

SOLOMON ISLANDS VISITORS BUREAU

**Financial Report for the year ended
31 December 2016**

Solomon Islands Visitors Bureau

Index

	Page No.
Directors' Report	1
Report of the Independent Auditor	2 - 4
Detailed Statement of Cash Receipts and Payments	5 - 6
Statement of Comparison of Budget and Actual Amounts	7
Notes to and forming part of the Financial Statements	8 - 11

Solomon Islands Visitors Bureau

Director's Report for the year ended 31st December 2016

In accordance with Solomon Islands Visitors Bureau Act 1996, the directors present their report with the financial statements of Solomon Islands Visitors Bureau for the year ended 31st December 2016

Director details

The following persons were Directors of Solomon Islands Visitors Bureau during or since the end of the financial year:-

Names	Position	Date of Appointment
1 Wilson Ne'e	Chairman	11-06-14
2 Sanjay Bhargava	Deputy Chairman	08-05-15
3 Gus Kraus	Member	2014
4 Andrew Nihopara	Member	2014
5 Eric Ghemu	Member	2014
6 Rodney Begley	Member	2016
7 Bernard Garo	Member	2016
8 Francis Para	Member	2014
9 Charlie Panakera	Member	13-07-16
10 Thomson Turueke	Member	13-07-16

Principal Activities

The principal activity of the statutory body during the year is to market and promote Solomon Islands as a tourist destination.

Results and Dividends

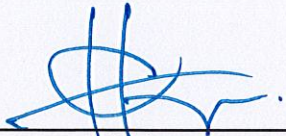
The net deficit for the year was \$2,914,383 (2015: Net surplus \$2,562,027). No dividends have or been declared since the end of the previous financial year.

Statement by Directors


In accordance with a resolution of the Directors' of Solomon Islands Visitors Bureau, we state our opinion:

(a) the statement of cash receipts and payments are drawn up so as to present fairly the results of the entity for the financial year ended 31st December 2016; and

(b) the financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.



Chairman
Date: 27/06/2019



Chief Executive Officer
Date: 27/06/19

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLOMON ISLANDS VISITORS BUREAU

Report on the Audit of the Financial Statements

Opinion

I have in consultation with the Board of the Solomon Islands Visitors Bureau ("the Bureau") pursuant to Solomon Islands Visitors Bureau Act 1996 to audit the accompanying financial statements of the Solomon Islands Visitors Bureau, which comprise the statement of cash receipts and payments for the year then ended 31st December 2016, statement of comparison of budget and actual amount for the year ended 31st December 2016 and a summary of significant accounting policies and other explanatory information.

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 Visitors Bureau for the financial year ended 31st December 2016.

Basis for Disclaimer of Opinion

I am unable to rely on the financial statement as true and fair and express confidence in the preparation of the financial statements. Through discussions with the management, observations and audit evidences obtained, I have concluded that the basis for the preparation of the financial statements are limited from the following:

- There is no proper hand over of financial working papers to form the basis of the financial statements.
- Adjustments and write offs with no evidences to perform.
- Imprest records did not reconcile with staff personal records, which indicates internal control breakdown over imprest and payroll system.

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bureau in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) 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.

Responsibilities of Management and Directors for the Financial Statement

The Directors and management are responsible for the preparation and fair presentation of these statements of cash receipts and payments in accordance with *International Public Sector Accounting Standards: Financial Reporting* under the Cash Basis of Accounting (Cash Basis IPSAS) and *Solomon Islands Visitors Bureau Act 1996*, for such internal control as management determines is necessary to enable the preparation

of statement of cash receipts and payments that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management are responsible for assessing the Bureau's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors and management either intend to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Bureau'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 International Standards on Auditing (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 of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, 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 Bureau'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 Bureau'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 Bureau 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 identified during my audit.

Report on Other Legal and Regulatory Requirements***Lack of compliance with the Solomon Islands Visitors Bureau Act 1996***

The Solomon Islands Visitors Bureau's Board of Directors has not complied with Section 16 of SIVB Act 1996 which requires the accounts of the Bureau to be audited annually. The Management signed financial statements were not presented to me until 27th June 2019 which is three years and three months after the SIVB Act requirement.



Peter Lokay

Auditor-General

8th August 2019

Office of the Auditor-General

Honiara, Solomon Islands

Solomon Islands Visitors Bureau
Statement of Cash Receipts and Payments
for the year ended 31st December 2016

Notes	<u>31 December 2016</u>		<u>31 December 2015</u>	
	Receipts (Payments) \$	Payments by Third Parties \$	Receipts (Payments) \$	Payments by Third Parties \$
RECEIPTS				
Grants and Other				
SI Government Grant	6,175,287		6,683,072	
Other	0		57,000	
	<u>6,175,287</u>		<u>6,740,072</u>	
Levies and Licenses				
Bed Levies	8,798,766		10,747,368	
Unit Levies	10,600		14,120	
Licenses	8,050		11,400	
	<u>8,817,416</u>		<u>10,772,888</u>	
Capital Receipts				
Proceeds from disposals of PPE	0		0	
Receipts from Debtors	275,230		101,586	
	<u>275,230</u>		<u>101,586</u>	
Trading Activities				
Receipts from trading activities	26,085		23,574	
	<u>26,085</u>		<u>23,574</u>	
Other receipts	159,656		15,695	
	<u>159,656</u>		<u>15,695</u>	
Total Receipts	<u>15,453,673</u>		<u>17,653,815</u>	

Solomon Islands Visitors Bureau
Statement of Cash Receipts and Payments
For the year ended 31st December 2016

	Notes	<u>31 December 2016</u>		<u>31 December 2015</u>	
		Receipts (Payments)	Payments by Third Parties	Receipts (Payments)	Payments by Third Parties
		\$	\$	\$	\$
PAYMENTS					
Operations					
Marketing and Promotions	(3)	(10,757,789)		(8,733,094)	
Operations	(4)	(3,108,846)		(2,441,442)	
Wages, Salaries & associated employees costs	(5)	(3,301,856)		(2,934,304)	
Professional fees	(6)	(82,026)		(131,300)	
Other Expenses	(7)	(96,100)		(45,667)	
		<u>(17,346,617)</u>		<u>(14,285,807)</u>	
Capital expenditures					
Purchase of Property Plant & Equipment	(8)	(1,033,555)		(704,823)	
Other Payments - Creditors		12,116		(101,158)	
		<u>(1,021,439)</u>		<u>(805,981)</u>	
Total Payments		<u>(18,368,056)</u>		<u>(15,091,788)</u>	
Increase/(decrease) in cash and cash equivalents		<u>(2,914,383)</u>		<u>2,562,027</u>	

Reconciliation of Cash Movement

Cash and Cash Equivalents at the beginning of the year		6,091,679	3,525,832
Increase (decrease) in cash equivalents		(2,914,383)	2,562,027
Prior Year Adjustments			3,820
Restated increase (decrease) in cash equivalents			2,565,847
Cash and Cash Equivalents at end of year	(2)	<u>3,177,296</u>	<u>6,091,679</u>

Solomon Islands Visitors Bureau

Statement of Comparision of Budget and Actual Amount

For the year ended 31st December 2016

Budget Approved on a Cash Basis

	Note	Actual Amount	Final Budget	Original Budget	Difference: Actual amount and final budget
		\$	\$	\$	\$
RECEIPTS					
Grants and other		6,175,287	5,000,000		(1,175,287)
Levies and Licenses		8,817,416	11,486,500		2,669,084
Trading Activities		26,085	0		(26,085)
Other Receipts		159,656	4,000,000		3,840,344
Capital Receipts		275,230	0		(275,230)
Total Receipts		<u>15,453,673</u>	<u>20,486,500</u>		<u>5,032,827</u>
PAYMENTS					
Marketing and Promotions		(10,757,789)	(13,800,000)		(3,042,211)
Operations		(3,108,846)	(2,375,600)		733,246
Wages, Salaries & associated employees		(3,301,856)	(3,106,000)		195,856
Professional fees		(82,026)	(120,000)		(37,974)
Other Expenses		(96,100)	(84,900)		11,200
Capital Expenditures		(1,033,555)	(1,000,000)		33,555
Other Payments - Creditors		12,116	0		(12,116)
Total Payments		<u>(18,368,056)</u>	<u>(20,486,500)</u>		<u>(2,118,444)</u>
Net Cashflows		<u>(2,914,383)</u>	<u>0</u>		<u>2,914,383</u>

Solomon Islands Visitors Bureau

Notes to the Financial Statements

1 Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

The Accounting policies have been applied consistently throughout the period

Reporting Entity

The financial statements are for the Solomon Islands Visitors Bureau (SIVB), which is a statutory body in the Solomon Islands. The financial statements encompass the reporting entity as specified in the relevant legislation (Solomon Islands Visitors Bureau Act 1996)

The principal objective of SIVB is to market and promotes Solomon Islands as a tourist destination. The SIVB also regulates and issues licenses to all accommodation operators in Solomon Islands

Controlling Entity

For accounting purposes the SIVB reports to the Solomon Islands Government through the Ministry of Culture and Tourism for all policy matters. Financial reporting framework and accounting policies are normally set by the Ministry of Finance or where appropriate through the adoption of appropriate international accounting standards.

External Assistance

The SIVB receives benefits from payments made by external third parties (entities external to the SIVB) for goods and services. These Payments do not constitute cash receipts or payments for SIVB. They are disclosed in the Payments by third parties notes in the financial statements.

Restricted Cash Balances

Restricted cash balances are monies collected on behalf of another statutory entity or Solomon Islands Government Department. These monies are then forwarded to the entity/department on an agreed schedule. These monies are not available for use by the SIVB. Restricted Cash Balances includes Pay as You Earn (PAYE), NPF Employee and Employer contributions, and City Council Basic Rates

Reporting Currency

The financial statements are presented in Solomon Islands currency, expressed as Solomon Bokolo Dollars (SBD\$)

Foreign Currency

Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at date of the transaction.

Classifications

Prior year balances have been reclassified to correspond to current year disclosures where considered necessary.

Property, Plant and Equipment Acquisition and Valuation

The cost method of accounting is used for all acquisition of assets. Cost measured as of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Solomon Islands Visitors Bureau

Notes to the Financial Statements

Depreciation

Depreciation is calculated based on the corresponding percentage listed below to determine the book value of assets over their estimated useful lives. Depreciation on land and building is provided for on a straight-line basis and other assets are provided for on a diminishing value basis at rates calculated to allocate the cost or valuation less estimated useful lives of the assets against the revenues over those estimated useful lives.

Major depreciation rates are:

Land and Buildings	5%
Equipment	25%
Motor Vehicles	20%
Furniture and Fittings	20%

Trade and Other Receivables

No debtors were disclosed in the financial statements. However, in the main general ledger of SIVB, amounts are maintained to keep track of outstanding balances. All debtors are recognised at the amounts receivable at cost and are reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when doubts as to collection exists.

Trade and Other Payables

No creditors were disclosed in the financial statements. However, in the main general ledger of SIVB, amounts are maintained to keep track of outstanding balances. Liabilities for trade creditors and other payables are carried at cost, which is the fair value of the consideration to be paid in future for the goods and services received.

2 Cash

Cash and cash equivalents comprise cash balances, call deposits, un-acquitted imprest account, and restricted cash balances. Bank overdrafts that are payable on demand and form an integral part of SIVB's cash management are included as a component of cash and cash equivalents closing balance.

	<u>31 December</u> <u>2016</u>	<u>31 December</u> <u>2015</u>
	\$	\$
Cash and cash equivalents		
Cash on hand	1,154	1,154
Cheque Accounts	1,120,105	6,037,150
Term Deposits	2,056,038	53,375
	<u>3,177,296</u>	<u>6,091,679</u>
Reconciliation of restricted cash balances as at		
31 December 2015		
Closing cash and cash equivalents	3,177,296	6,091,679
Less: Restricted cash balances		
Creditors	0	0
NPF	371	24,825
PAYE	50,072	43,411
Basic Rates	10,488	9,334
Staff Club	28,945	0
Others	0	190
	<u>89,876</u>	<u>77,760</u>
Cash and cash equivalent available for use	<u><u>3,087,421</u></u>	<u><u>6,013,919</u></u>

Solomon Islands Visitors Bureau
Notes to the Financial Statements

Notes	<u>31 December 2016</u>		<u>31 December 2015</u>	
	Receipts (Payments)	Payments by Third Parties	Receipts (Payments)	Payments by Third Parties
3 Marketing and Promotion				
Advertising	(130,642)		(1,986,685)	
Trade Fairs & Shows	(1,644,613)		(2,004,602)	
Brochures	(262,149)		(52,577)	
Posters/Travel Guide & Promotions	(1,104,603)		(379,863)	
Films & Photographs	(183,952)		(9,262)	
Internet Marketing	(299,109)		(514,732)	
Marketing Communication	(440,125)		(9,602)	
Airport Info Booth Servicing	(86,400)		(61,800)	
Public Relations Activities	(86,290)		(144,782)	
Market Representation	(642,069)		(555,527)	
Travel Agent/Media Visitation	(2,608,130)		(1,816,115)	
Product Knowledge Update	(144,998)		(52,740)	
Trade/Cultural Shows	(35,903)		(134,178)	
Special Events Marketing	(1,689,470)		(365,462)	
Marketing Subsidy/Assistance/Sponsorship	(1,359,290)		(619,495)	
Misc. & Contingency	(40,047)		(25,672)	
	<u>(10,757,791)</u>		<u>(8,733,094)</u>	
4 Operations				
Advertising	(23,283)		(25,606)	
Board Members Expenses	(769,300)		(574,645)	
Telephone, Fax and Postage	(569,122)		(333,951)	
Computer charges	(112,062)		(146,932)	
Printing, Stationery & Office Consumables	(73,922)		(87,310)	
Staff training	(69,460)		(12,311)	
Electricity & other utilities	(239,337)		(233,344)	
Seminar/workshops	(348,396)		(129,063)	
Motor Vehicle & Duty travel expenses	(450,110)		(250,484)	
Repairs and maintenance	(148,764)		(405,206)	
Licensing & Inspections	(51,599)		(67,199)	
Rent & Rates	(40,982)		(8,997)	
Uniform issues & maintenance	(19,588)		(9,249)	
Security Services	(159,138)		(148,282)	
Misc. & Contingency	(33,784)		(8,863)	
	<u>(3,108,846)</u>		<u>(2,441,442)</u>	
5 Salary/Wages & Associated Costs				
Staff Wages & Salaries	(2,109,354)		(1,908,192)	
Employer 7.5% NPF	(159,993)		(146,533)	
Other Employer Expenses	(1,032,509)		(879,579)	
	<u>(3,301,856)</u>		<u>(2,934,304)</u>	
6 Professional Fees				
Professional fees	(82,026)		(131,300)	
	<u>(82,026)</u>		<u>(131,300)</u>	

Solomon Islands Visitors Bureau

Notes to the Financial Statements

Notes	31 December 2016		31 December 2015	
	Receipts (Payments)	Payments by Third Parties	Receipts (Payments)	Payments by Third Parties
7 Other Expenses				
Bank Charges	(25,334)		(15,178)	
Insurance	(30,697)		(30,489)	
Sundries	(40,069)		0	
	<u>(96,100)</u>		<u>(45,667)</u>	
8 Purchase of Property, Plant & Equipments				
Land & Buildings	584,130		390,343	
Equipment	352,282		200,365	
Furnitures & Fittings	76,200		72,776	
Motor Vehicles	20,943		41,339	
	<u>1,033,555</u>		<u>704,823</u>	
9 Receivables				
Trade Debtors	59,551		335,961	
Less: Provision for doubtful debts	0		0	
Salary Advance	137,911		148,040	
Travelling Imprests	254,490		254,490	
Sub-Committee Advance	0		0	
Other Advances	0		0	
Prepayments	33,838		22,528	
	<u>485,789</u>		<u>761,019</u>	
10 Inventories				
SI Maps	53,905		64,213	
	<u>53,905</u>		<u>64,213</u>	
11 Payables				
Trade Creditors	0		0	
Basic Rates Payable	10,488		9,334	
PAYE Payables	50,072		43,411	
NPF Payables	371		24,825	
Staff Club Payables	28,945		0	
Deposits	0		190	
	<u>89,876</u>		<u>77,760</u>	

12 Related Party Transactions

Board Allowances as approved in 2011 and currently applicable is as follows:

	Monthly Allowance	Sitting Allowance
Chairman	2,000	600
Deputy Chairman	1,500	500
Ordinary Members	1,000	400