

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File: 910/1

25 June 2024

Mr. Peni Duaniwai
The Chairman
Special Administrators
Rakiraki Town Council
Vaileka House, Office 1
RAKIRAKI

Dear Mr. Duaniwai

RAKIRAKI TOWN COUNCIL

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

The audited financial statements for Rakiraki Town Council for the year ended 31 July 2023 together with my audit report on them are enclosed.

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

Yours sincerely

Finau Seru Nagera
AUDITOR-GENERAL

cc: Mr. Salosi Sawana, Chief Executive Officer, Rakiraki Town Council.

Encl.

RAKIRAKI TOWN COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

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RAKIRAKI TOWN COUNCIL
COUNCIL DIRECTORY
FOR THE YEAR ENDED 31 JULY 2023

Nature of operations:	Town Council
Accountants:	Chand & Sons Investments PTE Limited Nausori
Location:	Main Street Rakiraki Fiji Island
Bankers:	Bank of Baroda Rakiraki
Executive Members:	Chief Executive Officer - Sailosi Sawana Secretary - Salesia Buka Treasurer - Deepika Darshni Goundar

**RAKIRAKI TOWN COUNCIL
EXECUTIVE MEMBERS REPORT
FOR THE YEAR ENDED 31 JULY 2023**

The Executive Members have pleasure in presenting their report together with the financial statements of the Rakiraki Town Council for the year ended 31 July 2023 and the Auditor's Report thereon.

Operating Results

The results of the year are summarized as below:-

	2023 (\$)
Operating loss of the Council for the year ended 31 July 2023 was	(179,746)
Retained earnings at the beginning of the year were	6,605,194
Accumulated profit at the end of the year	6,425,448

RESERVES

It is not proposed to make any transfer to reserves.

The state of the Council as at 31 July 2023 was:-

Total Assets	6,488,576
and were financed by :-	
Liabilities of	63,128
and Councils surplus of	6,425,448
	6,488,576

Executive Members

The Executive Members in office during the year and up to the date of this report are:-

Mr. Sailosi Sawana	- Chief Executive Officer
Ms. Salesia Buka	- Secretary
Ms. Deepika Darshni Goundar	- Treasurer

Special Administrators

The Special Administrators during the year and up to the date of this report are:

Mr. Luke Mataiciwa (Chair Special Administrator)	- contract ended on 26/12/23
Ms. Praveena Devi Lal (Special Administrator)	- contract ended on 26/12/23
Mr. Peni Duaniwai (Chair Special Administrator)	- Appointment effective from 27/12/23
Mr. Sanjay Prakash (Special Administrator)	- Appointment effective from 27/12/23

PRINCIPAL ACTIVITIES

The principal activities of the Rakiraki Town Council during the year were to protect the welfare of the Rakiraki Town and its inhabitants.

BAD AND DOUBTFUL DEBTS

Prior to the completion of the Council's accounts, the Executive Members took reasonable steps to ascertain that action has been taken in relation to writing off bad debts and the making of provision for doubtful debts. In the opinion of the Executive Members, adequate provision has been made for doubtful debts.

As at the date of this report the Executive Members are not aware of any circumstances which would render the amount written off for bad debts, or the provision for doubtful debts in the Council inadequate to any substantial extent.

CURRENT ASSETS

Prior to the completion of the financial statements of the Council, the Executive Members took reasonable steps to ascertain whether any current assets were likely to realize in the ordinary course of the business their values as shown in the accounting records of the Council. Where necessary these assets have been written down or adequate provision has been made to bring the value of such assets to an amount they are expected to realize.

RAKIRAKI TOWN COUNCIL
EXECUTIVE MEMBERS REPORT (Continued)
FOR THE YEAR ENDED 31 JULY 2023

CURRENT ASSETS (continued)

As at the date of this report the Executive Members are not aware of any circumstances which would render the values attributed to the current assets in the Council's financial statements misleading.

UNUSUAL TRANSACTION

In the opinion of the Executive Members, the results of the operation during the financial year were not substantially affected by any item, transaction or event of an abnormal character, nor has there arisen between the end of the financial year and the date of this report any item, transaction or an event of an abnormal character likely in the opinion of the Executive Members to affect substantially the results of the operations of the Council in the current financial year.

SUBSEQUENT EVENTS

As per circular dated 27/07/2023 issued by the Ministry of Local Government, the waiver of Market Stall Fees and Public Service Vehicle (PSV) fees which was in effect, will be removed effective from 01 August 2023. All Market Stall Vendors and PSV operators will resume payments of their respective fees and all existing fee structure will be in effect unless reviewed and officially changes through an appropriate process.

Other than the above mentioned events, no other matters or circumstances have arisen since the end of the financial year that has 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.

RELATED PARTY TRANSACTION

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

GOING CONCERN

There has been no matter of event arising that has affected the council's ability to operate or such that it would not be able to meet its obligations in the ordinary course of business. Therefore, financial statements have been prepared under the going concern basis of accounting.

OTHER CIRCUMSTANCES

As at the date of this report:

- (i) 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;
- (ii) No contingent liabilities have arisen since the end of the financial year for which the Council could become liable; and
- (iii) No contingent liabilities or other liabilities of the Council has become or is likely to become enforceable within the period of twelve months after the end of the financial year which in the opinion of the Executive Members will or may substantially affect the ability of the Council to meet its obligation as and when they fall due.


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

Dated at Suva this 13th day of June 2024

Signed for and on behalf of the Board in accordance with a resolution of the Executive Members.


Special Administrator


Chief Executive Officer


Treasurer

RAKIRAKI TOWN COUNCIL
STATEMENT BY EXECUTIVE MEMBERS
FOR THE YEAR ENDED 31 JULY 2023

In accordance with a resolution of the Executive Members of Rakiraki Town Council we state that in the opinion of the Executive Members :-

- (a) The accompanying Statement of Profit or Loss and Other Comprehensive Income is drawn up so as to give a true and fair view of the results of the Council for the year ended 31 July 2023;
- (b) The accompanying Statement of Changes in Equity for the year ended 31 July 2023 is drawn up so as to give a true and fair view of the movement in Council funds;
- (c) The accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 July 2023;
- (d) The accompanying Statement of Cash Flows is drawn up so as to give a true and fair view of the cash flows of the Council for the year ended 31 July 2023;
- (e) At the date of this statement there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due;
- (f) All related party transactions have been adequately recorded in the books of the Council; and
- (g) The financial statements have been prepared in accordance with Applicable Accounting Standards and the Local Government Act.

Signed for and on behalf of the Board and in accordance with a resolution of the Executive Members.


Special Administrator


Chief Executive Officer


Treasurer

Dated at Suva this 13th day of June 2024

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INDEPENDENT AUDITOR'S REPORT

Rakiraki Town Council

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Rakiraki Town Council ("the Council"), which comprises the statement of financial position as at 31 July 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, 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 2023, 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

Due to the nature of transactions of the market fees, car park fees and public convenience fees, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, I am not able to satisfy myself whether the market fees income of \$2,596, car park fees income of \$40,294, and public convenience fees of \$17,144 are fairly stated in the financial statements as at 31 July 2023.

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 of the Council and Special Administrators are responsible for the other information. The other information comprises the Executive Members Report but does not include the financial statements and the auditor's report thereon.

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

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

Responsibilities of Management and those Charged with Governance for Financial Statements

The Management of the Council and the Special Administrators are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Local Government Act 1972 and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is 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 intend 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 Council'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 Special Administrators' use of 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 a 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 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.


Auditor's Responsibilities for the Audit of the Financial Statements (con't)

I communicate with the Management and Special Administrators 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
25 June 2024

RAKIRAKI TOWN COUNCIL
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 (\$)	2022 (\$)
Revenue	4	510,389	522,906
Total Revenue		510,389	522,906
Administrative expenses		637,785	624,696
Marketing expenses		6,103	8,172
Other operating expenses		45,041	41,921
Total Expenditure		688,929	674,789
Net Deficit Before Finance Cost		(178,540)	(151,883)
Finance cost		1,206	314
Net Deficit for the Year		(179,746)	(152,197)

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements as set out on pages 13 to 19.

RAKIRAKI TOWN COUNCIL
STATEMENT OF CHANGES IN COUNCIL FUND
FOR THE YEAR ENDED 31 JULY 2023

	Accumulated Fund	Total
	(\$)	(\$)
Balance at the beginning of the year	6,757,391	6,757,391
Net deficit for the year 2022	(152,197)	(152,197)
Balance as at 31 July 2022	<u>6,605,194</u>	<u>6,605,194</u>
Net deficit for the year 2023	(179,746)	(179,746)
Balance as at 31 July 2023	<u>6,425,448</u>	<u>6,425,448</u>

RAKIRAKI TOWN COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2023

	Notes	2023 (\$)	2022 (\$)
Current Assets			
Cash and cash equivalents	5	144,114	167,411
Trade and other receivables	7	83,197	69,144
Total current assets		227,311	236,555
Non Current Assets			
Intangible asset	6	1,439	1,953
Property, plant and equipment	8	6,259,826	6,419,653
Total non-current assets		6,261,265	6,421,606
TOTAL ASSETS		6,488,576	6,658,161
Current Liabilities			
Trade and other payables	9	53,589	46,111
Provision for annual leave		9,539	6,856
Total current liabilities		63,128	52,967
TOTAL LIABILITIES		63,128	52,967
NET ASSETS		6,425,448	6,605,194
Accumulated Fund			
Accumulated funds		6,425,448	6,605,194
TOTAL COUNCIL'S FUND		6,425,448	6,605,194

Signed for and on behalf of the board and in accordance with a resolution of the Executive Members.


Special Administrator

Date: 13/6/24


Chief Executive Officer

Date: 13/06/24


Treasurer

Date: 13/06/24

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements as set out on pages 13 to 19.

RAKIRAKI TOWN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023

	Notes	2023 (\$)	2022 (\$)
Cash flows from operating activities			
Receipts from customers		496,333	558,530
Payments to suppliers and employees		(512,893)	(509,964)
Net cash provided by operating activities	10(ii)	<u>(16,560)</u>	<u>48,566</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,737)	(131,875)
Net cash used by investing activities		<u>(6,737)</u>	<u>(131,875)</u>
Net (decrease)/increase in cash and cash equivalents		(23,297)	(83,309)
Cash and cash equivalents at the beginning of the year		<u>167,411</u>	<u>250,720</u>
Cash and cash equivalents at the end of the year	10(i)	<u>144,114</u>	<u>167,411</u>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements as set out on pages 13 to 19.

RAKIRAKI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023

1. GENERAL INFORMATION

Rakiraki Town Council ("the Council") was established under the Local Government Act. The address of its registered office and principal place is Main Street, Rakiraki Town. The principal activity of the Council are to provide for health, welfare and convenience of the Rakiraki Town municipality and to preserve the amenities or credit thereof. The financial statements of the Council for the year ended 31 July 2023 were authorized for issue in accordance with a resolution of the Special Administrator and Management on 18/06/24.

2. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board (IASB). They are presented in Fiji dollars and have been rounded off to the nearest dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Council are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

a) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

b) Trade Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest rate method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit and loss.

c) Employee Benefits

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

The liability for annual leave is recognized in the provision for employee benefits. Liabilities for annual leave are expected to be settled within 12 months of the reporting date and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Contributions to Fiji National Provident Fund are expensed when incurred.

d) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following annual rates are used for the depreciation of property, plant and equipment:

	Rates
Office building and equipment	1.25% - 24%
Plant and machinery	7% - 24%
Motor vehicle	20%
Work in progress	Nil

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Trade Payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in the foreign currency are translated into Fiji dollar using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

f) Revenue Recognition

Government grants

The Council recognizes a conditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Council will comply with the conditions associated with the grant; they are recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Council for expenses incurred are recognized in profit or loss on a systematic basis in the years in which the expenses are recognized.

Revenue comprises the fair value of the consideration received or receivable for the services provided in the ordinary course of the Council's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

g) Borrowing Costs

Borrowing costs directly attribute to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Income Tax

Under section 20(1) of the Income Tax, the Council is exempt from tax on its income.

i) Value Added Tax (VAT)

Revenue, expenses and assets are recognized net of the amount of respective vat except:-

- where the value added tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables that are stated with the amount of value added tax included and payables that are stated with the amount of value added tax included.

The net amount of valued added tax recoverable or payable to the tax authority is included as part of the receivables or payables in the Statement of Financial Position.

j) Comparatives

The comparative figures are for the year ended 31 July 2022 and have been regrouped where considered necessary.

k) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit and loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Intangible Assets (cont'd)

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortized period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in the accounting estimates. The amortization expenses on intangible assets with finite lives is recognized in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, if not, the change in useful life from indefinite to finite is made on a prospective basis.

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

The following annual rates are used for the amortization of intangible asset:

	<u>Rates</u>
Software Installation	24%

l) Deferred Income

Government and other grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match them with the related costs which the grant are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related assets.

m) Impairment of Property, Plant and Equipment

The Council assesses whether there are any indicators of impairment of all property, plant and equipment and investment property at each reporting date. Property, plant and equipment and investment property are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. The director's and management's assessment of recoverable amount involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

For the year ended 31 July 2023, no provision for impairment has been made as the Council reasonably believes that no indicators for impairment exist.

4. REVENUE	2023 (\$)	2022 (\$)
Business referral and permit fees	-	6,453
Town/General rates	79,278	71,583
Grant income	239,948	334,130
Other fees, charges and rent	135,100	91,207
Other revenue	56,063	19,533
	<u>510,389</u>	<u>522,906</u>

RAKIRAKI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2023

	2023 (\$)	2022 (\$)
5. CASH AND CASH EQUIVALENTS		
Petty cash	200	159
Undeposited Cash	-	5,236
Cash at bank - BOB rural account	6,985	18,836
Cash at bank - BOB market account	954	978
Cash at bank - BOB operational account	129,217	141,977
Cash at bank -BOB capital account	111	90
Cash at bank -BOB drainage account	86	86
Cash at bank - BOB carnival account	6,561	49
	<u>144,114</u>	<u>167,411</u>
6. INTANGIBLE ASSETS		
Software installation	5,140	5,140
Amortization of software	(3,701)	(3,187)
	<u>1,439</u>	<u>1,953</u>
7. TRADE AND OTHER RECEIVABLES		
Town rates	116,821	108,776
Less: Provision for doubtful debts	(50,129)	(50,129)
Garbage collection	11,709	9,131
Taxi base collection	-	163
Property/carpark rent collection	4,791	-
Minibus base collection	5	295
Prepayments	-	908
	<u>83,197</u>	<u>69,144</u>
8. PROPERTY, PLANT AND EQUIPMENT		
i) Reconciliations		
Reconciliations of the carrying amounts for property, plant and equipment by class at the beginning and end of the financial year.		
<u>Plant and machinery - at cost</u>		
Plant and machinery - at cost	51,589	49,902
Accumulated depreciation at beginning	(48,914)	(47,912)
Depreciation	(1,046)	(1,002)
	<u>1,629</u>	<u>988</u>
<u>Office building and equipment - at cost</u>		
Office building and equipment - at cost	7,018,060	7,013,010
Accumulated depreciation at beginning	(594,345)	(428,872)
Depreciation	(165,518)	(165,473)
	<u>6,258,197</u>	<u>6,418,665</u>
<u>Motor vehicle -at cost</u>		
Motor vehicle -at cost	119,679	119,679
Accumulated depreciation at beginning	(119,679)	(119,679)
Depreciation	-	-
	<u>-</u>	<u>-</u>
Net written down value	<u>6,259,826</u>	<u>6,419,653</u>

RAKIRAKI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2023

8. PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Movements in carrying amount included in the accounts on the following basis:

	Carrying amount at beginning	Addition / (Deletion)	Transfer from work in progress	Depreciation	Carrying amount at end
	\$	\$	\$	\$	\$
Plant and equipment	988	1,687	-	(1,046)	1,629
Office building and equipment	6,418,665	5,050	-	(165,518)	6,258,197
Motor vehicle	-	-	-	-	-
Net Written Down Value	6,419,653	6,737	-	(166,564)	6,259,826

9. TRADE AND OTHER PAYABLES

	2023 (\$)	2022 (\$)
Trade creditors	2,584	4,541
Other creditors	1,800	4,742
Sundry deposits	-	12,081
VAT payable	35,093	16,258
Accrued audit fees payable	14,112	8,489
	53,589	46,111

10. STATEMENT OF CASH FLOW

i) Cash balance at the end of the year

Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the financial position as follows: -

Petty cash	200	159
Undeposited Cash	-	5,236
Cash at bank - BOB rural account	6,985	18,836
Cash at bank - BOB market account	954	978
Cash at bank - BOB operational account	129,217	141,977
Cash at bank - BOB capital account	111	90
Cash at bank - BOB drainage account	86	86
Cash at bank - BOB carnival account	6,561	49
	144,114	167,411

ii) Reconciliation of net cash flows provided by the operating profit

Net (deficit)/surplus for the year	(179,746)	(152,197)
<u>Add Non Cash Item</u>		
Depreciation	166,564	166,475
Amortization	514	514
<u>Changes in assets and liabilities</u>		
Decrease in trade and other receivables	(14,053)	35,624
Decrease in trade and other payables	10,161	(1,850)
Net cash provided by operating activities	(16,560)	48,566

11. PRINCIPAL ACTIVITY

The principal activities of the Rakiraki Town Council during the year were to protect the welfare of the Rakiraki town and its inhabitants.

RAKIRAKI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2023

12. COUNCIL DETAILS

The Council was incorporated in Fiji under the Local Government Act .

(i) Registered Office	Principal Place of Business
P O Box 68	Main Street
Main Street	Rakiraki
Rakiraki	

13. SEGMENT REPORTING

(i) **Industry segment**

The Council operates predominantly to protect the welfare of the Rakiraki Town and its inhabitants.

(ii) **Geographic Segment**

The Council operates in Rakiraki and therefore has only one geographical area for reporting purposes.

14. RELATED PARTIES

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. Luke Mataciwa (Chairman Special Administrator)	- contract ended on 26/12/23
Ms. Praveena Devi Lal (Special Administrator)	- contract ended on 26/12/23
Mr. Peni Duaniwai (Chairman Special Administrator)	- Appointment effective from 27/12/23
Mr. Sanjay Prakash (Special Administrator)	- Appointment effective from 27/12/23

The Special Administrator's remunerations are paid for by the Ministry of Local Government. The allowances, benefits and other expenses of the Special Administrators paid for by the Council during the year was as follows:

	2023	2022
	(\$)	(\$)
Allowances, benefits, and other expenses	939	607

b) **Transactions with Related Parties**

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

<u>Government of Fiji</u>		
Government grant revenue	239,948	284,130

Amounts due to, and Receivable from Related Parties

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

c) **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, including any director (whether executive or otherwise) of that entity.

During the year, the Chief Executive Officer was identified as key management personnel. The remuneration of the key management personnel during the year was as follows:

Salary, allowances, and benefits	-	52,042
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The Chief Executive Officer (CEO) is responsible for managing Rakiraki Town Council and Tavua Town Council. During the financial year, the Rakiraki Town Council had received \$50,000 in grant from the Ministry of Local Government for the payment of CEO salary. The grant was transferred to Tavua Town Council and the CEO salary was paid by Tavua Town Council.

RAKIRAKI TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 JULY 2023

15. SUBSEQUENT EVENTS

As per circular dated 27/07/2023 issued by the Ministry of Local Government, the waiver of Market Stall Fees and Public Service Vehicle (PSV) fees which was in effect, will be removed effective from 01 August 2023. All Market Stall Vendors and PSV operators will resume payments of their respective fees and all existing fee structure will be in effect unless reviewed and officially changes through an appropriate process.

Other than the above mentioned events, no other matters or circumstances have arisen since the end of the financial year that has 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.

16. COMMITMENTS

(i) Capital commitments as at 31 July 2023 amounted to nil. (2022: nil)

(ii) Future commitments in respect of operating lease are as follows:

Within one year	2,000	2,000
After one year but not more than five years	8,000	8,000
More than five years	72,000	74,000
	<u>82,000</u>	<u>84,000</u>

17. CONTINGENT LIABILITIES

Council has a case in court against a rate payer. The claim amount is \$4,028 which is yet to be decided.

18. CONTINGENT ASSETS

Contingent assets at balance date is \$NIL. (2022: \$NIL)

RAKIRAKI TOWN COUNCIL
DETAILED STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2023

	2023 (\$)	2022 (\$)
INCOME		
Advertising	23	159
Building and subdivision	2,528	6,553
Bus station/commercial /taxi base fee	3,230	1,828
Business referral and permit fees	-	6,453
CEO's salary - grant	-	50,000
Garbage collection fees	30,008	20,636
Town/general rates	79,278	71,583
Market	2,596	5,909
Municipal (permit / traffic / fine)	40,294	24,822
Rent	34,503	14,240
Hire income	4,797	1,041
Public convenience	17,144	16,178
Sundries	7,195	19,313
Government Grant	239,948	284,130
Sponsorship	24,051	-
Ground hire	8,000	-
Stall fees	16,755	-
Interest	39	61
Total Income	510,389	522,906
LESS EXPENSES		
Administration Expense		
Accounting and audit fees	9,030	9,639
Amortization of intangible asset	514	514
CEO's salary	-	50,000
Equipment hire expenses	19,760	8,187
Insurance	20,252	-
Infrastructure upgrade	16,239	5,095
Printing, postage and stationary	5,224	5,414
Provision for Doubtful Debts	-	50,129
Office expenses	2,915	4,757
Motor vehicle expenses	17,976	28,012
Repair and maintenance	29,908	17,316
Security hire expenses	1,481	-
Superannuation	17,837	24,782
Salary and wages	281,049	222,149
Telephone	4,539	4,919
Travelling expenses	4,941	486
Utilities	38,706	26,822
OHS compliance	850	-
Total Administration Expenses	471,221	458,221
Marketing Expense		
Advertising and marketing	6,103	8,172
Total Marketing Expense	6,103	8,172
Other Operating Expenses		
Allowance	1,077	1,047
Cleaning expense	9,639	10,716
Carnival expenses	9,695	-
Entertainment	3,882	776
FNU levy	2,414	4,389
Garbage collection	5,964	7,345
Penalties	5,891	4,346
Balance carried forward to page 21	38,562	28,619

RAKIRAKI TOWN COUNCIL
 DETAILED STATEMENT OF INCOME AND EXPENDITURE (CONT'D)
 FOR THE YEAR ENDED 31 JULY 2023

	2023 (\$)	2022 (\$)
Other Operating Expenses (continued)		
Balance brought forward from page 20	38,562	28,619
Rent and land lease	908	12,392
Miscellaneous	32	120
Staff amenities and training	5,539	790
Total Other Operating Expenses	45,041	41,921
Total Expenses	522,365	508,314
Earnings before Interest and depreciation	(11,976)	14,592
Depreciation	166,564	166,475
Interest and bank charges	1,206	314
Total Interest expenses and depreciation	167,770	166,789
Net Deficit for the Year	(179,746)	(152,197)