

SOLOMON ISLANDS BROADCASTING CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Solomon Islands Broadcasting Corporation

Financial Statements for the year ended 31 December 2017

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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 2017 and the Independent Audit Report thereon.

Directors

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

2017	Date of appointment	Position	Date of Revocation
Mr. Loyley Ngira	8/04/2016	Chairperson	Nov 2016
Mr. Robert Iroga	8/04/2016	Deputy Chairperson	
Ms Cathy Nori	8/04/2016	Member	
Mr. Alpheaus Zobule	5/02/2016	Member	
Ms Christina Bakolo	5/02/2016	Member	
Ms Ella Kauhue	2/03/2016	Member	
Mr. Eric Chow	2/03/2016	Member	
2016			
Mr. Loyley Ngira	8/04/2016	Chairperson	
Mr. Robert Iroga	8/04/2016	Deputy Chairperson	
Ms Cathy Nori	8/04/2016	Member	
Mr. Alpheaus Zobule	5/02/2016	Member	
Ms Christina Bakolo	5/02/2016	Member	
Ms Ella Kauhue	2/03/2016	Member	
Mr. Eric Chow	2/03/2016	Member	

Principal activities

The principal activity of the Corporation during the course of the financial year ended 31 December 2017 was the provision of radio services in Solomon Islands.

Operating and financial review

The Corporation recorded a net loss from continuing operation for the year amounting to \$346,716 (2016 : \$2,004,202).

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 Robert L Iroga**
Director


Name: **Ms Cathy Nori**
Director

Dated at Honiara this 28 day of March 2018.



INDEPENDENT AUDITOR'S REPORT

To the Board of the Solomon Island Broadcasting Corporation

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the Solomon Island Broadcasting Corporation (SIBC), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of the SIBC as at 31st December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I have conducted the audit in accordance with International Standards on Auditing (ISAs). 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 SIBC in accordance to 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, 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 SIBC'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 or to cease operations, or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing SIBC'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 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 ISAs 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 or users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control to 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 SIBC'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 SIBC'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 conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause SIBC 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 the 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 controls that I identify during my audit.


I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanation which, to the best of my knowledge and belief, were necessary for the purpose of my audit.

In my opinion:

- Proper books of accounts have been maintained by SIBC, sufficient to enable statement of financial position as at 31st December 2017, statement of financial performance and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended and significant accounting policies and explanatory notes to be prepared, and
- To the best of my knowledge and according to the information and explanations given to me the statement of cash receipts and payments give the information required by Broadcasting Act (1996), Cap 112.


Peter Lokay
Auditor-General
28 March, 2018

Office of the Auditor-General
Honiara, Solomon Islands

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 6 to 22:
 - (i) give a true and fair view of the Corporation's financial position as at 31 December 2017 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 Robert L Iroga**
Director


Name: **Ms Cathy Nori**
Director

Dated at Honiara this

28 day of March

2018.

Solomon Islands Broadcasting Corporation

**Statement of profit or loss and other comprehensive income
For the year ended 31 December 2017**

	Notes	<u>2017</u> \$	<u>2016</u> \$
Revenue from continuing operation			
Government Grants		500,000	775,695
Community Services Obligation (CSO)		2,500,000	3,930,000
Program sponsorship and advertising		3,326,195	3,693,707
Broadcasts		1,500,381	1,486,367
Service messages		1,011,826	841,991
Rental income		300,090	307,400
Other revenue		323,793	181,421
Total revenue from continuing operation		<u>9,462,285</u>	<u>11,216,581</u>
Expenses from continuing operation			
Administrative expenses		3,436,482	3,359,607
Depreciation expense	5	715,125	709,568
Director costs		59,522	65,632
Employee costs		4,971,524	4,327,003
Finance expenses		1,396	2,877
Repairs and maintenance		624,952	747,692
Total expenses from continuing operation		<u>9,809,001</u>	<u>9,212,379</u>
Net profit / (loss) from continuing operation		<u>(346,716)</u>	<u>2,004,202</u>
Other comprehensive income			
Revaluation increment of land & building	e(iii),5,10	16,733,258	-
Total other comprehensive income		<u>16,733,258</u>	<u>-</u>
Total Comprehensive Income for the year		<u>16,386,542</u>	<u>2,004,202</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 10 to 22.

Solomon Islands Broadcasting Corporation

Statement of Changes in Equity For the year ended 31 December 2017

	<u>Note</u>	<u>Shareholder Contributions/ Equity</u> \$	<u>Asset Revaluation Reserve</u> \$	<u>Retained Earnings/ (Accumulated Losses)</u> \$	<u>Total</u> \$
Balance at 1 January 2016		1,981,948	15,873,523	- 1,950,898	15,904,573
Profit / (Loss)		-	-	2,004,202	2,004,202
Total other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	-	2,004,202	2,004,202
Balance at 31 December 2016		1,981,948	15,873,523	53,304	17,908,775
Balance at 1 January 2017		1,981,948	15,873,523	53,304	17,908,775
Profit/(Loss)		-	-	(346,716)	(346,716)
Total other comprehensive income			16,733,258		16,733,258
Total comprehensive income for the year		-	16,733,258	(346,716)	16,386,542
Balance at 31 December 2017		1,981,948	32,606,781	(293,412)	34,295,317

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 10 to 22.


Solomon Islands Broadcasting Corporation

Statement of financial position

As at 31 December 2017

ASSETS	Note	2,017 \$	2016 \$
CURRENT ASSETS			
Cash on hand and at bank	3	496,750	1,242,150
Trade and other receivables	4	1,824,205	2,219,905
TOTAL CURRENT ASSETS		<u>2,320,955</u>	<u>3,462,055</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	33,949,096	16,819,433
TOTAL NON-CURRENT ASSETS		<u>33,949,096</u>	<u>16,819,433</u>
TOTAL ASSETS		<u>36,270,051</u>	<u>20,281,488</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	749,355	435,671
Deferred income	7	109,314	-
Conversion of outstanding debts to interest free loan	8	360,000	360,000
Employee Benefits	9	67,724	95,992
TOTAL CURRENT LIABILITIES		<u>1,286,393</u>	<u>891,663</u>
NON - CURRENT LIABILITIES			
Deferred income	7	-	-
Conversion of outstanding debts to interest free loan	8	593,131	1,361,381
Employee Benefits	9	95,210	119,669
TOTAL NON-CURRENT LIABILITIES		<u>688,341</u>	<u>1,481,050</u>
TOTAL LIABILITIES		<u>1,974,734</u>	<u>2,372,713</u>
NET ASSETS		<u>34,295,317</u>	<u>17,908,775</u>
SHAREHOLDERS' EQUITY			
Shareholder contributions / equity		1,981,948	1,981,948
Asset revaluation reserve	5,10	32,606,781	15,873,523
Retained earnings / (Accumulated losses)		(293,412)	53,304
TOTAL SHAREHOLDERS' EQUITY		<u>34,295,317</u>	<u>17,908,775</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 10 to 22.


DIRECTOR


DIRECTOR

Solomon Islands Broadcasting Corporation
Statement of cash flow
For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash Flows From Operating Activities			
Cash receipts from customers		6,799,049	5,757,900
Cash receipts from Government grant		3,000,000	4,705,695
Cash payments to suppliers and employees		<u>(8,784,587)</u>	<u>(8,391,478)</u>
Cash generated from / (used in) operations		1,014,462	2,072,117
Interest received		-	-
Interest paid		<u>-</u>	<u>-</u>
Net cash provided by / (used in) operating activities		<u>1,014,462</u>	<u>2,072,117</u>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment	5	45,000	10,000
Acquisition of property, plant and equipment	5	<u>(1,204,863)</u>	<u>(1,449,663)</u>
Net cash provided by / (used in) investing activities		<u>(1,159,863)</u>	<u>(1,439,663)</u>
Cash Flows From Financing Activities			
Contribution by SIG		-	-
Repayment of borrowings	8	<u>(600,000)</u>	<u>(600,000)</u>
Net cash provided by / (used in) financing activities		<u>(600,000)</u>	<u>(600,000)</u>
Net increase / (decrease) in cash and cash equivalents		(745,400)	32,454
Cash and cash equivalents at the beginning of the financial year		<u>1,242,150</u>	<u>1,209,696</u>
Cash and cash equivalents at the end of the financial year	3	<u>496,750</u>	<u>1,242,150</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 10 to 22.

Solomon Islands Broadcasting Corporation

Notes to the Financial Statements

For the year ended 31 December 2017

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 2017

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

The functional currency adopted in the preparation of the financial statements is the Solomon Islands currency, the Solomon 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 reporting 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 at the exchange rate at the date of the transaction.

(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 construction and donated assets, in the year of substantial completion of the asset and formal handover respectively. The rate of depreciation current and comparative periods are as follows:

• 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 2017

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 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.

In 2014, 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.

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 2017

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 reporting 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 paid in advance was initially 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 2017

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 2017

2. EMPLOYEES

The number of employees at 31 December 2017 is 48 (2016: 53).

3. CASH AND CASH EQUIVALENTS

Cash on hand
cash at bank
Less: Bank overdraft

2017	2016
	\$
5,273	(128,528)
491,477	1,370,678
-	-
<u>496,750</u>	<u>1,242,150</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
Total other debtors
Total trade and other receivables
Less: Provision for doubtful debts
Net trade and other receivables

669,355	798,962
1,156,192	1,457,534
<u>1,825,547</u>	<u>2,256,496</u>
89,089	53,840
<u>89,089</u>	<u>53,840</u>
<u>1,914,636</u>	<u>2,310,336</u>
90,431	90,431
<u>1,824,205</u>	<u>2,219,905</u>

Solomon Islands Broadcasting Corporation

Notes to the Financial Statements For the year ended 31 December 2017

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Property Under construction amount \$	Leasehold land at Revalued amount \$	Buildings at Revalued amount \$	Transmitter plant and Equipment \$	Plant and Equipment \$	Motor Vehicles \$	Furniture and Fittings \$	Total \$
At 1 January 2016	972,906	4,766,977	9,072,665	1,920,180	2,625,196	1,077,278	206,049	20,641,251
Additions during the year	1,121,324	-	-	-	258,309	70,000	-	1,449,633
Revaluation Increment	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(165,055)	-	(165,055)
At 31 December 2016	2,094,230	4,766,977	9,072,665	1,920,180	2,883,505	982,223	206,049	21,925,829
Balance at 1 January 2017	2,094,230	4,766,977	9,072,665	1,920,180	2,883,505	982,223	206,049	21,925,829
Additions during the year	802,254	-	-	-	399,609	-	3,000	1,204,863
Revaluation Increment	-	14,263,423	1,108,935	-	-	-	-	15,372,358
Disposals during the year	-	-	-	-	-	(160,000)	-	(160,000)
Balance as at 31 December 2017	2,896,484	19,030,400	10,181,600	1,920,180	3,283,114	822,223	209,049	38,343,050
Accumulated depreciation								
At 1 January 2016	-	-	453,633	1,889,281	1,785,191	188,249	142,322	4,458,676
Depreciation	-	-	453,633	11,392	125,354	108,811	10,378	709,568
Revaluation write back	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(61,855)	-	(61,855)
At 31 December 2016	-	-	907,266	1,900,673	1,910,545	235,205	152,700	5,106,389
Balance at January 2017	-	-	907,266	1,900,673	1,910,545	235,205	152,700	5,106,389
Depreciation	-	-	453,633	11,392	149,030	90,666	10,403	715,124
Revaluation write back	-	-	(1,360,899)	-	-	-	-	(1,360,899)
Disposals	-	-	-	-	-	(66,667)	-	(66,667)
Balance at 31 December 2017	-	-	-	1,912,065	2,059,575	259,205	163,103	4,393,948
Carrying Amounts								
At 31 December 2014	972,906	4,766,977	8,619,032	30,899	840,005	889,029	63,727	16,182,575
At 31 December 2015	2,094,230	4,766,977	8,165,399	19,507	972,960	747,018	53,349	16,819,433
At 31 December 2016	2,896,484	19,030,400	10,181,600	8,115	1,223,539	563,018	45,946	33,949,096

Solomon Islands Broadcasting Corporation

Notes to the Financial Statements For the year ended 31 December 2017

6.	TRADE AND OTHER PAYABLES	<u>2017</u>	<u>2016</u>
	Trade creditors	199,153	2,042
	Other creditors and accrued expenses	<u>550,202</u>	<u>433,629</u>
		<u>749,355</u>	<u>435,671</u>
7.	DEFERRED INCOME		
	Current		
	Programs & Sponsorship receive in advance	<u>109,314</u>	<u>-</u>
		<u>109,314</u>	<u>-</u>
	Non-current		
	Programs & Sponsorship receive in advance	<u>-</u>	<u>-</u>
		<u>109,314</u>	<u>-</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>
	Non-current		
	Conversion of SIEA Debts to interest free loan	<u>593,131</u>	<u>1,361,381</u>
		<u>953,131</u>	<u>1,721,381</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 voluntarily increased its payment during the year to \$50,000 per month. The corporation paid a total of \$768,250 (2016: \$600,000) during the year as loan repayment.

Solomon Islands Broadcasting Corporation

Notes to the Financial Statements

For the year ended 31 December 2017

9. EMPLOYEE BENEFITS

	2017	2016
	\$	\$
Current		
Annual leave		
Long service leave	50,426	49,135
	17,298	46,857
	<u>67,724</u>	<u>95,992</u>
Non-current		
Long service leave		
	95,210	119,669
Long service benefit		

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.

10. ASSET REVALUATION RESERVE

	2017	2016
	\$	\$
Opening balance		
Revaluation increment during the year	15,873,523	15,873,523
	<u>16,733,258</u>	<u>-</u>
Refer to note 1(e) (iii) for revaluation detail	<u>32,606,781</u>	<u>15,873,523</u>

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:

	2017	2016
	\$	\$
Cash at bank		
Trade Debtors	491,072	1,242,150
Other receivables	1,825,547	2,256,496
	89,089	53,840
	<u>2,405,708</u>	<u>3,552,486</u>

Solomon Islands Broadcasting Corporation

Notes to the Financial Statements For the year ended 31 December 2017

FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk (Continued)

Impairment Losses

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

	2017	2016
	\$	\$
Not past due		
Past due 0- 30days	476,859	681,620
Past due 31-60 days	366,671	530,723
Past due 61-90 days	319,083	239,447
Past due more than 90 days	572,504	735,118
	<u>1,735,117</u>	<u>2,186,908</u>

More than 50% of corporation customer has been transacting with related parties (Ministries & other SOES). 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 beleive 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:

	Note	Effective interest rate	Total	Due within 1 year
Cash and cash equivalents	3	0%	491,072	-

(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 2017

(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:

31-Dec-17					
Financial Liabilities	Carrying amount	0-30 Days	30-60 Days	60-90 days	90+ Days
Interest free loan	953,131	30,000	60,000	90,000	863,131
Trade payables	199,153	199,153			
Accrued & Other creditors	550,202	550,202			
	1,702,486	779,355	60,000	90,000	863,131
31-Dec-16					
Financial Liabilities	Carrying amount	0-30 Days	30-60 Days	60-90 days	90+ Days
Interest free loan	1,721,381	30,000	60,000	90,000	1,631,381
Trade payables	2,042	2,042			
Accrued & Other creditors	433,629	433,629			
	2,157,052	465,671	60,000	90,000	1,631,381

80% of financial liabilities 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 2017

12.	RELATED PARTY TRANSACTIONS	2017	2016
(a)	Controlled entities	\$	\$
	The corporation does not control any other entities.		
(b)	Outstanding balances owing to SIBC:		
	Ministry of Agriculture and Livestock	39,932	97,446
	Ministry of Commerce and Employment	40,740	-
	Ministry of Culture and tourism	2,100	2,100
	Min of Forests and Research	2,000	-
	Ministry of Education and Human Resources	108,512	87,676
	Ministry of Environment, Conservation and Meteorology	2,295	2,295
	Ministry of Finance and Treasury - Statistic Office	50,240	63,540
	Ministry of Foreign Affairs and Trade	2,000	3,500
	Ministry of Fisheries and Marine resource	-	17,641
	Ministry of Health - Health Education Department	57,266	98,750
	Ministry of Home Affairs	108,695	38,918
	Min of Forests and Research	2,000	-
	Ministry of Infrastructure Development	94,459	53,976
	Ministry of Public Service	1,500	2,000
	Min of Women, Youth & Children Affairs	1,500	-
	Min of Rural Development and Indigenous Business	-	19,891
	Ministry of Mines Energy & Rural electrification	-	19,950
	Ministry of Planning and Aid Co-ordination	-	3,281
	Ministry of Police and National security	11,570	11,570
	Ministry of Provincial Governments	78,250	4,200
	National Disaster Management Office	124,320	-
	National Parliament Office	116,175	449,900
	National Population Census Off.	3,630	1,936
	Office of the Prime Minister	229,047	183,247
	Office of the Leader of Opposition	1,600	750
	Royal Solomon Islands Police	21,612	8,342
	Solomon Islands Electricity Authority	42,000	269,105
	Solomon Airlines	10,624	14,520
	S I Ports Authority	1,500	1,500
	S I Postal Corporation	1,500	1,500
	S I Water Authority	1,125	-
		<u>1,156,192</u>	<u>1,457,534</u>

Solomon Islands Broadcasting Corporation

Notes to the Financial Statements

For the year ended 31 December 2017

(c) Key management Compensation

Key management includes, Board of directors, CEO and Finance & administration manager.
The compensation paid or payable to key management for their service rendered to the Corporation are as follows:

	2017 \$	2016 \$
Wages & salaries/Allowance		
Other employment benefits	720,413	623,192
Termination benefit	800,201	618,145
Post employment benefits	-	-
Other long term benefit	-	-
	<u>1,520,614</u>	<u>1,241,337</u>