

**SOLOMON ISLANDS BROADCASTING CORPORATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

# **Solomon Islands Broadcasting Corporation**

## **Financial Statements for the year ended 31 December 2014**

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## Solomon Islands Broadcasting Corporation

### Directors' Report

The Directors present their report together with the financial statements of Solomon Islands Broadcasting Corporation ('the Corporation') for the year ended 31 December 2014 and the Independent Audit Report thereon.

#### Directors

The Directors at any time during or since the end of the financial year:

	<b>Date of appointment</b>	<b>Position</b>	<b>Date of Revocation</b>
<b>2014</b>			
Mr. Loyley Ngira	3/05/2013	Chairperson	
Mr. Robert Iroga	3/05/2013	Deputy Chairperson	
Mr David Palapu	3/05/2013	Member	
Mr Austin Holmes	3/05/2013	Member	
Mr Phil Bradford	3/05/2013	Member	
Ms Cathy Nori	3/05/2013	Member	
Fr Fred Seda	3/05/2013	Member	
<b>2013</b>			
Mr. Loyley Ngira	3/05/2013	Chairperson	
Mr. Robert Iroga	3/05/2013	Deputy Chairperson	
Mr David Palapu	3/05/2013	Member	
Mr Austin Holmes	3/05/2013	Member	
Mr Phil Bradford	3/05/2013	Member	
Ms Cathy Nori	3/05/2013	Member	
Fr Fred Seda	3/05/2013	Member	

#### Principal activities

The principal activity of the Corporation during the course of the financial year ended 31 December 2014 was the provision of radio services in Solomon Islands.

#### Operating and financial review

The Corporation recorded a net profit from continuing operation for the year amounting to \$1,860,439 (2013 : \$1,183,020).

#### Dividends

No dividends have been paid or declared since the end of the previous financial year, and the Directors do not recommend the declaration of a dividend, since the Corporation major financial support still comes from the government.

## Solomon Islands Broadcasting Corporation

### Directors' Report - cont'd

#### Significant Changes in the State of Affairs

In July 2007 the Solomon Island Government passed the State Owned Enterprises Act 2007 and listed Solomon Islands Broadcasting Corporation as a State Owned Enterprise under the jurisdiction of the Act.

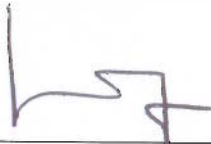
Compliance with the Act could impact on the future operations of the Corporation.  
Significant impact could include:

- The Minister of Finance and the Responsible Minister (the "accountable Ministers") can direct the Corporation to perform a community service obligation (Section 8, 1);
- The accountable Ministers can determine the amount of any dividend payable by the Corporation (Section 12, 1b);
- The requirement to issue a Statement of Corporate Objectives that provides disclosure of intended activities, accounting policies, performance targets, dividends and taxes to be paid during the period in question (Section 13, 2);
- The requirement to issue the audited consolidated financial statements of the group within 3 months after the end of the financial year (Section 14, 1b); and
- This act shall prevail where there is any inconsistency in requirements with the Broadcasting Act (Section 26, 7 and 8).

There were no other significant changes in the state of affairs of the Corporation during the year.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature likely to affect significantly the operations of the Corporation, the results of its operations, or the state of affairs of the Corporation in future financial years.

Signed in accordance with a resolution of the Directors.



Name: **Mr Loyley Ngira**  
Director



Name: **Mr Robert Iroga**  
Director

Dated at Honiara this 26<sup>th</sup> day of August 2015.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLOMON ISLANDS BROADCASTING CORPORATION**

### **Report on the Financial Statements**

I was engaged to audit the accompanying financial statements of Solomon Islands Broadcasting Corporation ("the Corporation"), which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes set out on pages 9 to 21.

### **Directors' and Management's Responsibility for the Financial Statements**

Directors and Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. The audit has been conducted in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

Because of the matter discussed in the basis for disclaimer paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in accordance with International Auditing Standards.

### **Basis for Disclaimer of Opinion**

#### *MYOB deleted Transactions*

A total of 15 transactions were deleted in 2014 financial year. I was therefore unable to quantify and satisfy myself as to the value of these transactions. As a result, I am not able to ascertain if these transactions can significantly affect the balances and disclosures in the financial statements.

**Disclaimer of opinion**

Because of the significance of the matter described in the basis of disclaimer paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements of the Solomon Islands Broadcasting Corporation for the financial year ended 31 December 2014.

**Emphasis of Matter***Going concern*

I draw attention to note 1(c) to the financial statements and that the SIBC continuation as a going concern relies on the Solomon Islands Government funding through grants and community service obligations payments to maintain working capital, without which the corporation would have experienced a deficit of \$2,709,421.

**Report on Other legal and Regulatory Requirements***Lack of compliance with the State Owned Enterprises Act 2007*

I draw your attention to the fact that SIBC has not complied with Section 14 (1) (b) and (c) of the *State Owned Enterprises Act 2007* which require audited consolidated financial statements and the auditor's report thereon to be presented to the accountable minister within three months of the end of the financial year. The management signed financial statements were not presented to me until 27 August 2015



**Robert Cohen**  
**Acting Auditor-General**

**Office of the Auditor-General**  
**Solomon Islands**

28 August 2015

## Solomon Islands Broadcasting Corporation

### Statement by Directors

In accordance with the resolution of the Board of Directors of Solomon Islands Broadcasting Corporation, we state that in the opinion of the Directors:

- (a) the financial statements and notes set out on pages 5 to 21:
  - (i) give a true and fair view of the Corporation's financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
  - (ii) comply with International Financial Reporting Standards;
- (b) there are reasonable grounds to believe that the corporation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Name: **Mr Loyley Ngira**  
Director



Name: **Mr Robert Iroga**  
Director

Dated at Honiara this 26<sup>th</sup> day of August 2015.

**Solomon Islands Broadcasting Corporation**

**Statement of profit or loss and other comprehensive income  
For the year ended 31 December 2014**

	Notes	<u>2014</u> \$	<u>2013</u> \$
<b>Revenue from continuing operation</b>			
Government Grants		375,694	561,028
Community Services Obligation (CSO)		4,006,000	1,000,000
Program sponsorship and advertising		3,081,561	2,969,338
Broadcasts		1,240,862	1,034,596
Service messages		1,357,771	1,687,955
Rental income		195,592	98,272
Other revenue		231,930	97,640
<b>Total revenue from continuing operation</b>		<u>10,489,410</u>	<u>7,448,829</u>
<b>Expenses from continuing operation</b>			
Administrative expenses		3,788,427	2,049,386
Depreciation expense	5	654,512	636,487
Director costs		82,741	49,797
Employee costs		3,566,539	3,245,249
Finance expenses		20,571	9,876
Repairs and maintenance		516,181	275,014
<b>Total expenses from continuing operation</b>		<u>8,628,971</u>	<u>6,265,809</u>
<b>Net profit / (loss) from continuing operation</b>		<u>1,860,439</u>	<u>1,183,020</u>
<b>Other comprehensive income</b>			
Revaluation increment of land & building		<u>7,083,467</u>	<u>-</u>
<b>Total other comprehensive income</b>		<u>7,083,467</u>	<u>-</u>
<b>Total Comprehensive Income for the year</b>		<u><u>8,943,906</u></u>	<u><u>1,183,020</u></u>

The profit and loss statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 21.



## Solomon Islands Broadcasting Corporation

### Statement of Changes in Equity For the year ended 31 December 2014

	Note	Shareholder Contributions/ Equity \$	Asset Revaluation Reserve \$	Retained Earnings/ (Accumulated) Losses) \$	Total \$
Balance at 1st January 2013		981,948	8,790,056	(6,003,086)	3,768,918
<b>Total Comprehensive Income for the year</b>		981,948	8,790,056	(6,003,086)	3,768,918
Profit / (Loss)		-	-	1,183,020	1,183,020
Total other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	1,183,020	1,183,020
<b>Transaction with owners of the corporation</b>					
Dividend		-	-	-	-
Shareholders contribution		1,000,000	-	-	1,000,000
<b>Total contribution and distribution</b>		1,000,000	-	-	1,000,000
<b>Balance at 31 December 2013</b>		1,981,948	8,790,056	(4,820,066)	5,951,938
Balance at 1 January 2014		1,981,948	8,790,056	(4,820,066)	5,951,938
<b>Total Comprehensive Income for the year</b>					
Profit/(Loss)		-	-	1,860,439	1,860,439
<b>Total other comprehensive income</b>			7,083,467		7,083,467
<b>Total comprehensive income for the year</b>		-	7,083,467	1,860,439	8,943,906
<b>Balance at 31 December 2014</b>		1,981,948	15,873,523	(2,959,627)	14,895,844

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 21.

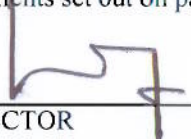
**Solomon Islands Broadcasting Corporation**

**Statement of financial position**

**As at 31 December 2014**

<b>ASSETS</b>	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash on hand and at bank	3	625,314	1,112,665
Trade and other receivables	4	<u>2,360,795</u>	<u>1,250,961</u>
<b>TOTAL CURRENT ASSETS</b>		<u>2,986,109</u>	<u>2,363,626</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	<u>15,924,451</u>	<u>8,131,051</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>15,924,451</u>	<u>8,131,051</u>
<b>TOTAL ASSETS</b>		<u><u>18,910,560</u></u>	<u><u>10,494,677</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdraft	3	-	-
Trade and other payables	6	638,115	770,652
Deferred income	7	91,117	130,335
Conversion of outstanding debts to interest free loan	8	360,000	360,000
Employee Benefits	9	<u>224,604</u>	<u>114,258</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,313,836</u>	<u>1,375,245</u>
<b>NON - CURRENT LIABILITIES</b>			
Deferred income	7	-	19,431
Conversion of outstanding debts to interest free loan	8	2,611,381	3,061,381
Employee Benefits	9	<u>89,499</u>	<u>86,682</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,700,880</u>	<u>3,167,494</u>
<b>TOTAL LIABILITIES</b>		<u>4,014,716</u>	<u>4,542,739</u>
<b>NET ASSETS</b>		<u><u>14,895,844</u></u>	<u><u>5,951,938</u></u>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholder contributions / equity		1,981,948	1,981,948
Asset revaluation reserve	10	15,873,523	8,790,056
Retained earnings / (Accumulated losses)		<u>(2,959,627)</u>	<u>(4,820,066)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u><u>14,895,844</u></u>	<u><u>5,951,938</u></u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 21.

  
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 DIRECTOR

**Solomon Islands Broadcasting Corporation**

**Statement of cash flow**

**For the year ended 31 December 2014**

	Note	2014 \$	2013 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		6,508,878	6,795,992
Cash receipts from Government grant		2,804,000	1,420,771
Cash payments to suppliers and employees		<u>(7,868,525)</u>	<u>(6,577,014)</u>
Cash generated from / (used in) operations		1,444,353	1,639,749
Interest received		-	-
Interest paid		<u>-</u>	<u>(2,135)</u>
<b>Net cash provided by / (used in) operating activities</b>		<u>1,444,353</u>	<u>1,637,614</u>
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of property, plant and equipment		-	45,000
Acquisition of property, plant and equipment		<u>(1,481,704)</u>	<u>(718,193)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(1,481,704)</u>	<u>(673,193)</u>
<b>Cash Flows From Financing Activities</b>			
Contribution by SIG		-	1,000,000
Repayment of borrowings		<u>(450,000)</u>	<u>(1,245,931)</u>
<b>Net cash provided by / (used in) financing activities</b>		<u>(450,000)</u>	<u>(245,931)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		(487,351)	718,490
<b>Cash and cash equivalents at the beginning of the financial year</b>		<u>1,112,665</u>	<u>394,175</u>
<b>Cash and cash equivalents at the end of the financial year</b>	3	<u>625,314</u>	<u>1,112,665</u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statement set out on pages 9 to 21.

# Solomon Islands Broadcasting Corporation

## Notes to the Financial Statements For the year ended 31 December 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity Information

The Solomon Islands Broadcasting Corporation ('the Corporation') is a State Owned Enterprise domiciled in Solomon Islands.

##### *Registered Office*

PO Box 654  
Honiara

##### *Principal Place of Business*

Honiara, Solomon Islands

##### *Directors*

The Directors at any time during or since the end of the financial year are listed in the Directors' Report.

#### (b) Basis of preparation

##### (i) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board as adopted by the Institute of Solomon Islands Accountants.

##### (ii) Basis of measurement

The financial statements have been prepared primarily on the historical cost basis except that investment properties and financial instruments classified as available for sale have been stated at their fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

##### (iii) Use of Estimates and Judgements

The preparation of a financial report in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

The accounting policies have been consistently applied by the Corporation and they are consistent with those of the previous year.

##### (iv) Functional and Presentation Currency

The financial statements are presented in Solomon Islands currency, the Solomon Islands dollar (\$), and the balances are rounded to the nearest dollar.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2014

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Corporation's current assets exceed its current liabilities. As a going concern, the Corporation is dependent upon the continuing support of the Solomon Islands Government, its bankers and creditors.

The Directors have concluded that the going concern basis is appropriate as the Solomon islands government continue to support the corporation financially, and as indicated in the financial position, that the corporation assets exceeds its liabilities, thus enable the corporation to pay its debts as and when they fall due for a period of 12 months from the date the Directors approved these financial statements.

##### (d) Foreign Currency

Islands dollar (\$). Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss statement. Foreign currency monetary assets and liabilities are translated at the exchange rate at the balance sheet date. Resulting exchange differences are recognised in the profit and loss account for the period. Non-monetary assets and liabilities denominated in foreign currency are recorded

##### (e) Property, plant and equipment

###### (i) Recognition and Measurement

Items of property, plant and equipment are stated at original cost, with the exception of land & Buildings which was stated at valuation less accumulated depreciation and impairment losses.

Construction cost for self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property. When the construction or development of a self-constructed investment property is completed and will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit and loss.

###### (ii) Depreciation

Depreciation is charged to the Profit and Loss Statement on a straight line basis over the estimated useful lives of each part of the item of property, plant and equipment. Fixed assets are first depreciated in the year of acquisition, or, in the case of

• buildings	20 years
• furniture and fittings	10 years
• motor vehicles	10 years
• plant and equipment	10 years
• transmitter plant and equipment	10 years

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements For the year ended 31 December 2014

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (e) Property, plant and equipment

##### (iii) Revaluation of Property and Equipment

The Corporation revalued its land and building between an interval period of 3-5 years. First revaluation was carried out by Isaac lae (Registered Valuer, MBA, BALMD) from Mwane Real Estate Brokers in January 2009. The valuer adopted open market valuation to draw reasonable value for the corporation land and building at that time.

During the year, the fair value of land and building was determined by Gregory wate, director/valuer of MUSA real estate elites, an external, independent property valuer, having appropriate recognised qualification and experience in area of property being valued. The valuer have utilised the following methods in determining the fair value of Land and building:

- Analysis of comparable sales whereby current sales in and around the area are compared;
- Calculation of remaining term of the fixed term estate utilising housing and survey zone system from the ministry of land as a guide and
- Building rates applied on main building/property including ancillaries which are based on current development rate in Honiara for the following structure:
  - a. Wooden structure \$3,500-\$7,000 per square meter
  - b. Concrete block \$5,000 - \$8,500 per square meter

These methods were reconciled to draw a reasonable value for the subject property.

##### (iv) Impairment

The carrying amounts of all assets carried at cost are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

##### (g) Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recorded at the net proceeds received. Any discount, premium or other difference between the net proceeds and the redemption value is amortised and included in finance costs over the term of the loan. If debt is repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the profit and loss account.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2014

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (h) Provisions

Provisions are recognised when the Corporation has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### (i) Revenue

Revenue from the sale of goods is recognised in the Profit and Loss Statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the Profit and Loss Statement in proportion to the stage of completion of the transaction at the balance sheet date.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

The corporation recognises Property, plant and equipment donated by NGO, Donar partners, government and other stakeholders as deferred income. These are recorded at fair value at the time the assets was received by the corporation. They are then recognised in the profit and loss as other income systematically over the useful life of the asset.

Programs and contracts fully paid in advance was intially recognised as deferred income. It was subsequently recognised as Program sponsorship and advertising in the profit and loss Systematically over the contract period.

##### (j) Trade and other payables

Trade and other payables are stated at cost.

##### (k) Taxation

The Corporation is exempt from income tax for income derived from broadcasting, including the broadcasting of advertisements and messages in terms of paragraph 14 of the Broadcasting Act.

##### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2014

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (m) Employee benefits

The Corporation's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. Liabilities for employee benefits for wages, salaries, annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at amounts based on remuneration wage and salary rates that the Corporation expects to pay as at reporting date including related on-costs.

##### (n) Expenses

###### Operating lease payments

Payments made under operating leases are recognized in the Profit and Loss Statement on a straight-line basis over the term of the lease.

###### Financial costs

Financial costs comprise interest payable on borrowings calculated using the effective interest method, dividends on redeemable preference shares, interest receivable on funds invested, dividend income, foreign exchange gains and losses.

##### (o) Financial income

Interest income is recognised in the Profit and Loss Statement as it accrues, using the effective interest method. Dividend income is recognised in the Profit and Loss Statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date.

##### (p) Dividend

Dividend distribution to the Corporation's shareholders is recognised as a liability in the Corporation financial statements in the period in which the dividend are declared.



**Solomon Islands Broadcasting Corporation**

**Notes to the Financial Statements**

**For the year ended 31 December 2014**

**2. EMPLOYEES**

The number of employees at 31 December 2014 is 48 (2013: 38).

**3. CASH AND CASH EQUIVALENTS**

Cash on hand and at bank  
Less: Bank overdraft

<u>2014</u>	<u>2013</u>
\$	\$
625,314	1,112,665
<u>-</u>	<u>-</u>
<u>625,314</u>	<u>1,112,665</u>

Interest on bank overdraft is charged at prevailing market rates.

**4. TRADE AND OTHER RECEIVABLES**

Trade Debtors  
Add: Related parties (refer to note 12.b)

**Total trade debtors**

Add: Other debtors

Related parties (SIG -CSO grant)

**Total other debtors**

**Total trade and other receivables**

Less: Provision for doubtful debts

**Net trade and other receivables**

1,199,589	1,282,059
487,627	599,167
<u>1,687,216</u>	<u>1,881,226</u>
166,348	282,022
1,202,000	-
<u>1,368,348</u>	<u>282,022</u>
<u>3,055,564</u>	<u>2,163,245</u>
694,769	912,284
<u>2,360,795</u>	<u>1,250,961</u>

**Solomon Islands Broadcasting Corporation**

**Notes to the Financial Statements**

**For the year ended 31 December 2014**

**5. PROPERTY, PLANT AND EQUIPMENT**

<b>Cost</b>	<b>Property Under construction amount \$</b>	<b>Leasehold land at Revalued amount \$</b>	<b>Buildings at Revalued amount \$</b>	<b>Transmitter plant and Equipment \$</b>	<b>Plant and Equipment \$</b>	<b>Motor Vehicles \$</b>	<b>Furniture and Fittings \$</b>	<b>Total \$</b>
At 1 January 2013	122,500	515,000	8,042,254	1,920,180	1,788,548	916,263	154,593	13,459,338
Additions during the year	272,340	-	-	-	211,063	230,018	4,772	718,193
Disposals during the year						(330,878)		(330,878)
<b>At 31 December 2013</b>	<b>394,840</b>	<b>515,000</b>	<b>8,042,254</b>	<b>1,920,180</b>	<b>1,999,611</b>	<b>815,403</b>	<b>159,365</b>	<b>13,846,653</b>
Balance at 1 January 2014	394,840.00	515,000	8,042,254	1,920,180	1,999,611	815,403	159,365	13,846,653
Additions during the year	174,493.00	-	-	-	582,335	678,194	46,684	1,481,706
Revaluation Increment		(403,000)	5,120,952	-	-	-	-	4,717,952
Disposals during the year		-	(157,206)	-	-	-	-	(157,206)
<b>Balance as at 31 December 2014</b>	<b>569,333</b>	<b>112,000</b>	<b>13,006,000</b>	<b>1,920,180</b>	<b>2,581,946</b>	<b>1,493,597</b>	<b>206,049</b>	<b>19,889,105</b>
<b>Accumulated depreciation</b>								
At 1 January 2013	-	-	1,601,237	1,789,385	1,457,311	402,607	103,795	5,354,335
Depreciation	-	-	402,113	61,392	84,845	72,370	15,763	636,483
Disposals during the year	-	-	-	-	-	(275,222)	-	(275,222)
<b>At 31 December 2013</b>	<b>-</b>	<b>-</b>	<b>2,003,350</b>	<b>1,850,777</b>	<b>1,542,156</b>	<b>199,755</b>	<b>119,558</b>	<b>5,715,596</b>
Balance at January 2014	-	-	2,003,350	1,850,777	1,542,156	199,755	119,558	5,715,596
Depreciation	-	-	402,113	27,112	114,939	98,495	11,852	654,511
Revaluation write back	-	-	(2,365,515)	-	-	-	-	(2,365,515)
Disposals	-	-	(39,948)	-	-	-	-	(39,948)
<b>Balance at 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,877,889</b>	<b>1,657,095</b>	<b>298,250</b>	<b>131,410</b>	<b>3,964,644</b>
<b>Carrying Amounts</b>								
At 31 December 2012	<u>122,500</u>	<u>515,000</u>	<u>6,441,017</u>	<u>130,795</u>	<u>331,237</u>	<u>513,656</u>	<u>50,798</u>	<u>8,105,003</u>
At 31 December 2013	<u>394,840</u>	<u>515,000</u>	<u>6,038,904</u>	<u>69,403</u>	<u>457,455</u>	<u>615,648</u>	<u>39,807</u>	<u>8,131,051</u>
At 31 December 2014	<u>569,333</u>	<u>112,000</u>	<u>13,006,000</u>	<u>42,291</u>	<u>924,851</u>	<u>1,195,347</u>	<u>74,639</u>	<u>15,924,451</u>

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements For the year ended 31 December 2014

#### 5. PROPERTY, PLANT AND EQUIPMENT -CON'T

There is no value of tandai land prior to valuation in 2009. \$1 appear against the property in the fix asset registrar to indicate that an asset do exist but with unkown value.

#### 6. TRADE AND OTHER PAYABLES

Trade creditors	435,169	549,114
Other creditors and accrued expenses	<u>202,946</u>	<u>221,538</u>
	<u>638,115</u>	<u>770,652</u>

#### 7. DEFERRED INCOME

##### Current

Program sponsorship and advertising revenue received in advance	71,686	114,106
Unexpended property, plant and equipment grants	<u>19,431</u>	<u>16,229</u>
	<u>91,117</u>	<u>130,335</u>

##### Non-current

Unexpended property, plant and equipment grants	-	19,431
	<u>91,117</u>	<u>149,766</u>

#### 8. LOANS & BORROWINGS

##### Conversion of long outstanding debt to interest free loan

##### Current

Conversion of SIEA Debts to interest free loan	<u>360,000</u>	<u>360,000</u>
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##### Non-current

Conversion of SIEA Debts to interest free loan	<u>2,611,381</u>	<u>3,061,381</u>
	<u>2,971,381</u>	<u>3,421,381</u>

##### Solomon Islands Electricity Authority (SIEA) Interest free loan

An Agreement was entered between SIEA and SIBC on the 8th of May 2013, Indicating that SIEA will advance a loan to SIBC for its outstanding debts in 60 monthly instalment over 5 year at \$30,000 per month. The corporation volutarly increased its payment during the year to \$50,000 per month. The corporation paid a total of \$450,000 during the year as loan repayment.

**Solomon Islands Broadcasting Corporation**

**Notes to the Financial Statements**

**For the year ended 31 December 2014**

<b>9. EMPLOYEE BENEFITS</b>	<u>2014</u> \$	<u>2013</u> \$
<b>Current</b>		
Annual leave	120,976	53,828
Long service leave	103,628	60,430
	<u>224,604</u>	<u>114,258</u>
<b>Non-current</b>		
Long service leave	<u>89,499</u>	<u>86,682</u>
<b>Long service benefit</b>		

The Corporation has provided for long service benefits which entitles employees who have completed ten years service to six months pay. The portion of the provision with a maturity of less than 1 year has been classified as current. The portion of the provision with an expected maturity of greater than 1 year has been classified as non-current.

<b>10. ASSET REVALUATION RESERVE</b>	<u>2014</u> \$	<u>2013</u> \$
Opening balance	8,790,056	8,790,056
Revaluation increment during the year	7,083,467	-
	<u>15,873,523</u>	<u>8,790,056</u>
Refer to note 1(e) (iii) for revaluation detail		

**11. FINANCIAL INSTRUMENTS**

Exposure to credit, Market risk (interest rate and currency risks) and Liquidity risk arise in the normal course of the Corporation's business.

**(i) Credit risk**

Credit risk is the risk of financial loss to the corporation if a customer fails to meet its contractual obligation and arise mainly from the corporation trade receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Corporation does not require collateral in respect of financial assets. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset as follows:

	<u>2014</u> \$	<u>2013</u> \$
Cash at bank	625,314	1,112,665
Trade Debtors	1,687,216	1,889,882
Other receivables	1,368,348	282,022
	<u>3,680,878</u>	<u>3,284,569</u>

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2014

#### FINANCIAL INSTRUMENTS (Continued)

##### (i) Credit risk (Continued)

###### Impairment Losses

The ageing of trade receivables at reporting date that were not impaired was as follows:

	2014	2013
	\$	\$
Not past due		
Past due 0- 30days	196,378	257,243
Past due 31-60 days	221,186	209,973
Past due 61-90 days	114,317	268,371
Past due more than 90 days	528,175	309,620
	<u>1,060,056</u>	<u>1,045,207</u>

More than 50% of corporation customer has been transacting with related parties (Ministries, Provinces, other SOES etc). These customers are taking longer than normal customer to pay as most, in particular ministries payments are centralised within the ministry of finance. Management still believe the unimpaired amount that are past due more than 90 days are still collectable based on historical payment behaviour and detail analysis of customer credit risks.

##### (ii) Interest Risk

The Corporation's bank accounts are non-interest bearing, unless they are temporarily invested in short-term deposits. At reporting date the interest rate profile for the corporation interest bearing Financial instrument was as follows:

	<u>Note</u>	<u>Effective interest rate</u>	<u>Total</u>	<u>Due within 1 year</u>
Cash and cash equivalents	3	0%	625,314	-

##### (iii) Foreign currency risk

The corporation is occasionally exposed to foreign currency risk on purchases denominated in currencies other than the Solomon Islands dollar. However, these purchases are infrequent and usually paid for in advance of receipt of the goods, limiting the Corporation's exposure to foreign exchange risk. As at year end, there are no assets, liabilities dominated in foreign currency in the corporation financial statements.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2014

#### (iv) Liquidity Risk

Liquidity risk is the risk that the corporation will face difficulty in meeting its financial obligation when they fall due. The Management attempt in managing the risk is to try as much as possible to have much liquidity to meet its obligation. The following are the remaining contractual maturity of financial liabilities at the reporting date:

<b>31-Dec-14</b>					
<b>Financial Liabilities</b>	<b>Carrying amount</b>	<b>0-30 Days</b>	<b>30-60 Days</b>	<b>60-90 days</b>	<b>90+ Days</b>
Interest free loan	2,971,381	30,000	60,000	90,000	2,881,381
Trade payables	435,169	435,169			
Accrued & Other creditors	202,946	202,946			
	<b>3,609,496</b>	<b>668,115</b>	<b>60,000</b>	<b>90,000</b>	<b>2,881,381</b>

<b>31-Dec-13</b>					
<b>Financial Liabilities</b>	<b>Carrying amount</b>	<b>0-30 Days</b>	<b>30-60 Days</b>	<b>60-90 days</b>	<b>90+ Days</b>
Interest free loan	3,421,381	30,000	30,000	30,000	3,331,381
Trade payables	549,114	176,141	17,178	12,090	343,705
Accrued & Other creditors	221,538	221,538			
	<b>4,192,033</b>	<b>427,679</b>	<b>47,178</b>	<b>42,090</b>	<b>3,675,086</b>

95% of trade payable balance relates to Solomon Islands Electricity Authority (SIEA) accumulated electricity bills from prior years. Management approach the risk by signing an MOU with SIEA on 8th May 2013 to pay its debt \$30,000 each month in addition to their monthly bills. Upon the signing of the MOU the Solomon government paid SIEA \$1M on behalf of SIBC.

#### Sensitivity analysis

The loan held by the Corporation has no interest rate for life of the loan, eliminating the exposure to interest rate risk. Due to zero exposures to interest rate risk, movement of one percentage point in interest rates or in the value of the Solomon Islands dollar against other foreign currencies would have no impact on the Corporation's results for the year.

#### Fair values

The carrying amounts of assets and liabilities shown in the Statement of Financial Position approximates their fair value.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

#### For the year ended 31 December 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
<b>12. RELATED PARTY TRANSACTIONS</b>		
<b>(a) Controlled entities</b>		
The corporation does not control any other entities.		
<b>(b) Outstanding balances owing to SIBC:</b>		
Ministry of Agriculture and Livestock	5,396	104,318
Ministry of Commerce and Employment	20,828	440
Ministry of Commerce and Industries	2,280	(3,984)
Ministry of Communication & Aviation	588	
Ministry of Education and Human Resources	14,110	42,897
Ministry of Environment, Conservation and Meteorology	2,290	790
Ministry of Finance and Treasury	714	-
Ministry of Foreign Affairs and Trade	2,148	694
Ministry of Forest and Research	2,310	-
Ministry of Fisheries and Marine resource	22,660	5,354
Ministry of Health, Disease Prevention and Control	16,500	30,400
Ministry of Health - Health Education Department	58,310	76,177
Ministry of Home Affairs	19,339	2,306
Ministry of Infrastructure Development	3,234	-
Ministry of Justice and Legal Affairs	-	2,270
Ministry Lands, Housing and Survey	1,500	-
Ministry of Mines Energy & Rural electrification	1,620	-
Ministry of National Unity, Reconciliation and Peace		9,100
Ministry of Planning and Aid Co-ordination	4,781	960
Ministry of Youth Sports and Women Development	4,500	2,000
Ministry of Police and National security	13,239	-
Ministry of Provincial Governments	4,232	3,804
National Disaster Management Office	4,544	-
National Parliament Office	18,859	11,238
Office of the Prime Minister	144,198	154,336
Radio Happy Lagoon	14,232	14,232
Royal Solomon Islands Police	15,224	-
Solomon Islands Electricity Authority	62,656	141,835
S I Ports Authority	7,752	-
S I Postal Corporation	514	-
S I Water Authority	19069	-
	<u>487,627</u>	<u>599,167</u>

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2014

(c) **Key management Compensation**

Key management includes, Board of directors, General manager and Finance manager.

The compensation paid or payable to key management for their service rendered to the corporation are as follows:

	2014	2013
	\$	\$
Wages & salaries/Allowance	565,659	419,905
Other employment benefits	240,577	223,737
Termination benefit	-	45,731
Post employment benefits	-	-
Other long term benefit	-	-
	<u>806,236</u>	<u>689,373</u>