



**SOLOMON ISLANDS
COLLEGE OF
HIGHER EDUCATION**

**TRAINING
FOR A
DIFFERENCE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2011

Table of Contents

	Page
1. Statement by Appointed Officers	2
2. Director's Introduction to the Financial Statements	3
3. Auditor General's Report	4 - 5
4. Statement of Profit and Loss	6
5. Statement of Financial Position	7
6. Statement of Changes in Equity	8
7. Statement of Cash Flows	9
8. Notes to the Financial Statements	10 - 18

Statement by Appointed Officers

In our opinion the accompanying Financial Statements on pages 6 to 18 give a true and fair view of the financial position of the Solomon Islands College of Higher Education as at 31st December 2011 and of its results for the year ended on that date.

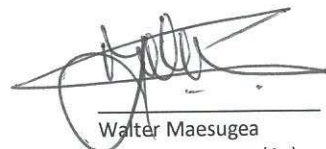
We are not aware of any circumstances, which have not been adequately disclosed in the notes to the financial statements, which would render any particulars included in the Financial Statements misleading or inaccurate.



Sir Nathaniel Waena
Chairman



Donald Malasa
Director



Walter Maesugea
Finance Manager (Ag)

Dated in Honiara on 18th July, 2013.

**Director's Introduction to the Solomon Islands College of Higher Education
2011 Financial Statements**

2011 had been a challenging year for the college, characterised by a very strong enrolment growth. Total enrolment for 2011 was 2,567 pupils compared to 2,494 in 2010, a testament of the quality of the programmes offered by the college and the tireless effort put in by our academic and support staff. As mandated under the College of Higher Education Act, the college's administration will continue to strive for excellence in carrying out its responsibilities.

As at the end of 2011 the college has 7 established schools operating; the School of Education, School of Marine & Fisheries Studies, School of Industrial Developments, School of Natural Resources, School of Finance & Administration, School of Nursing & Health Studies, and the School of Humanities and Media. The demand for enrolment in the various courses offered by these schools had been overwhelming. However, the major limiting factor capping the number of student intake has been the existing infrastructure. To overcome this limitation, the SI Government have assisted in funding infrastructure expansion and currently two new buildings are under construction and are expected to be completed by mid-2013; a lecture theatre for the School of Finance, and the Hospitality and Tourism office and classroom complex which was funded under an arrangement with the Ministry of Tourism. In addition, the college as part of its community outreach programme also offers Short Courses and a Distance Flexible Learning programme funded by donor partners.

On financial reporting, 2011 will be the first year the college has attempted to produce a set of financial statements with disclosures in conformity with Acceptable Accounting Standards in the Solomon Islands. This is necessary given the wide range of prospective readers of the college's financial report. Full compliance with the relevant International Accounting Standards is not possible at present due to the lack of historical information compounded by serious understaffing in the Finance Department, and the lack of clear accounting policies and procedures inherited from prior years. Improving the Finance Department's capacity to achieve transparency and accountability is a priority and will be an on-going project. Our target is to achieve full compliance with the Acceptable Accounting Standards in the Solomon Islands by 2014.

On financial performance the results shows a turn-around from a deficit of \$95 thousand in 2010 to a surplus of \$3.8 million in 2011. This is also reflected in the financial position which shows a net asset of \$52.9 million from \$49.1 million in 2010. This is largely a result of the implementation of improvements in the accounting practices applied by the college to achieve compliance with the accrual accounting practices as required by the Accounting Standards.

Subsequent to this financial year, in 2012, the Solomon Islands Government together with the College Management embarked on a transition process to turn the college into a university to alleviate the increasing national demand for university programmes. As such the Solomon Islands National University Act was passed by Parliament in December 2012 and became operational from the 1st of January 2013. Starting in 2013 the schools of Nursing and Education began offering degree courses and the rest of the other schools and institutes to begin in 2014. Enrolment in 2013 has so far surpassed 3,500 pupils and is expected to double by 2014. The outlook for the future of the university is certainly bright and I believe the Solomon Islands Government and the Solomon Islands populace will greatly benefit from the services that will be provided by the university.

I would like to take this opportunity to thank the SICHE Council, the Academic and Support Staff and the members of the various College Committees for their tireless effort in making 2011 a successful year and looking forward to your continuous support going forward.

Acknowledgement is also rendered to the students and sponsors, SI Government, donor partners, and suppliers of goods and services, for your valued support to the college in 2011. Your continuous support is greatly anticipated.



Donald Malasa
Director



INDEPENDENT AUDITOR'S REPORT

To the Council of the Solomon Islands National University (Formerly the Solomon Islands College of Higher Education)

I was engaged to audit the accompanying financial statements of the Solomon Islands College of Higher Education (SICHE), which comprise the Statement of Financial Position as at 31 December 2011, and the Statement of Income and Expenditure and statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors and management's responsibility for the financial statements

The Council and management are responsible for the preparation and fair presentation of these financial statements in accordance with an acceptable financial reporting framework. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

Because of the matters discussed in the Basis for disclaimer opinion paragraph, however, I was not able to complete an audit in accordance with the Auditing Standards.

Basis for disclaimer of opinion

1) Applicable financial reporting framework

- a) Although the College is taking the necessary steps to report in accordance with International Financial Reporting Standards, it has not yet developed its financial statements sufficiently to comply with those standards.

2) *Property, Plant & Equipment*

- a) I am unable to confirm the accuracy and valuation of balances relating to land and buildings due to lack of an up-to-date valuation report.
- b) Not all the fixed assets owned by the college are disclosed in the financial statement for the year ended 31 December 2011 as indicated in note 2 of the notes to the financial statements. I was not provided with a value for these assets.
- c) The completeness and accuracy of depreciation expense was unable to be validated because the value of fixed depreciable assets including plant and equipment and furniture and fittings at the Nati and Poitete campuses are not disclosed and special equipment from the Schools of Marina and the Industrial Developments are also not disclosed. Given no value was recorded for these assets, I am unable to determine the true and correct balance for depreciation expense.

As a result I am unable to confirm or verify by alternative means the carrying amount of property, plant and equipment or depreciation expense balances included in the financial statements as at 31 December 2011. Accordingly, I am not able to determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

3) *School Fees Receivables*

- a) The 2011 student school fees control account of \$12,606,935 does not reconcile to the detailed 2011 debtor listing of 12,491,985, resulting in an unexplainable difference of \$114,950. In addition the SIG debt for the 2007 to 2009 student fees of \$24,660,940 did not agree to correspondence with SIG indicating that the debt was \$22,275,640 resulting in an unexplainable difference of \$2,385,300.

As a result I am unable to confirm or verify by alternative means the carrying amount of the school fee receivable balance of \$37,356,798 included in the financial statements as at 31 December 2011 for the year then ended. Accordingly, I am not able to determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

4) *Comparative balances unreliable*

- a) Furthermore, I was unable to rely on the comparative balances from the 2010 financial year due to my limitation of scope for the audit over the 2010 annual accounts.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion 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 College of Higher Education for the financial year ended 31 December 2011.



Edward Ronia
Auditor-General

Office of the Auditor-General
Solomon Islands

2 August 2013

Statement of Income & Expenditure
For the Year Ended 31st December 2011

	Notes	2011 \$	2010 \$
Income			
Grant income	10 a)	16,610,983	20,841,429
Student – fee income	10 b)	36,801,529	23,750,062
Student – other income		305,577	283,958
Rental Income		238,056	208,784
Miscellaneous income		236,364	242,624
Interest income		15,310	16,804
Total operating income		54,207,819	45,343,661
Expenditure			
Staff costs	10 c)	23,798,570	21,608,740
Operating costs	10 d)	21,742,789	17,550,916
Depreciation and amortisation	7	3,100,320	3,482,130
Provision for doubtful debts	5	496,695	-
Write-off of student fee arrears		-	2,797,853
Write-off of fixed assets	7	1,231,148	-
Total operating expenditure		50,369,522	45,439,639
Surplus / (Deficit) for the year		3,838,297	(95,978)

The statement of income and expenditure is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 18.

Statement of Financial Position at 31st December 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current Assets			
Cash and bank	4	8,069,707	4,267,824
Receivables	5	37,516,026	28,015,750
Prepayments		846,161	-
Inventories	6	117,707	10,083
Total Current Assets		46,549,601	32,293,657
Non-Current Assets			
Property, plant and equipment	7	31,086,825	27,288,230
Total Assets		77,636,426	59,581,887
LIABILITIES			
Current Liabilities			
Bank overdraft	4	696,702	576,435
Creditors and accruals	8	15,594,535	9,886,530
Revenue received in advance		1,200,000	-
Deferred capital grant	9	7,187,970	-
Total Current Liabilities		24,679,207	10,462,965
NET ASSETS		52,957,219	49,118,922
Represented by:			
Funds			
Statement of Income and Expenditure		52,957,219	49,118,922

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 18.

Statement of Changes in Equity for the Year Ended 31st December 2011

	2011 \$	2010 \$
Income and Expenditure Account		
Balance at 1 st January	49,118,922	49,217,371
Adjustment	-	(2,471)
Surplus / (Deficit) for the year	3,838,297	(95,978)
Balance at 31st December	52,957,219	49,118,922

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 18.

Statement of Cash Flows for the Year Ended 31st December 2011

	Notes	2011 \$	2010 \$
Operating Activities			
Grants from SIG – budgetary support		21,792,703	20,798,953
Grants from SIG – development projects		3,000,000	-
Grants from CYP		-	42,476
Student fees and other receipts		28,155,768	27,233,069
Cash payments in the course of operations		(40,984,911)	(36,629,247)
Interests received		15,310	16,804
Interests and bank charges paid		(64,129)	(82,236)
Net cash provided by operating activities	3	11,914,741	11,379,819
Investing Activities			
Payments for property, plant and equipment	7	(8,233,125)	(8,901,148)
Net cash used in investing activities		(8,233,125)	(8,901,148)
Net increase in cash held		3,681,616	2,478,671
Cash held at 1 st January		3,691,389	1,212,718
Cash held at 31st December	4	7,373,005	3,691,389

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 18.

**Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011****1. REPORTING ENTITY**

The Solomon Islands College of Higher Education was established by an Act of Parliament, the College of Higher Education Act 1984. It is a not for profit educational institute providing higher education in the Solomon Islands, with its main operations domiciled in Honiara and technical campuses in the Malaita and Western Provinces.

2. SIGNIFICANT ACCOUNTING POLICIES

Set out below is a summary of the significant accounting policies adopted in the preparation of the financial statements.

a) Reporting period

The financial statements are reported for the financial year from 1st of January to 31st of December, 2011.

b) Statement of compliance

The financial statements have been prepared in accordance with acceptable Accounting Standards in the Solomon Islands and the requirements of the College of Higher Education Act 1984.

As required under the International Accounting Standards relevant and acceptable in the Solomon Islands, all items of property, plant and equipment to which the college has legal ownership should be accounted for and properly disclosed in the financial statements. We were not able to achieve this in this reporting period, primarily due to the lack of available historical information and up-to-date verification of recorded items of property, plant and equipment. Until such exercise is carried out, the composition, classification and disclosure of the fixed assets balance remains a possible deviation from the acceptable accounting treatment required by the accounting standards.

c) Basis of preparation

The financial statements are prepared on the basis of historical costs and except where stated do not take into account current valuation of non-current assets.

The concepts of the accrual method and going concern basis of accounting are applied. The College' Board of Councillors believe that the basis for preparation of the accounts is appropriate and that the college will be able to continue its normal operations in the next 12 months, and resolved that the classification and carrying amounts of assets and liabilities included in these accounts are appropriate.

All amounts shown in the financial statements are expressed in Solomon Island dollars.

d) Properties, plant and equipment

In view of the quantity and distribution of the college's property, plant and equipment, and the specialised nature of some of the items, the college has adopted not to revalue as it is considered that the costs of any revaluation to reflect current values would outweigh the benefit to users of these financial statements.

Items of property, plant and equipment transferred to Solomon Islands College of Higher Education in 1988 and those purchased since 1st January 1985 were revalued in 1991. As such, these assets were carried forward at their valuation, less depreciation, while assets acquired in 1992 onwards were carried at cost less depreciation.

The value of the following fixed assets were not disclosed in these financial statements:

- i. All land except Aruligo farm.
- ii. Special equipment in the Schools of Marine and the Industrial Developments.
- iii. All fixed assets at NATI campus.
- iv. Plant, equipment, furniture and fittings at Poitete campus.

Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Properties, plant and equipment (Cont'd)

The effect on the financial position and operating results, if they were to be included in the accounts, could not be determined.

Acquisitions

Items of property, plant and equipment are recorded at cost and depreciated as outlined below. All items of property, plant and equipment are carried at the lower of cost less accumulated depreciation, and any recoverable amounts.

Disposal of assets

The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal, and is included in the result in the year of disposal.

Depreciation

Depreciation is charged on a reducing balance method so as to write off the costs over the estimated useful lives of the assets. The rates of depreciation used are:

- | | |
|----------------------------------|----------------------------------|
| • Fixed term land | - Amortised over period of lease |
| • Buildings | - 5% |
| • Infrastructure | - 5-20% |
| • Motor vehicles | - 20% |
| • Plant, equipment and furniture | - 20% |

Assets are depreciated from the date of acquisition. Expenditure on repairs and maintenance of property, plant and equipment incurred which does not add to future economic benefits expected from the assets is recognised as an expense when incurred.

Projects in progress

Projects in progress relate to costs for property and infrastructure related projects where the project has not been completed. The cost will be capitalised under the proper classification once all major items of expenditure have been incurred and the project certified as being completed.

Deferred capital grants

Fixed assets acquired with the aid of specific grants are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred revenue account and released to the statement of income and expenditure over the expected useful life of the assets.

Gifts and donations

Gifts and donations relating to property, plant and equipment are taken to the deferred revenue account at the lower of cost and valuation, and transferred to the statement of income and expenditure as income over the life of the assets.

e) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined predominantly on the first-in, first-out basis of valuation. Consumables purchased by the college for departmental use and held under the control of individual departments have been expensed within the accounts at the time of purchase.

**Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011****2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****f) Accounts receivables**

No provision for doubtful debt is made for sovereign debts on the premise that despite the age of the debt, all such debts will eventually be recovered. For all other debts, specific provisions are made against debtors to cover debts where the recovery is considered doubtful. Known bad debts are written off against the provision account. Where no prior provision has been made against a bad debt it is charged directly to the income and expenditure account.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank at bank and term deposits net of bank overdrafts.

h) Employee entitlements

Provision for employee entitlements comprises gratuity, annual leave and long service leave, representing liability resulting from the employee's services to the balance date. Provisions have been calculated at nominal amounts based on the current wage and salary rates. Accrued annual leave is expected to be utilised in the following year. The gratuity is payable at the end of management's contracted term, and the long service benefit is earned by an employee only after ten years of service.

i) Superannuation fund

The college contributes to the SI National Provident Fund as required under the laws. The contributions are made by the employees as a percentage of salary or wages, or specified amounts as required by relevant agreements. The college contributes five percent of the gross salary or wages and is charged as an expense at the time it is incurred.

j) Taxation

The college is exempt from income tax pursuant to the first schedule of the Income Tax Act.

k) Revenue recognition

Revenue is recognised in the financial statements on an accrual basis, that is, on the due date. Grant income relating to capital projects is initially recognised as a deferred capital grant. Other revenue received but not earned is disclosed in the financial statements as revenue received in advance.

l) Library books and collections

In view of the quantity and distribution of the college library collections and the anticipated cost of annual verification for balance date reporting, the college has opted to expense all items of library collections when purchased as it is considered the cost would outweigh the benefits to the users of these financial statements. In prior years library books have been capitalised and depreciated over 5 years. The remaining book value is written off to the income and expenditure account.

m) Foreign currencies

Transactions in foreign currencies are converted to Solomon Island dollars at the rates of exchange prevailing on the transaction dates. Year-end assets and liabilities denominated in foreign currencies are converted at the rates of exchange ruling at the year-end. All unrealised gains and losses, arising from the conversion of foreign currencies are charged to the income and expenditure account.

n) Comparatives

Where necessary comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011

	2011 \$	2010 \$
3. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO THE STATEMENT OF INCOME AND EXPENDITURE		
Surplus / (Deficit) for the year	3,838,297	(95,978)
<i>Non-cash items:</i>		
Doubtful debts	496,695	-
Depreciation	3,100,320	3,482,130
Write-off of fixed assets	1,231,148	-
Prior year adjustments	4,187,970	(2,471)
<i>Net movement in:</i>		
Receivables	(10,740,070)	5,545,494
Inventories	(107,624)	5,083
Liabilities	9,908,005	2,445,561
Net cash from operating activities	11,914,741	11,379,819
4. CASH AND BANK		
Cash on hand	13,476	14,726
Current bank accounts	7,851,603	4,050,992
Term deposits	204,628	202,106
Total cash and bank	8,069,707	4,267,824
Bank overdraft	(696,702)	(576,435)
Balance as per statement of cash flows	7,373,005	3,691,389
Comprising:		
College funds - net of overdraft	2,478,439	1,177,613
Project funds - restricted	4,894,566	2,513,776
	7,373,005	3,691,389

The college maintains a bank overdraft facility with its bankers. The bank overdraft facility is secured over the term deposit. The term deposit earns interest at an interest rate of 0.05% per annum and is rolled over every six months.

Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011

	2011 \$	2010 \$
5. RECEIVABLES		
a) STUDENT FEES RECEIVABLES		
Outstanding student fees	37,024,090	27,824,908
Dishonoured sponsors' cheques	88,923	-
Total outstanding student fees	37,113,013	27,824,908
Included in the Student fees receivable balance is an amount of \$24,660,940 (2010: \$24,660,940) receivable from the SI Government, being outstanding student fees for the years 2007 to 2009. Negotiations are continuing with the government on possible off-set arrangement. No provision for doubtful debt is raised against this sovereign debt. Refer Note 2 (f).		
b) OTHER RECEIVABLES		
Imprests	349,637	-
Staff advances	54,327	122,845
Other recoverables	495,744	67,997
	899,708	190,842
Provision for doubtful debts	(496,695)	-
Net other receivables	403,013	190,842
Total student fees and other receivables	37,516,026	28,015,750
6. INVENTORIES		
Catering stock	5,498	10,083
Canteen stock	1,939	-
Academic gowns	110,270	-
	117,707	10,083

Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011

7. PROPERTY, PLANT AND EQUIPMENT

	Land, Blds & Infrastructure	Plant, Equip. & furniture	Motor Vehicles	Project in Progress	Total
(Expressed in SBD)					
At 1st January 2010					
Cost or valuation	46,381,093	12,558,597	2,547,576	-	61,487,266
Accumulated depreciation	(33,039,014)	(5,462,794)	(1,116,246)	-	(39,618,054)
Net book amount	13,342,079	7,095,803	1,431,330	-	21,869,212
Year ended 31st December 2010					
Opening net book value	13,342,079	7,095,803	1,431,330	-	21,869,212
Additions	4,392,612	3,914,174	594,362	-	8,901,148
Depreciation charge	(952,278)	(2,123,747)	(406,105)	-	(3,482,130)
Closing net book value	16,782,413	8,886,230	1,619,587	-	27,288,230
At 31st December 2010					
Cost or valuation	50,773,705	16,472,774	3,146,770	-	70,393,249
Accumulated depreciation	(33,991,292)	(7,586,544)	(1,527,183)	-	(43,105,019)
Net book amount	16,782,413	8,886,230	1,619,587	-	27,288,230
Year ended 31st December 2011					
Opening net book value	16,782,413	8,886,230	1,619,587	-	27,288,230
Additions	110,772	4,634,633	226,355	3,261,365	8,233,125
Internal transfers	2,343,208	-	-	(2,343,208)	-
Write-offs	-	(1,231,148)	-	-	(1,231,148)
Prior year adjustments	-	(103,062)	-	-	(103,062)
Depreciation charge	(961,257)	(1,789,033)	(350,030)	-	(3,100,320)
Closing net book value	18,275,136	10,397,620	1,495,912	918,157	31,086,825
At 31st December 2011					
Cost or valuation	53,227,685	19,298,928	3,373,125	918,157	76,817,895
Accumulated depreciation	(34,952,549)	(8,901,308)	(1,877,213)	-	(45,731,070)
Net book amount	18,275,136	10,397,620	1,495,912	918,157	31,086,825

Included in write-offs is Library Collections book value of \$1,220,098 written-off due to the change in accounting policy. Refer Note 2(l). Properties, plant and equipment at NATI and Paitete campuses and special equipment at the Schools of Marine and Industrial Developments were not recognised in these accounts. The net effect on the financial position and operating results, if they were to be included, could not be determined. Refer Note 2 (d).

Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011

	2011 \$	2010 \$
8. CREDITORS AND ACCRUALS		
Creditors and accrued expenses	1,229,897	-
Government and council taxes	13,835,997	9,886,530
NPF contributions	260,525	-
Student fee refunds payable	194,570	-
Provision for employee benefits	73,546	-
	15,594,535	9,886,530
9. DEFERRED CAPITAL REVENUE		
Balance at 1 st January	-	-
Net additions during the year	3,000,000	-
Prior year adjustments	4,187,970	-
Releases during the year - depreciation	-	-
	7,187,970	-
<p>Prior year adjustments of \$4,187,970 relates to SIG grant spent on capital projects that have not been deferred in prior years and released to the income statement in line with the depreciation expense of each item in accordance with the Accounting Policy in Note 2 (k). Previously all grants have been recognised as income in the year money is received.</p>		
10. INCOME AND EXPENDITURE		
a) GRANT INCOME		
Grant from SIG – budgetary support	20,798,953	20,798,953
Grant from SIG – Prior year adjustments (refer Note 9)	(4,187,970)	-
Grant from CYP	-	42,476
	16,610,983	20,841,429
b) STUDENT FEE INCOME		
Student tuition fees	29,917,705	11,279,584
Student boarding and meal fees	6,137,185	11,637,059
Student registration fees	746,639	833,419
	36,801,529	23,750,062

Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011

	2011 \$	2010 \$
10. INCOME AND EXPENDITURE (CONT'D)		
c) STAFF COSTS		
Salaries	16,177,104	14,426,812
Other staff costs	7,621,466	7,181,928
	23,798,570	21,608,740
d) OPERATING COSTS		
Student – catering services	4,048,289	3,943,928
Student – practical and resource costs	2,436,766	2,400,629
Student – registration and graduation	255,720	227,778
Student – welfare related costs	267,507	111,337
Bank charges	64,214	82,236
Computer software and accessories	1,201,612	927,570
Consultancy services	1,028,877	132,536
Council secretariat	233,386	305,067
Grounds and property maintenance	1,970,894	1,852,561
Library books	529,191	25,178
Loss on canteen trading – net	25,771	-
Marketing and promotions	190,152	78,203
Motor vehicle costs	649,527	507,924
Telecommunication costs	1,209,252	718,705
Training and development	750,218	519,862
Travel expenses – duty related	775,319	133,287
Printing and stationery	913,502	771,272
Utilities	5,168,351	4,742,706
Other expenses	24,241	70,137
	21,742,789	17,550,916

11. RELATED PARTIES

The college is a Solomon Islands Government state owned enterprise (SOE) established under the College of Higher Education Act 1984.

The college is governed by a Board of Councillors, comprising of a chairperson, eight representatives of the Government, a representative from the Christian Association, two representatives of the college, one from the students association, and ex-officio members, which includes the directors.

The director is the Chief Executive Officer of the college, assisted by the deputy director. The councillors were paid sitting allowances for services rendered while the Chairman is paid an additional monthly allowance. The directors were paid sitting allowances in addition to their remuneration and non-cash benefits.

**Notes to and forming part of the Financial Statements
For the Year Ended 31st December 2011****12. CONTINGENT LIABILITIES**

There are no contingent liabilities as at the balance date (2010: Nil).

13. COMMITMENTS

Commitments existing at year-end comprise of contractual agreements with third parties for the on-going improvements and maintenance of the college's infrastructure and services. Amounts incurred and payable as at the balance date have been accrued in the accounts.

14. GOING CONCERN

The college has been receiving grants from the SI Government and other donor funding agencies to subsidise operating costs, improve and build new infrastructure, and facilitate distance learning in the provinces. The continued support of the government, donors and other stakeholders is crucial to the survival of the college as a going concern.

The financial statements have been prepared on a going concern basis.

15. EVENTS OCCURRING AFTER BALANCE DATE

Prior to the finalisation of the 2011 financial statements, on 1st January 2013 the Solomon Islands Government gazetted the Solomon Islands National University Act 2012 which transformed the Solomon Islands College of Higher Education into a University. Under the University establishment significant changes have been made to the College management and organisational structure as necessary.

All the assets and liabilities of the college have been transferred to the University books as at the 1st January 2013. No adjustment is required in the 2011 accounts as a result of the transition stated above. (2010: Nil).