Financial Statements

Financial Statements for the year ended 31 December 2024

Solomon Islands Electricity Authority trading as SOLOMON POWER

Contents

Directors' Report

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Solomon Islands Electricity Authority ("SIEA" or "the Authority") trading as Solomon Power, as at 31 December 2024 and the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

1. Directors

The Directors who were in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue were as follows:

David K.C. Quan O.B.E. - Chairman
James Apaniai
James Habu
Lily Lomule
Muriel Ha'apue-Dakamae

2. State of affairs

In complying with the *Electricity Act* (Cap 128) and the *State Owned Enterprises Act* of 2007, the Directors hereby submit the financial statements of SIEA consisting of the statement of financial position as at 31 December 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows of SIEA for the year then ended.

3. Principal activities

The principal activities of SIEA during the course of the financial year were the generation, distribution and sale of electricity in the Solomon Islands as governed by the Electricity Act (Cap 128).

There were no significant changes in the nature of the activities of the Authority during the year.

4. Results of the operations

The total comprehensive income for the year was $55,211,727 (2023: $264,386,911).

5. Dividends

The Directors have declared and paid a dividend of $5,000,000 for the financial year ended 2024 (2023: $4,000,000).

6. Going concern

The Directors believe that the Authority will be able to continue to operate for at least 12 months from the date of this report.

7. Assets

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that the assets of the Authority were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors were not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

8. Transfer from asset revaluation reserves to retained earnings

The Directors resolved to transfer $171,883 (2023: $288,213) from asset revaluation reserves to retained earnings as a result of the derecognition of assets during the financial year.

Directors' Report

9. Bad and doubtful debts

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for expected credit loss.

At the date of this report, the Board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for expected credit loss, inadequate to any substantial extent.

10. Directors' benefits

No director of the Authority has, since the last financial year, received or become entitled to receive any benefit (other than benefits included in the amount of consultancy fees and directors fees and expenses or shown in the financial statements under related party note) by reason of a contract made with the Authority or a related corporation with the director or with a firm of which he/she is a member or with a company in which a director has a substantial financial interest.

11. Unusual transactions

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

12. Events subsequent to balance date

After the balance sheet date, Solomon Power announced that, effective 1 January 2025, there will be a reduction in the non-fuel component of its tariff. Specifically, the tariff will be reduced by 8.3%, which equates to a decrease of 67 cents per Kilowatt.

This event was approved by the Board after the reporting period and does not relate to conditions that existed at the balance sheet date. Consequently, no adjustments have been made to the financial statements for the period ended 31st December 2024. However, management has determined that this tariff reduction is likely to impact future revenue streams. The effects of the tariff change will be recognized in the financial statements for the period beginning 1 January 2025.

Management continues to evaluate the potential quantitative impact on future periods and will update stakeholders in subsequent reports as additional information becomes available.

13. Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Signed in accordance with a resolution of the Directors.

Director	Director

Dated at Honiara this 28th day of March 2025.

Solomon Islands
Office of the Auditor-General

Independent Auditor's Report to the Members of Solomon Islands Electricity Authority Trading as Solomon Power

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Solomon Islands Electricity Authority (the Authority) which comprise the Statement of Financial Position as at 31st December 2024, and the Statements 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, comprising material accounting policies and other explanatory information as set out in notes 1 to 30.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31st December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). 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 Authority in accordance with International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics, and the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and my auditors' report thereon. Our opinion on the financial statements does not cover the other information and we 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Statements

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 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 Authority'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 management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 auditors' 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

Independent Auditor's Report continued

International Standards of Supreme Audit Institutions (ISSAI) 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 these financial statements.

As part of an audit in accordance with ISSAI, 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 Authority'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 management's 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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' 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 auditors' report. However, future events or conditions may cause the Authority 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

I have obtained all the information and explanations which, to the best of my knowledge and belief, are necessary for the purposes of my audit.

In my opinion:

i) proper books of account have been kept by the Authority, sufficient to enable financial statements to be prepared, so far as it appears from my examination of those books; and

ii) to the best of my knowledge and according to the information and explanations given to us, the financial statements give the information required by the Electricity Act (Cap. 128) State Owned Enterprises Act 2007 and Public Finance and Audit Act (Cap. 120) in the manner so required; and

iii) the Authority complied with the requirements of the State Owned Enterprises Act, 2007, which requires the audited financial statements submitted to the Minister within three months of the financial year to which the financial statements relate.

David Dennis
Auditor General
28 March 2025

Office of the Auditor General
Honiara, Solomon Islands

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 $	2023 $
OPERATING INCOME			
Electricity sales	5	637,680,702	563,165,476
Amortisation of deferred income		8,824,592	8,831,579
Other operating income	6	6,827,194	11,578,639
Reversal of credit impairment		-	23,926
TOTAL OPERATING INCOME		**653,332,488**	**583,599,620**
EXPENSES			
Generation and distribution	7	(345,839,821)	(319,793,819)
Administrative	8	(77,210,042)	(74,720,917)
Operating	9	(32,819,099)	(30,617,759)
Depreciation and amortisation	16	(142,130,396)	(109,858,133)
Depreciation of right-of-use assets	17	(2,473,684)	(2,854,812)
Inventory and asset write-off		(622,343)	(612,433)
TOTAL EXPENSES		**(601,095,385)**	**(538,457,873)**
PROFIT FROM OPERATIONS		**52,237,103**	**45,141,747**
Finance income	11	5,052,392	6,604,148
Finance costs	11	(1,077,768)	(1,377,631)
NET FINANCE INCOME		**3,974,624**	**5,226,517**
PROFIT BEFORE TAX		**56,211,727**	**50,368,264**
Income tax	3(g)	-	-
PROFIT FOR THE YEAR		**56,211,727**	**50,368,264**
OTHER COMPREHENSIVE INCOME			
Revaluation increment - property, plant & equipment	16	-	204,018,647
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**56,211,727**	**254,386,911**

The notes on pages 45 to 78 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2024

	Notes	2024 $	2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	309,385,459	228,364,335
Inventories	13	63,378,896	73,026,530
Trade and other receivables	14	58,162,709	71,505,752
Prepayments	15	15,880,829	26,935,036
TOTAL CURRENT ASSETS		446,807,893	399,831,653
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,546,501,695	1,480,711,812
Right-of-use assets	17	6,449,885	5,957,897
Government bonds	18	42,142,857	113,571,429
TOTAL NON-CURRENT ASSETS		1,595,094,437	1,600,241,138
TOTAL ASSETS		2,041,902,330	2,000,072,791
LIABILITIES			
CURRENT LIABILITIES			
Deferred income	19	8,824,592	8,831,579
Trade and other payables	20	50,697,282	62,882,049
Lease liabilities	17	1,387,422	1,637,267
Borrowings from SIG	21	2,802,313	2,802,313
Employee benefits	22	3,514,423	4,443,427
TOTAL CURRENT LIABILITIES		67,226,032	80,596,635
NON-CURRENT LIABILITIES			
Deferred income	19	132,605,206	132,771,757
Lease liabilities	17	1,615,398	903,788
Borrowings from SIG	21	12,480,077	12,603,137
Employee benefits	22	19,618,912	18,052,496
TOTAL NON-CURRENT LIABILITIES		166,319,593	164,331,178
TOTAL LIABILITIES		233,545,625	244,927,813
NET ASSETS		1,808,356,705	1,755,144,978
EQUITY			
Contributed capital	23	246,933,170	246,933,170
Asset revaluation reserve		648,351,665	648,523,548
Accumulated profit		913,071,870	859,688,260
TOTAL EQUITY		1,808,356,705	1,755,144,978

Signed for and on behalf of the Board of Directors:

Director

Director

The notes on pages 45 to 78 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Contributed capital $	Asset revaluation reserve $	Accumulated profit $	Total equity $
BALANCE AT 1 JANUARY 2023		**246,933,170**	**444,793,114**	**813,031,783**	**1,504,758,067**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Net profit for the year		-	-	50,368,264	50,368,264
Revaluation of land and buildings	16	-	204,018,647	-	204,018,647
Disposal of revalued property, plant and equipment		-	(288,213)	288,213	-
TRANSACTION WITH OWNERS OF SIEA DIRECTLY RECOGNISED IN EQUITY					
Dividend declared and paid during the year		-	-	(4,000,000)	(4,000,000)
BALANCE AT 31 DECEMBER 2023		**246,933,170**	**648,523,548**	**859,688,260**	**1,755,144,978**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Net profit for the year		-	-	56,211,727	56,211,727
Disposal of revalued property, plant and equipment		-	(171,883)	171,883	-
TRANSACTION WITH OWNERS OF SIEA DIRECTLY RECOGNISED IN EQUITY					
Dividend declared and paid during the year		-	-	(3,000,000)	(3,000,000)
BALANCE AT 31 DECEMBER 2024		**246,933,170**	**648,351,665**	**913,071,870**	**1,808,356,705**

The notes on pages 45 to 78 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		654,898,223	571,272,206
Cash payments to suppliers and employees		(444,273,846)	(434,407,763)
Interest income	11	5,264,655	6,360,989
Interest expense	11	(1,077,768)	(1,377,631)
NET CASH FROM OPERATING ACTIVITIES		**214,811,264**	**141,847,801**
CASH FLOWS FROM INVESTING ACTIVITES			
Acquisition of Government bonds		-	(35,000,000)
Receipt on Government bonds		71,428,572	17,142,857
Reimbursement from SIG		298,141	-
Proceeds from sale of property, plant and equipment		-	190,639
Acquisition of property, plant and equipment	16	(208,540,940)	(176,367,227)
NET CASH USED IN INVESTING ACTIVITIES		**(136,814,227)**	**(194,033,731)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,000,000)	(4,000,000)
Repayment of SIG Borrowings	21	(2,802,782)	(2,801,845)
Borrowing from SIG		2,679,722	-
Cash receipts from donor grants		8,651,054	2,724,273
Payment for lease liability	17	(2,503,907)	(2,795,576)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**3,024,087**	**(6,873,148)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**81,021,124**	**(59,059,078)**
Cash and cash equivalents at beginning of the year		228,364,335	287,423,413
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12	**309,385,459**	**228,364,335**

The notes on pages 45 to 78 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2024

Note 1 Reporting entity

Solomon Islands Electricity Authority (SIEA or the Authority) is a state owned enterprise established under the *Electricity Act* (Cap 128) 1969 and is domiciled in Solomon Islands. SIEA's registered office and principal place of business is at the Ranadi Complex, Solomon Islands. There is no subsidiary companies.

The principal activities of SIEA during the course of the financial year were the generation, distribution and sale of electricity in the Solomon Islands. SIEA is the owner and operator of the Solomon Island Government's owned electricity supply systems.

Note 2 Basis of preparation

a) *Statement of compliance*

The financial statements have been prepared in accordance with the *State-Owned Enterprise Act 2007*, and in accordance with accepted reporting principles. The financial statements comply with International Financial Reporting Standards (IFRS) Accounting Standards as issued by International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the SIEA's Board of Directors on [date].

b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

c) *Functional and presentation currency*

The financial statements are presented in Solomon Islands Dollars ("SBD"), which is SIEA's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

d) *Use of judgements and estimates*

The preparation of the financial statements in conformity with IFRS accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(a) - Revenue;
- Note 3(c) - Impairment of non-derivative financial assets and non-financial assets;
- Note 3(e)(iv) - Revaluation of property, plant and equipment;
- Note 3(f) - Employee benefits; and
- Note 3(k) - Leases.