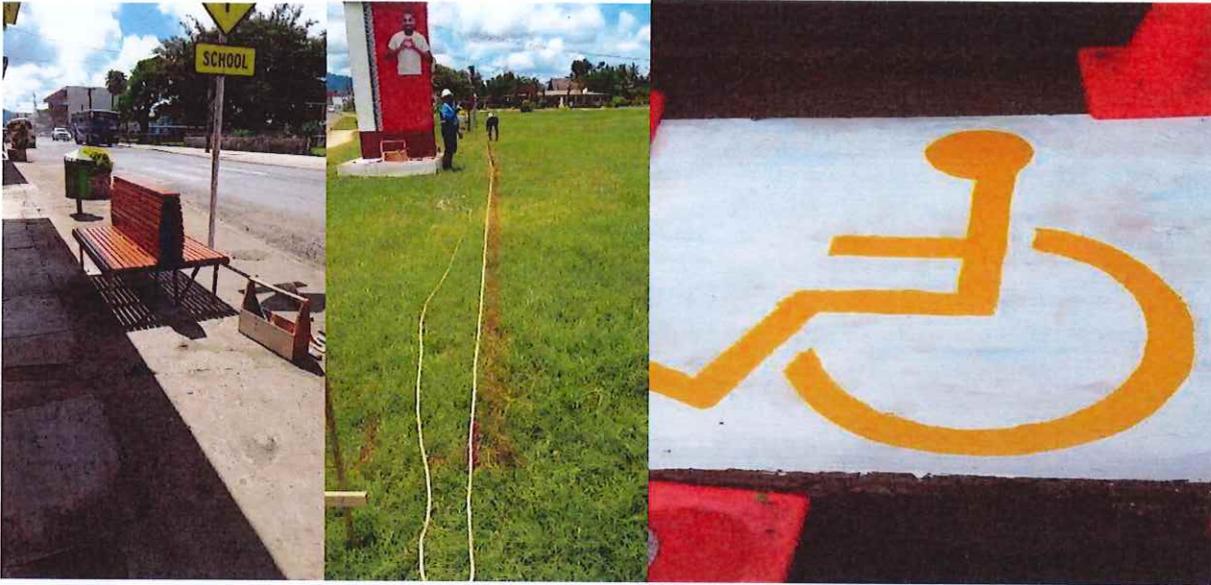
Beautification Projects & landscaping



New Welcome Sign at Nasekula



New Solar Lights installation @ Parks



New benches in Town

Parking for the Disable- market/Civic centre



Subrail Park- main entrance

Benches near Tennis Court

For litter offences, the Council vigorous pursued enforcement of the Litter Decree with awareness on the field by the appointed litter prevention officers and the following provisional figures could be noted:

	2017	2018	2019	2020	2021
Warnings	82	31	23	18	8
Bookings	39	10	8	10	2
Fines paid	25	9	6	10	2
Court cases	4	1	2	Nil	Nil
Warrants	24	0	0	Nil	Nil

Key Strategic Priority 5: Infrastructure Services

Maintenance works to the Municipal Market, Ablution Block, Welcome Sign and Auditorium was undertaken for the year.



Upgrading to ablution block & installing water reserve tanks etc.

Re-aligning of concrete 'V' drains and rock lining of broken and earth drains was also undertaken at Nasekula and off- James Madhavan Street. Council utilized the 'V' drain moldings for fabrications and construction of ones own precast 'V' drains was cheaper than the local market.



Upgrading to existing draiange system

New Benches Installed in Town



Maintenance to existing storm water drainage system within residential & Industrial areas

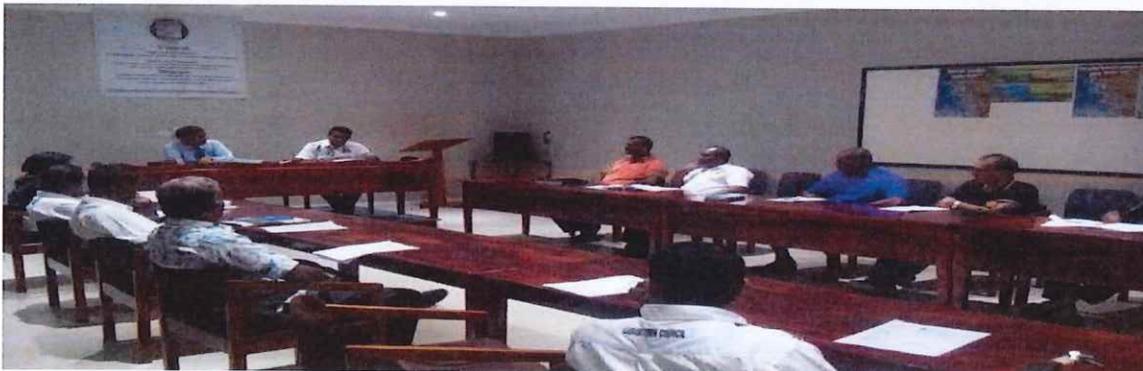
The Council carried out maintenance to 30 litter public bins found to be damaged and were reinstated.



New litter bins

Key Strategic Priority 6: Transport Services

Council had to defer most of its stakeholders meeting conducted on PSV Operators with Land Transport Authority and Police Dept. due to COVID-19.



Flashback photos of past stakeholder's meetings held in Council Chambers

Traffic, street signs and lane markings had been vested to Fiji Roads Authority since 2012 and are looked after by them. Council does its inspections bi-monthly and notifies FRA representative in the Northern Division.



Flashback photos - road maintenance works

Key Strategic Priority 7: Organizational Performance



Flashback photos- meeting with stakeholders etc.

The monthly and weekly routine work of the Council continued despite COVID-19. Weekly payment schedules and monthly reports were submitted to Council on a timely basis for decision making. OHS committee meetings, Council committee meetings and Ordinary Full Council meetings of the Council were held under strict COVID-19 protocols.

In-house HOD meetings with CEO continued every week and resolutions of the Council were planned accordingly for execution and implementation with progress of activities noted on a weekly basis.

Financial Accounts for year 2016 and 2017 were submitted and duly audited by Office of the Auditor General's office and were duly advertised. Draft Financial Accounts for 2018 submitted to OAG with Draft Financial Accounts for 2019 and 2020 are currently being compiled.

Key Strategic Priority 8: Governance

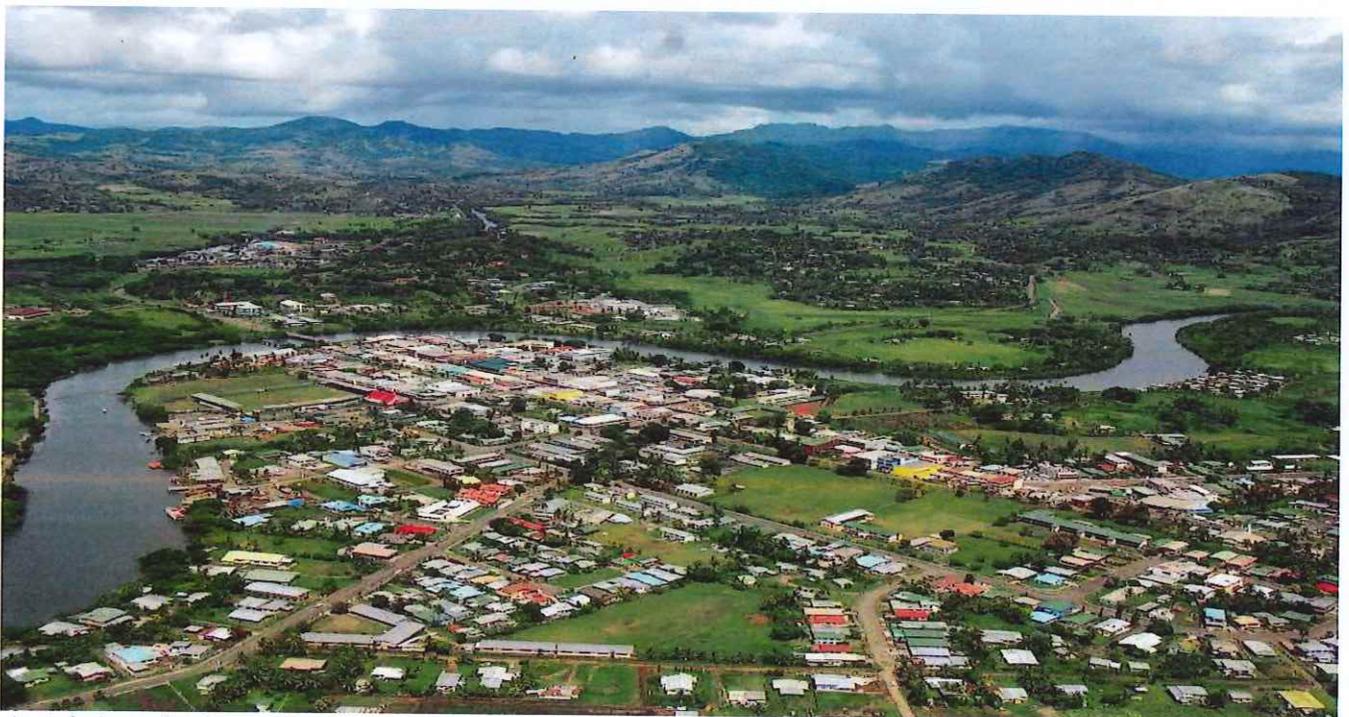
The Council is mainly empowered and governed by the Local Govt Act, Cap. 125, Town Planning Act Cap. 139, and Public Health Act Cap. 111. Other relevant laws of Fiji are also directly or indirectly facilitated and enforced by the Council.



Flashback photos



Welcome sign landscaping



Aerial view of Labasa Town from Namara end- from Nasea North view



Aerial view of Labasa Town from Labasa Bridge end- from Naiyaca view

After the country's general elections in September 2014 and thereafter in November [14th] 2018, Council had to re-aligned its existing policies and business strategies to suit the Constitution of the Country and manifesto of the Government of the Day elected to power particularly relating to the growth of SMEs in the local economy following Covid-19, climate change issues, capital projects to benefit the local community, beautification projects to improve the urban life-style and accessibility towards achieving the 5- 20-year National Development Plans goals in creating vibrant and environmentally sustainable urban centres.

The Council encourages an open-door policy for the residents and citizens of the town. Ordinary Full Council and Standing Committee meetings were held at least once a month under strict COVID-19 protocols.

All monthly Full Council minutes and deliberations of the Council are sent to the Ministry of Local Government. Estimate Budget for 2021 were compiled, however in-consultation with the Ministry of Local Government, Council had to re-align its fiscal year Budget with the National Budget.

Council had re-align its fiscal year budget in 2020 from January 2020 to July 2020 and thereafter to continue as from August 2020 to July 2021 in line with the Governments fiscal year etc.

Submitted to the Honorable Minister for Local Government.

Mr. M. F. Ali
Acting Chief Executive Officer
LABASA TOWN COUNCIL

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File Ref: 735/1

14 October 2025

Paul Jaduram
Chairperson
Special Administrators
Labasa Town Council
LABASA

Dear Mr. Jaduram

LABASA TOWN COUNCIL

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

The audited financial statements for the Labasa Town Council for the financial year ended 31 July 2021 together with my audit report on them are enclosed.

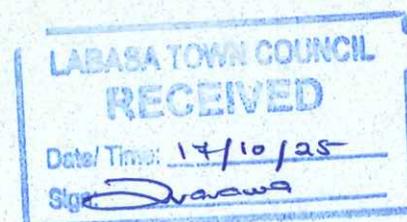
Particulars of errors and omissions arising from the audit has been forwarded to the Management of the Council for necessary action.

Yours sincerely

Finau Seru Nagera
AUDITOR-GENERAL

cc: Mr. Irfan Ali, Acting Chief Executive Officer, Labasa Town Council.

Encl.



LABASA TOWN COUNCIL
FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 JULY 2021

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**LABASA TOWN COUNCIL
COUNCILS' REPORT -
FOR THE YEAR ENDED 31 JULY 2021**

COUNCIL REPORT

The Council herewith submits the statement of financial position at 31 July 2021, the related statement of comprehensive income, statement of cash flows and statement of changes in accumulated funds and reserves for the year then ended and reports as follows:

Management staff

The names of the Board of Directors and management in office during the year and at the date of this report are as follows:

1	Justin Hunter (Special Administrator Chair) -	Appointed on 28/08/2019
2	Ami Kohli (Special Administrator) -	Appointed on 28/08/2019
3	Doreen Miller Robinson (Special Administrator) -	Appointed on 28/08/2019
4	Mohammed Faiz Ali (Acting Chief Executive Officer) -	Appointed on 01/12/2020

Principal activities

The principal activities of the Council under the Local Government Act is to provide for the health, welfare and convenience of the inhabitants of the Labasa Town Municipality and to preserve the amenities or credit thereof.

Results

The Council had a budget surplus of \$345,504 from operations for the year ending on 31 July 2021 and a budget surplus of \$429,580 the previous year ending on 31 July 2020.

Bad and doubtful debts

Prior to the completion of the Council's financial statements, management took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts.

As at the date of this report, the management have made an allowance for doubtful debts at a rate of 10% which is deemed to be unpaid due to no movements for a consecutive of three years. Details are disclosed in the notes to the financial statements.

Basis of accounting

The Council believes the basis of the preparation of the financial statements is appropriate and the Council will be able to continue in operation for at least twelve months from the date of this statement. Accordingly the management believes the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

Events subsequent to balance date

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

Amendments to the Local Government Act 1972

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

Business Licenses

As announced in the 2020/2021 National Budget, effective from 1 August 2020 Fiji's business license regime would no longer be collected by the Council.

Base and Market Fees

As announced in the 2021/2022 National Budget, the Government of Fiji will pay full stall fee for one year effective from 1 August 2021.

Covid-19

Subsequent to balance date, the corona virus disease (COVID-19) outbreak developed rapidly in 2020 bringing a significant health impact globally. Measures taken to contain the virus are already having an impact on global markets and economic activity and Fiji is also impacted with business disruptions and levels of activity already reducing in several market sectors. There is considerable uncertainty around the possible duration of and the resulting depth of impact that may arise subsequently from the disruptions caused.

The Council members and management are carefully considering the impact of the COVID-19 outbreak on the Council and assessing future operational options. The financial impacts, however, cannot be reasonably estimated at this time as it is largely attributable to matters the Council cannot control. Management and the directors believe the Council have sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage the business risks despite the current uncertain economic outlook due to the COVID-19 outbreak. They have a reasonable expectation that the Council have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Aside from the matters referred to above, no charge on the assets of the Council has arisen since the end of the financial period to the date of this report to secure the liabilities of any other person. No contingent or other liability has become enforceable or is likely to become enforceable within a period of twelve months from the date of this report, which in the opinion of the Board, will or may affect the ability of the entity to meet its obligation when they fall due.

LABASA TOWN COUNCIL
COUNCIL'S REPORT - (CONT'D)
FOR THE YEAR ENDED 31 JULY 2021

Other circumstances

As at the date of this report:

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

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

Management benefits

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

For and on behalf of the Council and in accordance with a resolution of the Special Administrator and the Management.

Dated this 6th day of OCTOBER, 2025


.....
Special Administrator


.....
Acting Chief Executive Officer

LABASA TOWN COUNCIL
STATEMENT BY THE COUNCIL
FOR THE YEAR ENDED 31 JULY 2021

In accordance with a resolution of the Council, we state that:

- (a) the accompanying Statement of Comprehensive Income of the Council is drawn up so as to give a true and fair view of the results of the Council for the year ended 31 July 2021;
- (b) the accompanying Statement of Changes in Accumulated Funds and Reserves is drawn up so as to give a true and fair view of the movement in the Council's funds for the year ended 31 July 2021;
- (c) the accompanying Statement of Financial Position of the Council is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 July 2021;
- (d) the accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the state of the cash flows of the Council for the year ended 31 July 2021;
- (e) at the date of this statement there are reasonable grounds to believe the Council will be able to pay its debts as and when they fall due; and
- (f) all related party transactions have been adequately recorded in the books of the Council.

For and on behalf of the Council and in accordance with a resolution of the Special Administrator and the Management.

Dated this 6TH day of OCTOBER 2021



.....
Special Administrator



.....
Acting Chief Executive Officer

OFFICE OF THE AUDITOR GENERAL

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Independent Auditor's Report

Labasa Town Council

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Labasa Town Council ("the Council"), which comprise the Statement of Financial Position as at 31 July 2021, and the Statement of Comprehensive Income, Statement of Changes in Accumulated Funds and Reserves, 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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 July 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Qualified Opinion

Included in Trade Receivables balance of \$2,415,604 (Note 6) is rates receivable amounting to \$2,178,066 of which \$2,057,854 or 94% of total rates are over 90 days old. Although a provision for impairment was recognized, it was not sufficient to reliably determine the carrying amount of the balance. Consequently, I am unable to ascertain if the rates receivable balance of \$2,178,066 is fairly stated as at 31 July 2021.

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 Council 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 Management and Special Administrators are responsible for the other information. The other information comprises the Council's Report but does not include the financial statements and the auditor's report thereon, which I obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to me after that date.

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

Other Information (cont'd)

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 on the work I have performed on the other information that I obtained prior to the date of this auditor's report, 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 of the Council and the Special Administrators are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, and for such internal control as the Management and the Special Administrators 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 the Special Administrators are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and the Special Administrators either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. 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 skepticism 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

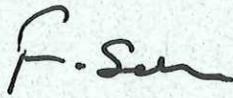
- Conclude on the appropriateness of the Management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Local Government Act 1972, 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 Council has kept financial records sufficient to enable the financial statements to be prepared and audited.



Finau Seru Nagera
AUDITOR-GENERAL



Suva, Fiji
14 October 2025

LABASA TOWN COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Income		
Rates:		
General	978,757	1,093,016
	<u>978,757</u>	<u>1,093,016</u>
Less: rates discount	(16,656)	(25,170)
Less: interest waiver	-	(5,734)
Less: town rate waiver	<u>(537)</u>	<u>(38,823)</u>
	961,564	1,023,289
Amortisation of capital grant	54,589	31,844
Business licence fees	13,236	188,742
Fees, charges and rent	1,022,100	558,973
Interest	6,468	-
Parking meter	44,841	34,231
Car park	33,712	18,402
Grant Received	31,784	-
Others	<u>86,412</u>	<u>7,330</u>
Total Income	<u>2,254,706</u>	<u>1,862,811</u>
Expenses		
Depreciation and amortization	209,126	114,396
Administrative and operating costs	697,375	437,240
Auditor's remuneration	917	780
Doubtful debts/Bad Debts	110,457	52,949
Employees salaries and benefits	573,227	327,560
Finance cost	3,007	1,900
Maintenance costs	<u>884,161</u>	<u>440,229</u>
Total expenses	<u>2,478,270</u>	<u>1,375,054</u>
Operating (deficit)/ surplus for the year	(223,564)	487,757
Other comprehensive income	-	-
Total comprehensive (loss)/ profit for the year	<u>(223,564)</u>	<u>487,757</u>

The above statement is to be read in conjunction with the notes to and forming part of the financial statements.

LABASA TOWN COUNCIL
 STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
 FOR THE YEAR ENDED 31 JULY 2021

COUNCIL MUNICIPAL FUNDS	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Opening balance as at 1 August	10,343,951	9,804,201
Council write-off of Trade Receivables differences	-	-
Council recognized revenue correctly which initially was taken as trust funds	-	-
Refundable deposit wrongly being taken in FS	-	-
VAT receivables adjustment as per the SVA	14,678	75,769
Prior Year Adjustment - incorrect account allocation)	(8,706)	-
Addition to Asset Revaluation Reserve	2,396,465	-
Surplus/(deficit) for the year		
General Fund (Page 21)	(260,762)	463,981
Lighting Fund (Page 23)	-	-
Balance at 31 July	<u>12,485,626</u>	<u>10,343,951</u>

The above statement is to be read in conjunction with the notes to and forming part of the financial statements.

LABASA TOWN COUNCIL
 STATEMENT OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
 FOR THE YEAR ENDED 31 JULY 2021

COUNCIL OTHER FUNDS

	Notes	Parking Meter Fund	Car Park Fund	Total
		\$	\$	\$
Opening balance as at 1 August, 2020		(144,994)	88,587	(56,407)
Surplus for the year (Page 22 & 24)	4	3,486	33,712	37,198
VAT Adjustment as per the SVA		1,459	-	1,459
At 31 July 2021		(140,049)	122,299	(17,750)
Opening balance as at 1 January, 2020		(156,401)	70,185	(86,216)
Surplus for the year (Page 22 & 24)	4	5,374	18,402	23,776
VAT Adjustment as per the SVA		6,033	-	6,033
At 31 July 2020		(144,994)	88,587	(56,407)

The above statement is to be read in conjunction with the notes to and forming part of the financial statements.

LABASA TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

	Notes	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
ASSETS			
Current assets			
Cash at bank and on hand	5	1,578,097	1,959,792
Trade receivables	6	2,161,626	1,957,074
Prepayments and other receivables	7	251,692	251,692
Total current assets		3,991,415	4,168,558
Non current assets			
Property, plant and equipment	8	1,798,386	2,103,936
Investment properties	9	8,286,324	5,757,244
Intangible assets	10	10,212	10,212
Total non current assets		10,094,922	7,871,392
TOTAL ASSETS		14,086,337	12,039,950
LIABILITIES			
Current liabilities			
Trade and other payables	11(a)	691,472	769,224
Provision for Employee Entitlements	11(b)	4,376	5,980
Total current liabilities		695,848	775,204
Non current liabilities			
Deferred grant	12	922,613	977,202
Total non current liabilities		922,613	977,202
TOTAL LIABILITIES		1,618,461	1,752,406
NET ASSETS		12,467,876	10,287,544
COUNCIL FUNDS			
Council Municipal Funds			
Retained earnings	Page 9	12,485,626	10,343,951
Council Trust Funds			
Parking meter fund	Page 10	(140,049)	(144,994)
Car park fund	Page 10	122,299	88,587
Total funds		12,467,876	10,287,544

The above statement is to be read in conjunction with the notes to and forming part of the financial statements.

LABASA TOWN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2021

	Note	Jul-21 \$ (12 months) Inflows/ (Outflows)	Jul-20 \$ (7 months) Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		1,885,108	1,607,905
Payments to suppliers and employees		<u>(2,230,612)</u>	<u>(1,178,325)</u>
Net cash (used in)/ provided by operating activities		<u>(345,504)</u>	<u>429,580</u>
Cash flows from investing activities			
Acquisition of capital assets		(36,191)	-
Acquisition of parking meter capital assets		<u>-</u>	<u>-</u>
Net cash flows (used in) investing activities		<u>(36,191)</u>	<u>-</u>
Cash flows from financing activities			
Government grant		<u>-</u>	<u>-</u>
Net cash flows provided by in financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		(381,695)	429,580
Cash and cash equivalents at the beginning of the year		<u>1,959,792</u>	<u>1,530,212</u>
Cash and cash equivalents as at the end of the year	5	<u><u>1,578,097</u></u>	<u><u>1,959,792</u></u>

The above statement is to be read in conjunction with the notes to and forming part of the financial statements.

**LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

1. Corporate Information

The Labasa Town Council was incorporated in Fiji under the Local Government Act, 1972. The address of its registered office and principal place of business is Reddy's Place, P O Box 92, Labasa Town Council, Labasa. The principal activities under the Local Government Act is to provide for the health, welfare and convenience of the inhabitants of the Labasa Town Municipality and to preserve the amenities or credit thereof.

2. Basis of Preparation

The financial statements have been prepared on accrual basis under the historical cost convention using the accounting policies described below and except where stated, do not take into account current valuations of non - current assets. The financial statements are presented in Fijian dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

Standards, amendments and interpretations issued

Standards Issued and Effective

Labasa Town Council has adopted International Financial Reporting Standard 9, "Financial Instruments" (IFRS 9), effective January 1, 2018. The Council believes that the adoption of IFRS 9 will provide more relevant and reliable information to users of its financial statements.

The council will review the impact of this standard in the next financial year.

Statement of compliance

The financial statements of Labasa Town Council have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board and the Local Government Act.

The Labasa Town Council reporting entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of these financial statements.

The Labasa Town Council has received parking monies in compliance with the Traffic Act and contributions from developers under the Town Planning Act. As the Council performs a custodial role, these funds are excluded from Council funds.

Amounts received as tender deposits and retention amounts controlled by the Council are included in the financial statements, disclosed as "sundry deposits" under current liabilities.

Significant accounting judgments, estimates and assumptions

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

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Estimations and assumptions

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

Impairment of non financial assets

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

3. Summary of Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. Summary of significant accounting policies - continued

b) Investment and other financial assets
Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit and loss, any directly attributable incremental costs of acquisitions or issue.

Receivables

Rates receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Rates receivables are initially recognized as receivables from the commencement of each rating period (inclusive of VAT where applicable). After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains or losses are recognized in the income statement when the receivables are derecognized or impaired, as well as through the amortization process. Bad debts are written-off as incurred.

Rates received in advance of the rating period are recognized as a liability.

c) Impairment of financial assets

The Council assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Council will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

d) Property, plant and equipment

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

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

- Land and building	2.5%	- Motor vehicle	18%
- Office equipment	10%	- Tools, plant and equipment	10%

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

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

On 1 March 2021, Labasa Town Council received a valuation report from the Ministry of Lands for the current valuation of Council property, and the resulting revaluation surplus and impairment loss have been recorded in the council's financial records and asset reserve.

e) Intangible assets

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

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

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

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognized.

3. Summary of significant accounting policies - continued

f) Impairment of non-financial assets

The Council assesses at each reporting date or more frequently if events or changes and circumstances indicate that the carrying value may be impaired, whether there is an indication that a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount.

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Council makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

g) Investment Property

Investment property is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes the cost of replacing part of the investment property when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investment property as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in income statement as incurred.

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

Land and Building 2.50%

Premiums on leasehold land are capitalised and amortised over the term of the lease.

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

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

On 1 March 2021, Labasa Town Council received a valuation report from the Ministry of Lands for the current valuation of Council property, and the resulting revaluation surplus and impairment loss have been recorded in the council's financial records and asset reserve.

h) Fund Accounting

The Labasa Town Council has adopted a fund accounting system, as a considerable part of annual revenues comprises of rates for different purposes and special purpose funds as required by the Local Government Act. Accordingly, it is necessary to establish a separate fund to record the amount received, expenditure incurred and the net balance of funds available to be carried forward into the next financial year.

The identification of funds is maintained throughout the accounting system, thus providing the control necessary to ensure that each fund is used only for the purpose for which it is received.

Details of Special Purpose Funds maintained by the Council are:

Parking meter fund

The Council, in compliance with the Traffic Act, has to maintain a separate account for the operation of parking meters in designated areas of roads within the city.

Car park fund

This fund has been created for contributions received from developers under the Town Planning Act. The fund is used to construct and develop car parks.

i) Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the Council expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

j) Employee entitlement

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

Wages and salaries, sick leave and annual leave

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

3. Summary of significant accounting policies - continued

k) **Leased assets**

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Council as a lessee

Finance leases, which transfer to the Council substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Council will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

l) **Trade and other payable**

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

m) **Deferred grant**

Plant and equipment acquired through donations and grant are brought to account as assets. Such donations and fundings are treated as deferred income which are brought to income over the asset's estimated useful life.

n) **Revenue recognition**

Revenue is recognized in the financial statements using the accrual concept of accounting.

o) **Income tax**

The Council is exempt from income tax in accordance with the provisions of Section 17(4) of the Income Tax Act 2015.

p) **Comparative figures**

Comparative figures have been amended where necessary, for changes in presentation in the current year.

q) **Change in Financial Year**

Effective 1 January 2020, the Labasa Town Council has changed its financial year-end from 31 December to 31 July.

The financial statements for the period 1 January 2020 to 31 July 2020 cover a 7-month period and are not directly comparable to prior periods.

Reason for the change: The change in financial year-end aligns with the Fiji Government financial year and will provide a more accurate reflection of the Labasa Town Council performance.

Impact on key financial metrics: As a result of the shorter period, certain financial metrics, such as revenue and may not be directly comparable to prior periods. However, management believes that the change in financial year-end will provide a more accurate and timely view of the Labasa Town Council's financial performance.

LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2021

4 SURPLUS FOR TRUST FUNDS	Jul-21	Jul-20
Surplus for the year has been determined after:	\$ (12 months)	\$ (7 months)
Parking meter fund		
Total revenue	44,841	34,231
Expenditure		
Salaries and wages	29,930	17,869
Repairs and maintenance	3,896	4,418
Others	7,529	6,570
Total expenditure	<u>41,355</u>	<u>28,857</u>
Net surplus for the year	<u>3,486</u>	<u>5,374</u>
Car park fund		
Total revenue	33,712	18,402
Total expenditure	-	-
Net surplus for the year	<u>33,712</u>	<u>18,402</u>
	<u>37,198</u>	<u>23,776</u>

5 CASH AT BANK AND ON HAND		
Reconciliation of result for the year to cash flows from operating activities		
Reconciliation of net surplus/(deficit) to cash provided/(used) by operating activities:		
Surplus/(deficit) for the year	(223,564)	487,757
Non-cash flows in profit		
- depreciation	209,126	114,396
- adjustments to reclassify loan	-	-
- Council recognized revenue correctly which initially taken as trust fund	-	-
- refundable deposit wrongly taken in financial statements	-	-
- Vat receivable adjusted as per the SVA	16,137	81,802
- Council write - off of trade receivables difference	(8,706)	-
- prior adjustments	-	-
Changes in assets and liabilities		
-(increase)/decrease in other receivable	(315,009)	(223,062)
-increase/(decrease) in other payables	(77,752)	(39,733)
-increase/(decrease) in deferred income	(54,589)	(31,844)
-increase/(decrease) in provisions	108,853	40,264
Net cash flows (used)/ provided by operating activities	<u>(345,504)</u>	<u>429,580</u>
Cash at bank	511,802	836,332
Cash at bank- Trust funds	1,066,156	1,123,030
Cash on hand	139	430
Total cash at banks and on hand	<u>1,578,097</u>	<u>1,959,792</u>

As the Council performs a custodian role, Cash at bank- Trust Funds are only to be used for development of car parks, parking meter areas and capital projects.

6 TRADE DEBTORS	Jul-21	Jul-20
(a) Parking Meter	\$ (12 months)	\$ (7 months)
General Account	19,340	19,340
	2,396,264	2,081,255
	<u>2,415,604</u>	<u>2,100,595</u>
(b) Provision for Doubtful Debts		
Parking Meter	(4,996)	(3,062)
General Account	(248,982)	(140,459)
	<u>(253,978)</u>	<u>(143,521)</u>
Net Trade Debtors	<u>2,161,626</u>	<u>1,957,074</u>

The above provision is based on the doubtful debts for 2 debtors from parking meter fund and 78 debtors from general fund account. The balances are reviewed at the end of each balance date as per IAS 37. A rate of 10% has been agreed by Labasa Town Council for debtors with no transaction movement for a consecutive three years. However, debt recovery options will be applied and reviewed annually to reduce the trade debtors balance.

7 OTHER RECEIVABLES	Jul-21	Jul-20
	\$ (12 months)	\$ (7 months)
Deposit	-	-
Advances	500	500
Prepayments	-	-
Advance to Parking Meter Account	251,192	251,192
Total Other Receivables	<u>251,692</u>	<u>251,692</u>

LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2021

8 PROPERTY, PLANT AND EQUIPMENT	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Land and buildings		
<i>Gross carrying amounts:</i>		
At 1 August	1,732,483	1,732,483
Additions	-	-
Revaluations	(258,000)	-
Disposals	-	-
At 31 July	<u>1,474,483</u>	<u>1,732,483</u>
 <i>Accumulated depreciation</i>		
At 1 August	83,651	77,285
Depreciation	10,913	6,366
Disposals	-	-
At 31 July	<u>94,564</u>	<u>83,651</u>
Net book value - as at 31 July	<u>1,379,919</u>	<u>1,648,832</u>
 <u>Office equipment</u>		
<i>Gross carrying amounts:</i>		
At 1 August	177,271	177,271
Additions	2,660	-
Disposals	-	-
At 31 July	<u>179,931</u>	<u>177,271</u>
 <i>Accumulated depreciation</i>		
At 1 August	135,660	126,137
Depreciation	11,744	9,523
Disposals	-	-
At 31 July	<u>147,404</u>	<u>135,660</u>
Net book value - as at 31 July	<u>32,527</u>	<u>41,611</u>
 <u>Plant machinery and tools</u>		
<i>Gross carrying amounts:</i>		
At 1 August	300,901	300,901
Additions	33,531	-
Disposals	-	-
At 31 July	<u>334,432</u>	<u>300,901</u>
 <i>Accumulated depreciation</i>		
At 1 August	185,270	167,718
Disposals	-	-
Depreciation	29,992	17,552
At 31 July	<u>215,262</u>	<u>185,270</u>
Net book value - as at 31 July	<u>119,170</u>	<u>115,631</u>
 <u>Motor vehicles</u>		
<i>Gross carrying amounts:</i>		
At 1 August	654,972	654,972
Additions	-	-
Disposals	-	-
At 31 July	<u>654,972</u>	<u>654,972</u>
 <i>Accumulated depreciation</i>		
At 1 August	357,110	337,792
Disposals	-	-
Depreciation	31,092	19,318
At 31 July	<u>388,202</u>	<u>357,110</u>
Net book value - as at 31 July	<u>266,770</u>	<u>297,862</u>
 Total Net Book Value - as at 31 July	<u>1,798,386</u>	<u>2,103,936</u>
 Total property, plant and equipment	<u>1,798,386</u>	<u>2,103,936</u>

LABASA TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2021

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
9 INVESTMENT PROPERTIES		
Deemed cost:		
At 1 August	6,474,778	6,474,778
Additions	-	-
Disposals	-	-
Revaluation	2,654,465	-
At 31 July	<u>9,129,243</u>	<u>6,474,778</u>
Depreciation and impairment		
At 1 August	717,534	655,897
Disposals	-	-
Depreciation charge for the year	125,385	61,637
At 31 July	<u>842,919</u>	<u>717,534</u>
Net book value as at 31 July	<u>8,286,324</u>	<u>5,757,244</u>
10 INTANGIBLE ASSETS		
Deemed cost:		
At 1 August	10,212	10,212
Additions	-	-
At 31 July	<u>10,212</u>	<u>10,212</u>
Net book value as at 31 July	<u>10,212</u>	<u>10,212</u>
11 TRADE PAYABLES		
(a) Trade creditors	89,434	70,613
Advance from General Fund Account	251,192	251,192
Deposits	342,070	420,497
Income received in advance	5,063	5,063
Other payable	3,713	21,859
	<u>691,472</u>	<u>769,224</u>
(b) Provision for employee benefits		
Annual Leave	4,376	5,980
	<u>4,376</u>	<u>5,980</u>

The above is annual leave obligation is expected to be settled within 12 months and are measured as the amount unpaid at the reporting date at pay rates in respect of employee services up to that date. Leave accrued previously has been utilized by the employees

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
12 DEFERRED GRANT		
At 1 August	977,202	1,009,046
Grant received	-	-
Released to the income statement	(54,589)	(31,844)
At 31 July	<u>922,613</u>	<u>977,202</u>

The deferred grant relates to a backhoe loader donated by the Japanese embassy in December 2011. In 2015 a grant of \$247,500 and \$331,287 was received from Ministry of Local Government and UN Women respectively for the upgrade of Labasa market. A grant of \$221,023 was received in year 2019 for the purchase of Compactor Truck for garbage collection.

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
13 OBLIGATIONS UNDER OPERATING LEASES		
The council holds a piece of land with an estimated useful life of 54 years under a 99-year lease term. The future minimum lease payments are as follows:		
Within one year	19,347	11,286
Later than one year but within five years	19,347	11,286
	<u>38,694</u>	<u>22,572</u>

LABASA TOWN COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 JULY 2021

14 RELATED PARTY TRANSACTIONS

(a) Special Administrators

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

Mr. Justin Hunter (Special Administrator Chair)	Appointed on 28/08/2019
Mr. Ami Kohli (Special Administrator)	Appointed on 28/08/2019
Ms. Doreen Miller Robinson (Special Administrator)	Appointed on 28/08/2019

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

(b) Key Management Personnel

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

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Salary, allowances, and benefits	<u>53,655</u>	<u>31,382</u>

(c) Transactions with Related Parties

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

Government of Fiji		
Government Grant	<u>31,784</u>	<u>NIL</u>

15 CONTINGENT LIABILITIES

As at 31 July 2021, the Council's contingent liabilities not otherwise provided for in the financial statements amounted to Nil (2020/2021: Nil)

16 COMPARATIVES

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

17 EVENTS SUBSEQUENT TO BALANCE DATE

(a) Amendments to the Local Government Act 1972

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

(b) COVID-19 Outbreak

Subsequent to year end, the World Health Organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the National Government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2017 financial statements is not expected to be material.

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

(c) Business Licenses

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

(d) Base Fees and Market Fees

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

(e) Other than the above mentioned events;

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

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

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

18 PRINCIPAL ACTIVITIES

The Council was established under the Local Government Act to provide for the health, welfare and convenience of the inhabitants of the Labasa Town Municipality and to preserve the amenities or credit thereof.

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - GENERAL FUND
 FOR THE YEAR ENDED 31 JULY 2021

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Revenue		
General rates	978,757	1,091,562
Less: Rates discount	(16,656)	(25,170)
	<u>962,101</u>	<u>1,066,392</u>
Interest on overdue rates	-	1,454
Less: Town rates waiver	(537)	(38,823)
Less: Interest written off	-	(5,734)
	<u>961,564</u>	<u>1,023,289</u>
Fees, charges and rents	1,022,100	558,973
Interest	6,468	-
Amortisation of capital grant	54,589	31,844
Business and trading licenses	13,236	188,742
Grant Received	31,784	-
Miscellaneous	<u>86,412</u>	<u>7,330</u>
Total revenue	<u>2,176,153</u>	<u>1,810,178</u>
LESS: Expenditure		
Advertising	10,362	13,754
Awareness expenses	1,740	273
Audit fee	917	780
Contracted - maintenance and cleaning	367,548	178,829
Depreciation and amortization	208,233	113,874
Security Charges	156,663	70,352
Fiji National Provident Fund	26,900	22,238
Garbage service	152,827	114,490
insurance	24,646	-
incidental	16,375	9,711
Wages and salaries and other benefit	543,297	309,691
Land lease	17,989	21,343
Legal	7,756	120
Maintenance	512,717	256,982
Printing and stationery	24,093	13,144
Travel and subsistence	9,872	9,362
Utilities	134,304	93,051
Uniform and protective clothing	8,311	8,656
Fiji National University Levy	5,551	2,563
Fringe Benefit Tax	-	-
Town & Planning	12,259	8,626
Bank Charges	2,557	1,641
Other expenses	187,674	93,789
Civic Reception	<u>4,324</u>	<u>2,928</u>
Total expenditure	<u>2,436,915</u>	<u>1,346,197</u>
Operating (deficit)/ surplus for the year	<u>(260,762)</u>	<u>463,981</u>

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - PARKING METER FUND
 FOR THE YEAR ENDED 31 JULY 2021

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Revenue		
Meter tolls	38,283	28,789
Infringement fine	6,558	5,442
Miscellaneous	-	-
Total revenue	<u>44,841</u>	<u>34,231</u>
LESS: Expenditure		
Depreciation	893	522
Fiji National Provident Fund	1,496	1,256
Maintenance of parking meters including parking bays	3,896	4,418
Miscellaneous	9	204
Printing and stationery	1,565	2,682
Wages and related payments	29,930	17,869
Fiji National University Levy	308	187
Bank Interest & Charges	450	259
Electricity	251	98
Other expenses	2,557	1,362
Total expenditure	<u>41,355</u>	<u>28,857</u>
Operating surplus for the year	<u>3,486</u>	<u>5,374</u>

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - LIGHTING FUND
 FOR THE YEAR ENDED 31 JULY 2021

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Revenue		
Lighting Rate	-	-
Total revenue	<u>-</u>	<u>-</u>
LESS: Expenditure		
Maintenance and installation of festoon light	-	-
Maintenance of street light	-	-
Total expenditure	<u>-</u>	<u>-</u>
Net surplus for the year	<u><u>-</u></u>	<u><u>-</u></u>

LABASA TOWN COUNCIL
 DETAILED INCOME STATEMENT - CAR PARK FUND
 FOR THE YEAR ENDED 31 JULY 2021

	Jul-21 \$ (12 months)	Jul-20 \$ (7 months)
Revenue		
Car Park Fees	33,712	18,402
Total revenue	<u>33,712</u>	<u>18,402</u>
LESS: Expenditure		
Management expenses	-	-
Total expenditure	<u>-</u>	<u>-</u>
Operating surplus for the year	<u>33,712</u>	<u>18,402</u>