

COMMODITIES EXPORT MARKETING AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Commodities Export Marketing Authority

Financial Statements for the year ended 31 December 2015

Index

	Page No.
State Owned Enterprise Information	1
Directors' Report	2
Independent Audit Report	4
Statement by Directors	5
Statement of profit and loss and other comprehensive income	6
Statement of Changes in Equity	7
Statement of financial position	8
Cash Flow Statement	9
Notes to and forming part of the Financial Statements	10

Commodities Export Marketing Authority State Owned Enterprise Information

The Commodities Export Marketing Authority ('the Authority') is a State Owned Enterprise domiciled in Solomon Islands.

Registered Office

PO Box 1087
Honiara

Principal Place of Business

Honiara, Solomon Islands

Directors

The Directors at any time during or since the end of the financial period are listed in the Directors' Report.

Commodities Export Marketing Authority Directors' Report

The Directors present their report together with the financial statements of Commodity Export Marketing Authority ('the Authority') for the year ended 31 December 2015 and the Independent Audit Report thereon.

Directors

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

<u>Name</u>	<u>Date of Appointment</u>	<u>Date of Resignation</u>
Hon. Martin Sopage - Chairman	01/09/2008	24/04/2010
Barnabas Anga - PS	20/11/2009	3/06/2011
Hence Vaekesa - PS	01/07/2011	
Alfred Ramo - GM	01/07/2009	
Alpha Kimata - Chairman	20/11/2008	
Ataban Tropa	20/11/2008	
Augustine Rose	20/11/2008	
Belani Tekulu	20/11/2008	
Danny Dicks	20/11/2008	
Dudley Longamei	20/11/2008	
Edwin Suibaea	20/11/2008	
Jeffery Aihunu	20/11/2008	
Lawry Wickham	20/11/2008	
Robert Pae Kuve	20/11/2008	

Principal activities

The principal activity of the Authority during the course of the financial year ended 31 December 2015 was the provision of development and regulation of copra and cocoa exporting and other prescribed commodities in the Solomon Islands.

Operating and financial review

The Authority achieved a net loss for the period amounting to \$148,709 (2014- net loss of \$2,112).

Commodities Export Marketing Authority 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 Commodities Export Marketing Authority as a State Owned Enterprise under the jurisdiction of the Act. Compliance with the Act could impact on the future operations of Commodities Export Marketing Authority. Significant impact could include:

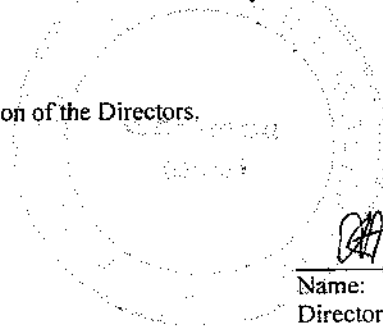
- The Minister of Finance and the Responsible Minister (the "accountable Ministers") can direct Authority to perform a community service obligation (Section 8, 1);
- The accountable Ministers can determine the amount of any dividend payable by Authority (Section 12, 1b);
- The requirement to issue a 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 Commodities Exports Marketing Authority Act (Section 26, 7 and 8).

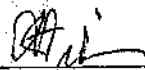
There were no other significant changes in the state of affairs of the Authority during the year ended 31 december 2015.

There has not arisen in the interval between the end of the financial period 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 Authority, the results of its operations, or the state of affairs of the Authority in future financial years.

Signed in accordance with a resolution of the Directors.


Name:
Director




Name:
Director

Dated at Honiara this 30th day of March 2016.



INDEPENDENT AUDITOR'S REPORT

To the Board of the Commodities Export Marketing Authority

Report on the Financial Statements

Scope

I have audited the accompanying financial statements of Commodities Export Marketing Authority, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity, the 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 directors and management are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards and the requirements of the State Owned Enterprises Act, 2007. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the Financial Statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, the financial statements of the Commodities Export Marketing Authority give a true and fair view of the financial position of the authority as at 31 December 2015 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Peter Lokay
Auditor-General
31 March, 2016

Office of the Auditor-General
Honiara, Solomon Islands

Commodities Export Marketing Authority Statement by Directors

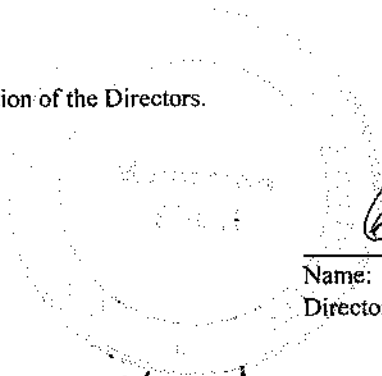
In accordance with the resolution of the Board of Directors of Commodities Export Marketing Authority, we state that in the opinion of the Directors:

- (a) the financial statements and notes set out on pages 6 to 18:
 - (i) give a true and fair view of the Authority's financial position as at 31 December 2015 and of its performance for the financial period ended on that date; and
 - (ii) comply with International Financial Reporting Standards;
- (b) there are reasonable grounds to believe that the authority 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:
Director



Name:
Director

Dated at Honiara this 30th day of March 2016.

Commodities Export Marketing Authority
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Note	<u>2015</u> \$	<u>2014</u> \$
Revenue from continuing operation			
Rents		1,393,150	1,350,666
Copra management fee		873,355	822,906
Cocoa management fee		276,402	306,646
SIG CSO Grant		116,000	-
Other Revenues		75,033	514,613
Cocoa licence		58,890	59,356
Oil palm licence		50,000	50,000
Project clips		42,171	75,774
Copra licence		10,151	23,932
Spice licence		3,658	1,342
Total revenue from continuing operation		<u>2,898,810</u>	<u>3,205,235</u>
Expenses from continuing operation			
Administrative expenses		820,895	717,966
Depreciation expense	6	311,272	181,447
Director costs		159,358	135,775
Employee costs		1,171,856	1,221,829
Other operating expenses	14	386,006	663,487
Repairs and maintenance		198,132	286,843
Total expenses from continuing operation		<u>3,047,519</u>	<u>3,207,347</u>
Net profit / (loss) from continuing operation		<u>(\$148,709)</u>	<u>(\$2,112)</u>
Other comprehensive income for the year			
Revaluation surplus from investment properties	7		<u>17,253,270</u>
Total other comprehensive income		<u>-</u>	<u>17,253,270</u>
Total comprehensive income for the year		<u>(148,709)</u>	<u>17,251,158</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 18.

Commodities Export Marketing Authority
Statement of Changes in Equity for the year ended 31 December 2015

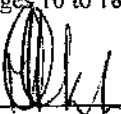
<u>Note</u>	<u>Shareholder Contributions/ Equity</u> \$	<u>Revaluation Reserve</u> \$	<u>Accumulated Funds</u> \$	<u>Total</u> \$
Balance at 1 January 2014	10,000	-	1,298,718	1,308,718
Net profit / (loss) for the year			(2,112)	(2,112)
Other comprehensive income	-	12,896,746	17,253,270	30,150,016
Balance at 31 December 2014	10,000	12,896,746	18,549,876	31,456,622
Balance at 1 January 2015	10,000	12,896,746	18,549,876	31,456,622
Net profit / (loss) for the year			(148,709)	(148,709)
Other comprehensive income			-	-
Balance at 31 December 2015	10,000	12,896,746	18,401,167	31,307,913

The statement of changes in Equity is to be read in conjunction with notes to and forming part of the financial statements set out in page 10 to 18

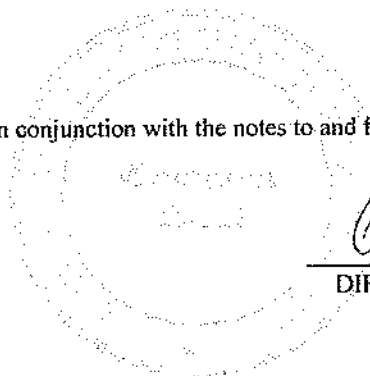
**Commodities Export Marketing Authority
Statement of financial position as at 31 December 2015**

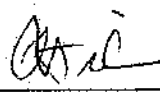
	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Cash equivalent	3	283,407	296,106
Receivables & Prepayments	4	61,704	33,411
TOTAL CURRENT ASSETS		<u>345,111</u>	<u>329,517</u>
NON-CURRENT ASSETS			
Investments Properties	7	17,836,604	17,836,604
Property, Plant and Equipment	6	13,441,526	13,755,791
TOTAL NON-CURRENT ASSETS		<u>31,278,130</u>	<u>31,592,395</u>
TOTAL ASSETS		<u>31,623,241</u>	<u>31,921,912</u>
CURRENT LIABILITIES			
Trade and other payables	8	104,319	125,714
Deferred income	9	106,904	112,670
Employee provisions	10	63,319	145,558
TOTAL CURRENT LIABILITIES		<u>274,542</u>	<u>383,942</u>
NON - CURRENT LIABILITIES			
Employee provisions	10	40,786	36,884
Deffered income	9	-	44,464
TOTAL NON-CURRENT LIABILITIES		<u>40,786</u>	<u>81,348</u>
TOTAL LIABILITIES		<u>315,328</u>	<u>465,290</u>
NET ASSETS		<u>31,307,913</u>	<u>31,456,622</u>
EQUITY			
Shareholder contributions / equity		10,000	10,000
Revaluation Reserves		12,896,746	12,896,746
Accumulated funds		18,401,167	18,549,876
TOTAL EQUITY		<u>31,307,913</u>	<u>31,456,622</u>

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



DIRECTOR





DIRECTOR

Commodities Export Marketing Authority
Statement of cash flow for the year ended 31 December 2015

	Note	<u>2015</u> \$	<u>2014</u> \$
Cash Flows From Operating Activities			
Cash receipts from customers		2,848,580	2,942,845
Cash payments to suppliers and employees		<u>(2,790,589)</u>	<u>(2,746,516)</u>
Cash generated from operations		<u>57,991</u>	<u>196,329</u>
Net cash provided by / (used in) operating activities		<u>57,991</u>	<u>196,329</u>
Cash Flows From Investing Activities			
Acquisition of property, plant and equipment		<u>(70,690)</u>	<u>(29,202)</u>
Net cash provided by / (used in) investing activities		<u>(70,690)</u>	<u>(29,202)</u>
Net increase / (decrease) in cash and cash equivalents		(12,699)	167,127
Cash and cash equivalents at the beginning of the financial year		<u>296,106</u>	<u>128,979</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>283,407</u></u>	<u><u>296,106</u></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 18.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Commodities Export Marketing Authority ('the Authority') is a State Owned Enterprise domiciled in Solomon Islands. The address of the company's registered office is located at Commonwealth Street, Point Cruz, Honiara and Noro, Western Province

(b) Basis of Preparation

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.

The financial statements have been prepared were approved by the Board of the Directors on 30th March 2016

Bases of Measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 results may differ from these estimates.

The financial statements are presented in Solomon Islands currency, the Solomon Islands dollar (\$), and the balances are rounded to the nearest dollar.

Consolidation

The Authority holds majority shares in a number of entities (Makira Coconut Products Limited, Temotu Coconut Products Limited; Isabel Coconut Products Limited; Western Coconut Products Limited, North Malaita Coconut Products Limited, Commodities Shipping Line Limited, and Lauru Coconut Products Limited). Many of those entities in recent years have ceased operations or are not trading to a significant extent. In addition, those entities have not prepared financial statements for a number of years. For these reasons, the Authority has not prepared consolidated financial statements.

(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. As a going concern, the Authority 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 has indicated that it will provide the Authority with financial support to enable it 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) Investment Properties

Investment properties are properties held to earn rentals and /or for capital appreciation. Investment properties are measured initially at cost and subsequently measured at fair value. Gains and loss arising from changes in the fair value of investment properties are included in profit or loss statement in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property is included in profit and loss in the period in which the property is derecognised.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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 income statement. Foreign currency monetary assets and liabilities are translated at the exchange rate at the reporting date. Resulting exchange differences are recognised in the income statement for the period. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at the date of the transaction and are not translated at the reporting date.

(f) Property, Plant and Equipment

Items of property, plant and equipment are stated at original cost, deemed cost 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.

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. Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Fixed assets are first depreciated in the year of acquisition, or, in the case of construction, in the year of substantial completion of the asset. The rates of depreciation current and comparative periods are as follows:

• leasehold land and buildings	2 - 7%
• plant and equipment	10 - 50%
• Furnitures & Fittings	10 - 50%
• Office Equipments	20-33%
• Motor Vehicles	20-33%

(g) Revaluation

Property, plant & equipment are stated at fair value at the date of revaluation. Fair value was determined by external, independent property valuer, having appropriate recognised qualification and experience in area of property being valued. The valuer have utilised replacement method of valuation in determining the fair value of the investment property.

Any revaluation increase arising on the revaluation of such land and building is recognised in the statement of equity under revaluation reserves, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and building is recognised in profit or loss to the extent that it exceeds the balance, if any, held in properties revaluation reserves, relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the asset revaluation reserve, is transferred directly to retained earnings.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment

The carrying amounts of all assets carried at cost are reviewed at each balance 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 the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has 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.

(i) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Authority's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognised in excess of any cumulative impairment

(j) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(k) 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.

(l) Provisions

Provisions are recognised when the Authority 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.

(m) 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 balance 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.

Rental income from investment property is recognized in profit and loss on a straight line basis over the term of the lease.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade and other payables are stated cost.

(o) Taxation

The Authority is exempt from income tax in terms of section 28 of the Commodities Exports Marketing Authority Act.

(p) Investments

Subsidiaries

Subsidiaries are entities controlled by the Authority. Control exists when the Authority has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. In the Authority's financial statements, investments in subsidiaries are carried at cost.

(q) 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 Authority's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(r) Employee Benefits

The Authority'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 Authority expects to pay as at reporting date including related on-costs.

(s) 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.

(t) 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.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

2. EMPLOYEES

The number of employees at period end 31 December 2015 is 15 (2014: 15).

3. CASH AND CASH EQUIVALENTS

For the purpose of the Cash Flow Statement, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheets as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash on hand and at bank	283,407	296,106
	<u>283,407</u>	<u>296,106</u>

4. RECEIVABLES and PREPAYMENTS

Amounts owed by subsidiaries	2,263,271	2,263,271
Less: Provision for doubtful debts	2,263,271	2,263,271
	-	-
Other debtors and prepayments	110,338	95,549
Less: Provision for doubtful debts	48,634	62,138
	<u>61,704</u>	<u>33,411</u>

5. INVESTMENTS

	Ownership Interest	Opening balance 1 Jan 2015	Prior year impairments	Dividends	Closing balance 31 December 2015
<u>Portfolio Companies</u>	%	\$	\$	\$	\$
Ma'ira Coconut Products Limited	79	750,000	(750,000)	-	-
Temotu Coconut Products Limited	100	80,000	(80,000)	-	-
Isabel Coconut Products Limited	100	200,000	(200,000)	-	-
Western Coconut Products Limited	89	400,000	(400,000)	-	-
North Malaita Coconut Products Limited	100	200,000	(200,000)	-	-
Commodities Shipping Line Limited	100	10,000	(10,000)	-	-
Lauru Coconut Products Limited	100	200,000	(200,000)	-	-
		<u>1,840,000</u>	<u>(1,840,000)</u>	-	-

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land at revalued amount \$	Building at revalued amount	Plant and Equipment \$	Furnitures and Fixtures \$	Office Equipments \$	Motor Vehicle Equipments \$	Total \$
At 1 January 2014							
Cost or valuation	-	3,360,402	181,466	82,665	62,357	300,000	3,986,890
Accumulated depreciation	-	(2,010,316)	(177,530)	(17,928)	(40,159)	(146,330)	(2,392,263)
Net book amount	-	1,350,086	3,936	64,737	22,198	153,670	1,594,627
Year ended 31 December 2014							
Opening net book amount	-	1,350,086	3,936	64,737	22,198	153,670	1,594,627
Additions during the year	-	-	-	-	29,200	-	29,200
Revaluation Surplus	-	12,896,746	-	-	-	-	12,896,746
Disposals during the year	-	(583,335)	-	-	-	-	(583,335)
Depreciation	-	(67,107)	(2,648)	(11,778)	(26,914)	(73,000)	(181,447)
Closing net book value	-	13,596,390	1,288	52,959	24,484	80,670	13,755,791
At 1 January 2015							
Cost or valuation	6,005,200	8,152,770	181,468	82,665	91,557	300,000	14,813,659
Accumulated depreciation	-	(561,580)	(180,180)	(29,705)	(67,073)	(219,330)	(1,057,868)
Net book amount	6,005,200	7,591,190	1,288	52,959	24,484	80,670	13,755,791
Year ended 31 December 2015							
Opening net book amount	6,005,200	7,591,190	1,288	52,959	24,484	80,670	13,755,791
Additions during the year	-	-	-	-	70,690	-	70,690
Disposals during the year	-	(73,683)	-	-	-	-	(73,683)
Depreciation	-	(236,106)	(1,284)	(11,569)	(21,643)	(40,670)	(311,272)
Closing net book value	6,005,200	7,281,401	4	41,390	73,531	40,000	13,441,526

6.1 Property under legal case

Three buildings still under legal case and not part of the PPE balance as disclosed on note 6 above as follows:

a. Vara Creek Property

The property was offered to a former staff Ruben Wewela in prior years but his failure to pay off the property forced CEMA management attempt to recover the property. However, he had filed a legal case against the Authority and currently remain a legal case.

b. Lunga property

Two 3X Bedroom properties built by the Authority at Lunga is currently under legal case following a dispute between Lever Solomon Limited and the Authority. The Authority acquired the land following Cabinet's approval in prior years. However LSL did not transfer the title of the land to the Authority and FTE title of the land is still under LSL.

6.2 Land Registration oversight

Produce Inspector property in noro was burnt down in 2015. Prior to being burnt down, the property was with unknown value and was not revalued because the land was incorrectly registered under Soltai Fishing and Processing Limited. Efforts to get the title back is continuing.

6.3 Property title with Commission of land

The land title of the property were the Senior Inspector- CEMA staff resides in at noro is still with the commission of land. As such the Authority cannot revalue the property. The Commissioner of lands indicated to sort out the title and accord to the Authority. However, this was yet to eventuate.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

7. INVESTMENT PROPERTY

	<u>2015</u>	<u>2014</u>
Balance at 1 January	17,836,604	-
Acquisition	-	-
Reclassification from property, plant and equipment	-	583,334
change in fair value	-	17,253,270
Balance at 31 December	<u>17,836,604</u>	<u>17,836,604</u>

Investment property consist of a warehouse, cocoa shed and 50% of the authority head office which are leased to third parties. These commercial properties were leased to third parties in prior years but are included in the property, plant and equipment. Since revaluation was done at the end of 2014, old value of the property was written off and the new revalued amount was transfer to investment property from property, plant and equipment.

8. TRADE AND OTHER PAYABLES

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade creditors	34,710	58,058
Other creditors and accrued expenses	69,609	67,656
	<u>104,319</u>	<u>125,714</u>

9. DEFERED INCOME

Current

Unexpended Property, plant & equipment	40,000	38,068
Licence fees received in advance	66,904	74,603
	<u>106,904</u>	<u>112,671</u>

Non-current

Unexpended Property, plant & equipments	-	44,464
	<u>-</u>	<u>44,464</u>

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

10. EMPLOYEE PROVISIONS

Current		
Annual leave	43,619	55,367
Gratuity	19,700	90,191
	<u>63,319</u>	<u>145,558</u>
Non-current		
Long service leave	40,786	36,884
Gratuity	-	-
	<u>40,786</u>	<u>36,884</u>

Gratuities

The Authority has provided for gratuities payable to contract staff as per the terms of the agreement with those

Long service leave benefit

The Authority has provided for long service leave benefits which entitles employees with eight years or more service a

11. EMPLOYEE BENEFIT PLANS

The Authority contributes to the National Provident Fund, whereby the Authority deducts and pays 5% of the employee's gross salary and contributes 7.5% of the employees' gross salary. During the period ended 31 December 2015 the Authority expensed \$61,302 in NPF contributions (2014: \$57,772).

12. CONTINGENCIES

The Authority has a number of contingent liabilities estimated at an aggregate value of \$435,000 (2014: 435,000) which have not otherwise been provided for in the financial statements as at the financial year end.

The contingent liabilities refers to:

- Acquired property which the title holder did not effect transfer to CEMA upon payment. Upon the understanding CEMA sold the property to a third party without the titles. The matter is still under legal contention.

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

In the opinion of the Directors, disclosure of any further information would be prejudicial to the interests of the Authority. As of 2013 the matter become a legal case between CEMA and Levers Solomon Limited (LSL) and outcome of the court case was yet to be available and cannot be predicted.

Fair values

The carrying amounts of assets and liabilities shown in the balance sheet approximates their fair value.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2015

13. RELATED PARTIES

a. Controlled entities

CEMA has the following controlled entities:	2015	2014
	\$	\$
Makira Coconut Products Limited	750,000	750,000
Temotu Coconut Products Limited	80,000	80,000
Isabel Coconut Products Limited	200,000	200,000
Western Coconut Products Limited	400,000	400,000
North Malaita Coconut Products Limited	200,000	200,000
Commodities Shipping Line Limited	10,000	10,000
Lauru Coconut Products Limited	200,000	200,000
	<u>1,840,000</u>	<u>1,840,000</u>

Refer to notes 4 and 5 for amounts owing to/by CEMA from/to related parties and the related provisions.

b. Key Management Compensation

Key management includes, Board of directors, General Manager, Finance & Administration manager, Chief Produce Inspector and Commodities Development and Extension Manager.

The compensation paid or payable to key management for their service rendered to the authority are as follows:

	2015	2014
	\$	\$
Wages & salaries	283,876	263,683
Other employment benefits	117,512	124,443
Termination benefit	-	-
Post employment benefits	-	-
Other long term benefit	112,622	90,191
	<u>514,010</u>	<u>478,317</u>

14. OTHER OPERATING EXPENSES

	<u>2015</u>	<u>2014</u>
Electricity	279,360	248,861
Laboratory expense	87,170	332,724
Fuel expense for generator	1,467	43,509
Water	18,009	38,393
	<u>386,006</u>	<u>663,487</u>