



## **Telecommunications Commission Solomon Islands**

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### **FINANCIAL STATEMENT**

**For the Year Ended 31 December 2018**

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Prepared in accordance with the International Public Sector Accounting Standard:  
Financial Reporting under Cash Basis of Accounting

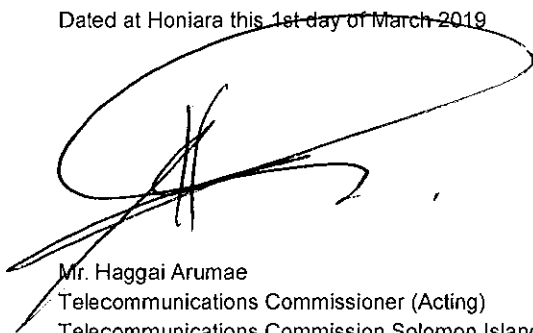
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## STATEMENT BY THE COMMISSIONER

I certify that the attached statement of cash receipts and payments together with adjacent notes has been prepared under my supervision in accordance with section 22 of the Telecommunications Act 2009 and the International Public Sector Accounting Standard: Financial Reporting under Cash Basis of Accounting Part 1, and presents a true and fair view of the cash receipts and payments of the Telecommunications Commission for the year ended 31st December 2018.

Dated at Honiara this 1st day of March 2019

A large, stylized handwritten signature in black ink, consisting of a large loop at the top and several vertical strokes below it.

Mr. Haggai Arumae  
Telecommunications Commissioner (Acting)  
Telecommunications Commission Solomon Islands

## TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS

STATEMENT OF CASH RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 (SBD)	2017 (SBD)
<b>RECEIPTS</b>			
Services licence fees	3	7,680,007	7,224,773
Supplementary fees	4	798,260	-
Radio spectrum application fees		110,500	104,500
Other income	5	402,499	401,653
<b>Total receipts</b>		<b>8,991,266</b>	<b>7,730,926</b>
<b>PAYMENTS</b>			
<b><u>Operational expenses</u></b>			
Commission remuneration	6	4,747,296	4,784,355
International membership subscriptions	7	223,077	344,753
Office premises rent		640,080	693,480
Telecommunications		340,071	400,902
Utilities-electricity,gas & water costs		333,080	271,303
Stationery, printing and publications		110,922	194,198
Transport maintenance & operation		208,554	219,525
Bank & tax charges		5,680	3,791
General repair & maintenance		9,038	-
Insurance		63,975	79,465
Regulatory functions & training	8	249,773	329,230
Workshops & participation	9	489,151	361,078
Services contracts	10	8,800	181,935
Accounting Services	11	581,980	568,600
Legal Fees		368,112	-
Office supplies		73,914	39,657
Miscellaneous	12	76,925	55,766
		<b>8,530,428</b>	<b>8,528,037</b>
<b><u>Capital Expenses</u></b>			
ICT equipment			
ICT maintenance		3,675	15,805
Office equipment		107,124	4,227
Furniture & fittings		3,877	-
Spectrum Equipment & Software			
		<b>114,676</b>	<b>20,032</b>
<b>Total payments</b>		<b>8,645,105</b>	<b>8,548,069</b>
Net increase/(decrease) in cash and cash equivalent		346,162	(817,143)
Cash at beginning of the period		653,001	1,470,144
Unrealised exchange rate difference on foreign currency conversions		-	-
Cash at end of the period	13	<u>999,162</u>	<u>653,001</u>

**TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes 13	2018 Actual (SBD)	2018 Budget (SBD)	Variance (SBD)
<b>CASH INFLOWS</b>				
Services licence fees		7,680,007	7,532,000	(148,007)
Supplementary Fees		798,260	888,888	90,628
Radio spectrum application fees		110,500	169,500	59,000
Other income		402,499	149,000	(253,499)
<b>Total cash inflows</b>		<b>8,991,266</b>	<b>8,739,388</b>	<b>(251,878)</b>
<b>CASH OUTFLOWS</b>				
<u><b>Operational</b></u>				
Commission remuneration		4,747,296	4,662,975	84,321
International membership subscriptions		223,077	285,000	(61,923)
Office premises rent		640,080	640,080	-
Telecommunications		340,071	151,933	188,138
Utilities-electricity,gas & water costs		333,080	264,550	68,530
Stationery, printing and publications		110,922	67,580	43,342
Transport maintenance & operation		208,554	29,500	179,054
Bank & tax charges		5,680	1,587	4,093
General repair & maintenance		9,038	18,900	(9,862)
Insurance		63,975	80,000	(16,025)
Regulatory functions & training		249,773	57,200	192,573
Workshops & participation		489,151	193,300	295,851
Services contracts		8,800	60,000	(51,200)
Accounting Services		581,980	556,000	25,980
Legal Fees		368,112	793,652	(425,540)
Office supplies		73,914	18,988	54,926
Miscellaneous		76,925	48,976	27,949
		<b>8,530,428</b>	<b>7,930,221</b>	<b>600,207</b>
<u><b>Capital</b></u>				
ICT equipment			120,000	(120,000)
ICT maintenance		3,675	11,900	(8,225)
Office equipment		107,124	70,900	36,224
Furniture & fittings		3,877	39,000	(35,123)
Spectrum Equipment & Software			46,500	(46,500)
		<b>114,676</b>	<b>288,300</b>	<b>(173,624)</b>
<b>Total cash outflows</b>		<b>8,645,105</b>	<b>8,218,521</b>	<b>426,584</b>
<b>Surplus/(Deficit) for the period</b>		<b>346,162</b>	<b>520,867</b>	<b>(678,462)</b>

Note: Budgeted amounts of \$200,000 and \$100,000 were reallocated to regulatory functions & training and workshops & participation respectively.



TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS

STATEMENT OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 Actual (SBD)	2018 Budget (SBD)	Variance (SBD)
<b>CASH INFLOWS</b>			
Service licence	7,680,007	7,532,000	(148,007)
Supplementary fees	798,260	888,888	90,628
Other income	512,999	318,500	(194,499)
<b>Total cash inflows</b>	<b>8,991,266</b>	<b>8,739,388</b>	<b>(251,878)</b>
<b>CASH OUTFLOWS</b>			
<i>Operational</i>			
Commission remuneration	4,747,296	4,662,975	84,321
International memberships and subscriptions	223,077	285,000	(61,923)
Office rent	640,080	640,080	-
Telecommunications	340,071	151,933	188,138
Utilities-electricity,gas & water costs	333,080	264,550	68,530
Stationery, printing and publications	110,922	67,580	43,342
Vehicles & vessel maintenance & operation	208,554	29,500	179,054
Bank & tax charges	5,680	1,587	4,093
General repair & maintenance	9,038	18,900	(9,862)
Insurance	63,975	80,000	(16,025)
Regulatory operations & training	249,773	57,200	192,573
Workshops & participation	489,151	193,300	295,851
Services contracts	8,800	60,000	(51,200)
Accounting Services	581,980	556,000	25,980
Legal Fees	368,112	793,652	(425,540)
Office supplies	73,914	18,988	54,926
Miscellaneous	76,925	48,976	27,949
	<b>8,530,428</b>	<b>7,930,221</b>	<b>600,207</b>
<i>Capital</i>			
ICT equipment	-	120,000	(120,000)
ICT maintenance	3,675	11,900	(8,225)
Office equipment	107,124	70,900	36,224
Furniture & fittings	3,877	39,000	(35,123)
Spectrum Equipment & Software	-	46,500	(46,500)
	<b>114,676</b>	<b>288,300</b>	<b>(173,624)</b>
<b>Total cash outflows</b>	<b>8,645,105</b>	<b>8,218,521</b>	<b>426,584</b>
Surplus/(Deficit) for the period	346,162	520,867	(678,462)

## TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1 General information

The Telecommunications Commission is an independent statutory authority, established by the Telecommunications Act 2009. The principal activities of the Commission in the reporting period was, *"the administration of the Telecommunications Act 2009"*

#### 2 Significant accounting policies

##### 2.1 Basis of preparation

- (a) The Commission's financial statements have been prepared in accordance with the International Public Sector Accounting Standard (IPSAS): Financial Reporting under the Cash Basis of Accounting, Part 1. The cash basis of accounting recognises transactions and events at the point when cash (including cash equivalents) is received or paid by the entity. The financial statements also record information about the sources of cash raised during the period, the purposes for which cash was used and the cash balances at the reporting date. The measurement focus in the financial statements is the balances of cash and changes thereto. Notes to the financial statements provide additional details about the receipts and payments in the period. Details from fixed asset registers are provided under Note 15.
- (b) The statements observe the going concern principle as the Commission continues to receive statutory licensing revenues from telecommunications operators and meets its ongoing financial obligations. In respect of materiality, all financial transaction in the reporting periods are free from material errors and misstatements that might influence the financial statement. The accounting policies have been applied consistently throughout the reporting period. The statements and the notes to them compare with year 2017.
- (c) Based on the understanding and consistency principle under the IPSAS financial reporting; changes in headings and subheadings in the cash receipts and payments statements and in the budget and actuals statement have been made for the financial statement of 2018, to provide more refined classifications of cash inflows and outflows.

##### 2.2 Reporting Entity

The Statement of Cash Receipts and Payments in respect of the Telecommunications Commission Solomon Islands, which is an industry specific economic and technical regulatory authority.

##### 2.3 Reporting Currency

The annual accounts are presented in the currency of Solomon Islands, Solomon Islands dollar (SBD).

##### 2.4 Foreign Currency Transaction

Transactions in foreign currencies are recorded at the exchange rate applying on the date of the transaction.

##### 2.5 Cash and cash equivalents

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents consist of balances with banks and investments in short-term deposits instruments. Cash is mainly kept in the ANZ Bank Solomon Islands, and in cash registers.

##### 2.6 Budget

The budget prepared in accordance with Section 15 of the Telecommunication Act 2009 is adjusted on a three-year rolling basis without substantive amendment during the reporting year. Contingencies arising during the year are disclosed as actual against zero budget in the budget comparative statement. The budget is approved by the statutory Evaluation Committee on the IPSAS cash basis.

**TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. Services Licence Fees**

Services licence fees for 2018 included in the statement, comprise of the following amounts;

	<u>2018 (SBD)</u>	<u>2017 (SBD)</u>
Our Telekom	6,592,923	5,669,035
Bmobile	1,060,504	1,449,419
Satsol	26,580	106,319
Total services licence fees	<u>7,680,007</u>	<u>7,224,773</u>

**4. Supplementary Licence Fees**

Supplementary Licence fees for 2018 included in the statement, comprise of the following amounts;

	<u>2018 (SBD)</u>	<u>2017 (SBD)</u>
Our Telekom	700,700	-
Bmobile	90,628	-
Satsol	6,932	-
Total supplementary fees	<u>798,260</u>	<u>-</u>

**5. Other Income**

Other income included in the statement comprises the following sources:

Satellite filing & other fees	153,285	230,928
Term deposit Interest	306	725
Premises sub-Lease	95,992	45,000
Miscellaneous	152,917	-
Sale of vehicle	-	125,000
	<u>402,499</u>	<u>401,653</u>

**6. Commission Remuneration**

Commssioner	2,448,642	2,470,578
Permanent staff	<u>2,298,655</u>	<u>2,313,777</u>
	4,747,296	4,784,355

**7. International membership subscriptions**

International Telecommunication Union	178,882	339,013
Pacific Telecommunication Council	2,029	5,740
Asia Pacific Telecommunity	42,166	-
	<u>223,077</u>	<u>344,753</u>

**8. Regulatory functions & training costs**

General operations & incidental training	2,345	104,367
International Telecommunication Union	188,178	91,001.96
Asia Pacific Telecommunity	43,016	118,093.80
P.I. Regulatory Resource Centre	16,234	15,767.39
	<u>249,773</u>	<u>329,230</u>

**9. Workshops & Conferences**

Pacific Telecommunication Council	135,343	165,770.44
Pacific Islands Telecommunications Association & other sector events	<u>353,808</u>	<u>195,307.16</u>
	489,151	361,078

*(Previous years financial statements have not included separate notes for industry & sector events).*



TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Service Contracts

Legal and associated professional services	-	67,160
Security services	-	22,500
Website Design	8,800.00	92,275
	<u>8,800.00</u>	<u>181,935</u>

11. Accounting Services

	<u>2018 (SBD)</u>	<u>2017 (SBD)</u>
Engagement of external financial management & accounting services	581,980	568,600

12. Miscellaneous Expenses

Employees OHS	15,300	15,300
Stakeholder consultation costs	31,127	1,550
Office consumables	30,498	37,416
Sitting Allowance-Evaluation Committee	-	3,000
	<u>76,925</u>	<u>57,266</u>

13. CASH

Cash included in the Statement comprises the following sources:

Telecommunications Special Fund - 4686890	6,178	6,542
Non Grant Fund Account - 4829670	761,384	182,840
TCSI Term Deposit 1 - 4729686	251,090	500,884
Cash on hand – petty cash	6,000	6,000
Undeposited Funds	21,046	-
Unpresented cheques (net)	<u>(46,535)</u>	<u>-</u>
	<u>999,162</u>	<u>653,001</u>

14. Budget (Actual vs Budget)

As provided for under the Telecommunications Act, the Commission budget is prepared on a three year rolling basis. The current period's spending variances arise from:

- Commission remuneration changes due to staff contract amendments in late 2016;
- Increased communications costs;
- Printing of the national ict policy, and TCSI information pamphlets;
- Vehicle maintenance and repairs;
- Attendances and costs for management of the Legislative regime and routine regulatory operations & training.

On a year on year basis actual spending was lower in the reporting period.

**TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Taxation**

The Telecommunications Commission is exempt from all taxes on its income

**16. Fixed Asset (For financial audit disclosure purpose only)**

	Qty	Furniture & Fittings	Office equipment	Operational Equipment	Computer hardware & Software	New Office fit-out	Motor Vehicle	Motor vessel
Opening Balance		414,895	470,895	755,745	439,154	1,151,852	1,337,610	1,086,353
Prior Year Adjustment								
<b>Additions 2018</b>								
Ladder	1	3,877						
GPS Antenna	1		-	3,563				
Aircon split	2	12,435						
Printer Ricoh	1		68,000					
Makira Drill	1			7,358				
Samsung J4	1			1,750				
Samsung Galaxy Note 9	1			14,018				
<b>Total assets value paid in 2018</b>		16,312.20	68,000.00	26,689.01	-	-	-	-
<b>Disposals 2018</b>								
HP Ultrabook	1				16,982			
LG Aircon split	2	48,690						
HP Laser 700 printer	1		103,000					
Sander Makita	1			6,134				
TV Screen 55"	1		8,500					
Mobile Huawei P8	1			2,999				
<b>Total Assets disposed in 2018</b>		48,690.00	111,500.00	9,132.50	16,982.49	-	-	-
<b>Closing Balance</b>		382,516.97	427,395.44	773,301.23	422,171.40	1,151,851.70	1,337,610.00	1,086,353.11

TELECOMMUNICATIONS COMMISSION SOLOMON ISLANDS

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

17. Staff Loan Facility

Opening loan balance	Adjustment provision	New loans approved in the year	Repayments and interest paid in the year	Closing loan balance
922,652.00	411,597.00	83,000.00	92,800.00	540,589.00



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TELECOMMUNICATIONS COMMISSION  
SOLOMON ISLANDS**

**Report on the Audit of the Financial Statements**

***Opinion***

I have audited the accompanying financial statements of the Telecommunications Commission Solomon Islands ("the Commission") which comprise the statements of cash receipts and payments as at 31 December 2018, the statements of comparison of budget and actual amounts, and notes to the financial statements including a summary of significant accounting policies and other explanatory notes and other explanatory information.

In my opinion, the accompany financial statements present fairly, in all material respects, the statements of cash receipts and payments of the commission for the year ended December 31, 2018 in accordance with International Public Sector Accounting Standard (IPSAS) Cash Basis.

***Basis for Opinion***

I have conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI). My responsibility 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 Commission 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 Directors for the Financial Statement***

Management are responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management are responsible for assessing the Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission'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 ISSAIs 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 ISSAIs, I exercise professional judgment 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 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 Commission'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 Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission 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.

I also provide those charge with governance with a statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship 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 explanations 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 kept by the Commission, sufficient to enable statement of cash receipts and payments 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 the Telecommunication Act 2009, in the manner so required.



Peter Lokay

Auditor-General

19 December 2019

Office of the Auditor-General

Honiara, Solomon Islands