

**INVESTMENT CORPORATION OF SOLOMON ISLANDS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

# **Investment Corporation of Solomon Islands**

## **Financial Statements for the year ended 31 December 2013**

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## **Investment Corporation of Solomon Islands State Owned Enterprise Information**

The Investment Corporation of Solomon Islands ('the Corporation') is a State Owned Enterprise domiciled in the Solomon Islands

### **Registered Office**

Investment Corporation of Solomon Islands Building, Honiara

### **Principal Place of Business**

Mendana Avenue, Honiara

### **Directors**

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

## **Investment Corporation of Solomon Islands Directors' Report**

The Directors present their report together with the financial statements of Investment Corporation of Solomon Islands ('the Corporation') for the year ended 31 December 2013 and the Independent Audit Report thereon.

### **Directors**

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

P Boyers (Chairman)  
D Rarawa  
C Hapa  
G Suri  
B. Titiulu  
H. Kuma

### **Principal activities**

The principal activity of the Corporation during the course of the financial year ended 31 December 2013 was the management of investments in Solomon Islands portfolio companies.

### **Operating and financial review**

The Corporation incurred a net profit for the year amounting to \$679,523 (2012: net profit \$1,384,782 )

### **Dividends**

No dividends have been paid or declared since the end of the previous financial year, and the Directors do not recommend the declaration of a dividend.

## Investment Corporation of Solomon Islands 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 Investment Corporation of Solomon Islands as a State Owned Enterprise under the jurisdiction of the Act.

Compliance with the Act could impact on the future operations of Investment Corporation of Solomon Islands. Significant impact could include:

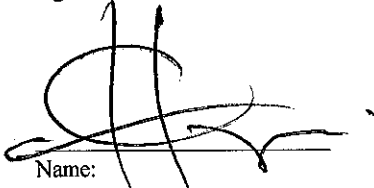
- The Minister of Finance and the Responsible Minister (the "accountable Ministers") can direct ICSI to perform a community service obligation (Section 8, 1);
- The accountable Ministers can determine the amount of any dividend payable by ICSI (Section 12, 1b);
- The requirement to issue a Statement 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 Investment Corporation of Solomon Islands Acts (Section 26, 7 and 8).

There were no other significant changes in the state of affairs of the Corporation during the year.

### Events Subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature likely to affect significantly the operations of the Corporation, the results of its operations, or the state of affairs of the Corporation in future financial years.

Signed in accordance with a resolution of the Directors.



Name:  
Director



Name:  
Director

Dated at Honiara this 24<sup>th</sup> day of September 2020.

## Solomon Islands Office of the Auditor-General



### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INVESTMENT CORPORATION OF SOLOMON ISLANDS

#### Report on the Audit of the Financial Statements

##### *Disclaimer of Opinion*

I was engaged to audit the financial statements of Investment Corporation of Solomon Island ("the Corporation") which comprise the Statement of Financial position as at 31 December 2013, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

I do not express an opinion on the accompanying financial statements of the Corporation. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

##### *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:

##### *Un-supported general journals*

There were unsupported general journal entries balances recorded in the general ledger of \$144 million for the financial year 31 December 2012. Corrective action has not been taken to address this and journal entries remain unsupported in 2013. As a result, I was unable to verify the accuracy, completeness and occurrence of these general journal entries to obtain reasonable assurance over the validity of the journals reported balance as at 31 December 2013 and determine what adjustments might be necessary to the amounts and disclosures in the financial statements.

##### *Revenue and Trade Receivables*

Our testing in 2012 found there were missing tenancy agreements for the rental of investment properties, detail calculations of the dividend received and invoices for the financial year. These issues have been unresolved resulting in missing evidence to support revenue in 2013. As a result I was unable to verify the completeness and accuracy of the revenue collected for the year ended 31 December 2013 and the accuracy of the receivables balances. I was unable to determine whether any adjustment might be necessary to the amount and disclosures in the financial statements.

#### *Expenditure*

There were poor internal control over the disbursement of the Corporation fund. Our testing in 2012 found missing payment vouchers to support Board of Directors allowances and repair and maintenance expenses. These issues have been unresolved with ongoing filing issues resulting in missing evidence in 2013. As a result I was unable to verify the completeness and accuracy of the expenditure for the year ended 31 December 2013. I was unable to determine whether any adjustment might be necessary to the amount and disclosures in the financial statements.

#### *Un-supported Investments in Subsidiaries, Associates and Other Investments*

Due to the absence of sufficient supporting documents I was unable to confirm the accounting treatment and verify the completeness, existence and accuracy and valuation of the Investments in subsidiaries, associates and other investments totalling \$146 million. As a result I am unable to confirm or verify by alternative means the carrying amount of these balances included in the financial statements as at 31 December 2013 and determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

#### *Property Plant and Equipment and Investment Property*

Due to the absence of fair value assessments conducted on the investment property and property plant and equipment at the reporting date I was unable to verify the valuation of the non-current asset balances totalling \$8 million and \$2 million respectively and accuracy of any associated depreciation expenses.

Due to the absence of the asset verification conducted at reporting date I was unable to satisfy myself as to the existence, completeness and accuracy of the investment property and property plant and equipment at the reporting date.

As a results I am unable to confirm or verify by alternative means the carrying amount of investment property and property plant and equipment included in the financial statements as at 31 December 2013 and determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

#### *Solomon Islands Government Liability*

Due to the absence of sufficient supporting documents to support the gain on sale of Sasape Marina Limited and the payment of shares for Soltuna I was unable to confirm the ongoing accounting treatment and accuracy of the balance as a Solomon Islands Government Liability. As a result I am unable to confirm or verify by alternative means the carrying amount of \$16 million for the Solomon Islands Government Liability included in the financial statements as at 31 December 2013 and determine whether any adjustments might be necessary to the amounts and disclosures.

#### *Petty Cash Balance*

Due to absence of cash count verification at the reporting date I was unable to satisfy myself as to the existence, completeness and accuracy of the petty cash balance disclosed in the financial statement.

#### ***Responsibilities of Management and Directors for the Financial Statements***

Management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Corporation's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

My responsibility is to conduct an audit of the Corporation's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the Corporation in accordance with International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics, 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.

***Report on Other Legal and Regulatory Requirements***

*Lack of compliance with the Investment Corporation of Solomon Islands Act (Cap 143)*

The Investment Corporation of Solomon Island's Board of Directors has not complied with Section 18 of ICSI Act which requires the accounts of the Corporation to be audited annually. The Management signed financial statements were not presented to me until 24<sup>th</sup> September 2020 which is after the ICSI Act requirement.



Peter Lokay  
Auditor-General

29<sup>th</sup> September 2020

Office of the Auditor-General  
Honiara, Solomon Islands

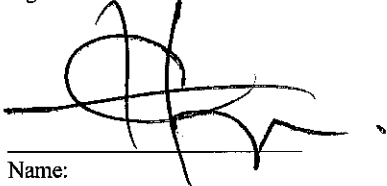


## Investment Corporation of Solomon Islands Statement by Directors

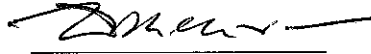
In accordance with the resolution of the Board of Directors of Investment Corporation of Solomon Islands, we state that in the opinion of the Directors:

- (a) the financial statements and notes set out on pages 10 to 25:
  - (i) give a true and fair view of the Corporation's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
  - (ii) comply with International Financial Reporting Standards;
- (b) there are reasonable grounds to believe that the corporation will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Name:  
Director



Name:  
Director

Dated at Honiara this 24<sup>th</sup> day of September 2020.

**Investment Corporation of Solomon Islands**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2013**

|  | Note | 2013<br>\$              | 2012<br>\$              |
|--|------|-------------------------|-------------------------|
| <b>Revenue</b>                                 |      |                         |                         |
| Dividends received                             |      | 1,160,187               | 831,285                 |
| Rental income                                  |      | 991,809                 | 880,591                 |
| Interest income                                |      | 297,862                 | 282,895                 |
| Other Income                                   |      | 43,341                  | 28,412                  |
| <b>Total Income</b>                            |      | <b><u>2,493,199</u></b> | <b><u>2,023,183</u></b> |
| <b>Expenses</b>                                |      |                         |                         |
| Directors Expenses                             |      | 96,345                  | 107,210                 |
| Depreciation Expense                           | 11   | 168,094                 | 179,726                 |
| Employee costs                                 |      | 451,802                 | 248,125                 |
| Office and administrative expenses             |      | 276,893                 | 213,992                 |
| Other Operating expenses                       |      | 267,033                 | 91,494                  |
| Rental property expenses                       |      | 437,848                 | 337,611                 |
| <b>Total expenses</b>                          |      | <b><u>1,698,015</u></b> | <b><u>1,178,158</u></b> |
| <b>Net profit / (loss) for the year</b>        |      | <b><u>795,184</u></b>   | <b><u>845,025</u></b>   |
| <b>Other comprehensive income for the year</b> |      |                         |                         |
| Losses - disposal of investment                |      | (107,895)               | -                       |
| <b>Total other comprehensive income</b>        |      | <b><u>(107,895)</u></b> | <b><u>539,757</u></b>   |
| <b>Total comprehensive income for the year</b> |      | <b><u>687,289</u></b>   | <b><u>1,384,782</u></b> |

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 12 to 27

**Investment Corporation of Solomon Islands**  
**Statement of Changes in Equity for the year ended 31 December 2013**

|   | <u>Note</u> | Shareholder<br>Contributions/<br><u>Equity</u><br>\$ | Asset<br>Revaluation<br><u>Reserve</u><br>\$ | Retained<br>Earnings/<br>(Accumulated)<br><u>Losses</u><br>\$ | <u>Total</u><br>\$ |
|---|-------------|--|--|---|--------------------|
| Balance at 1 January 2012                           |             | 102,698,795  | 9,887,180                                    | 35,420,811  | 148,006,786        |
| Net profit / (loss) for the year,                   |             | -  | -  | 1,384,782   | 1,384,782          |
| <b>Balance at 31 December 2012,</b>                 |             | <b>102,698,795</b>                                   | <b>9,887,180</b>                             | <b>36,805,593</b>   | <b>149,391,568</b> |
| Correction of prior years error                     |             |  |  | 10,609  | 10,609             |
| <b>Balance at 31 December 2012,<br/>as restated</b> |             | <b>102,698,795</b>                                   | <b>9,887,180</b>                             | <b>36,816,202</b>   | <b>149,402,177</b> |
| Balance at 1 January 2013,                          |             | 102,698,795  | 9,887,180                                    | 36,816,202  | 149,402,177        |
| Net profit / (loss) for the year                    |             | -  | -  | 687,289   | 687,289            |
| <b>Balance at 31 December 2013</b>                  |             | <b>102,698,795</b>                                   | <b>9,887,180</b>                             | <b>37,503,491</b>   | <b>150,089,466</b> |
| Correction of prior years error                     | 21          |  |  | (8,264)   | (8,264)            |
| <b>Balance at 31 December 2013,</b>                 |             | <b>102,698,795</b>                                   | <b>9,887,180</b>                             | <b>37,495,226</b>   | <b>150,081,201</b> |

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 12 to 27.

**Investment Corporation of Solomon Islands**  
**Statement of financial position as at 31 December 2013**

|  | Note | 2013<br>\$         | 2012<br>\$         |
|--|------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                    |      |                    |                    |
| Cash on hand and at bank                 | 17   | 3,688,227          | 2,944,047          |
| Trade and other receivables              | 4    | <u>244,238</u>     | <u>218,161</u>     |
| <b>TOTAL CURRENT ASSETS</b>              |      | <u>3,932,465</u>   | <u>3,162,208</u>   |
| <b>NON-CURRENT ASSETS</b>                |      |                    |                    |
| Interest bearing deposit                 | 18   | 5,700,175          | 5,402,480          |
| Solomon Islands Government               | 13   | -                  | 8,101,755          |
| Other Investments                        | 5    | 53,934,746         | 29,983,382         |
| Investment in subsidiaries               | 7    | 69,425,087         | 69,425,087         |
| Investment in associates                 | 8    | 22,868,537         | 22,868,537         |
| Investment property                      | 10   | 8,325,000          | 8,325,000          |
| Property, plant and equipment            | 11   | <u>2,087,393</u>   | <u>2,352,799</u>   |
| <b>TOTAL NON-CURRENT ASSETS</b>          |      | <u>162,340,938</u> | <u>146,459,040</u> |
| <b>TOTAL ASSETS</b>                      |      | <u>166,273,403</u> | <u>149,621,248</u> |
| <b>CURRENT LIABILITIES</b>               |      |                    |                    |
| Trade and other payables                 | 12   | 216,163            | 229,680            |
| Solomon Islands Government               | 13   | <u>15,976,039</u>  | <u>-</u>           |
| <b>TOTAL CURRENT LIABILITIES</b>         |      | <u>16,192,202</u>  | <u>229,680</u>     |
| <b>NON-CURRENT LIABILITIES</b>           |      |                    |                    |
| Interest bearing loans or borrowings     |      | <u>-</u>           | <u>-</u>           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>     |      | <u>-</u>           | <u>-</u>           |
| <b>TOTAL LIABILITIES</b>                 |      | <u>16,192,202</u>  | <u>229,680</u>     |
| <b>NET ASSETS</b>                        |      | <u>150,081,201</u> | <u>149,391,568</u> |
| <b>SHAREHOLDERS' EQUITY</b>              |      |                    |                    |
| Shareholder contributions / equity       |      | 102,698,795        | 102,698,795        |
| General Reserves                         | 19   | 8,806,992          | 8,806,992          |
| Asset revaluation reserve                | 20   | 1,080,188          | 1,080,188          |
| Retained earnings / (Accumulated losses) |      | <u>37,495,226</u>  | <u>36,805,593</u>  |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>        |      | <u>150,081,201</u> | <u>149,391,568</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 12 to 27.

  
 DIRECTOR

  
 DIRECTOR

**Investment Corporation of Solomon Islands**  
**Statement of cash flow for the year ended 31 December 2013**

|   | Note | 2013<br>\$         | 2012<br>\$          |
|---|------|--------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>                             |      |                    |                     |
| Cash receipts from customers  |      | 1,501,390          | 1,191,900           |
| Cash payments to suppliers and employees                                |      | <u>(1,423,506)</u> | <u>(1,197,786)</u>  |
| <b>Cash flows from (used in) operating activities</b>                   |      | <u>77,884</u>      | <u>(5,886)</u>      |
| <b>Cash Flows From Investing Activities</b>                             |      |                    |                     |
| Payments for PPE  |      | (54,850)           | (37,729)            |
| Dividends   |      | 991,809            | 831,285             |
| Interest Received   |      | (297,695)          | (282,895)           |
| Proceeds from sale of PP & E  |      | 8,500              |                     |
| Proceed from sale of shares   |      | 18,535             |                     |
| Cash injected in other investments - Soltuna                            |      | -                  | <u>(1,152,311)</u>  |
| <b>Net cash provided by / (used in) Investing Activities</b>            |      | <u>666,299</u>     | <u>(641,650)</u>    |
| <b>Cash Flows From Financing Activities</b>                             |      |                    |                     |
| Repayment of Advances to SIG -KFPL                                      | 13   | -                  | (24,717,586)        |
| Refund from SIG - SI Printer 2011 Redudancy payments                    | 13   | -                  | <u>435,503</u>      |
| <b>Net cash provided by / (used in) financing activities</b>            |      | -                  | <u>(24,282,083)</u> |
| <b>Net increase / (decrease) in cash and cash equivalents</b>           |      | 744,182            | (24,929,619)        |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |      | <u>2,944,047</u>   | <u>27,873,666</u>   |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 17   | <u>3,688,229</u>   | <u>2,944,047</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 12 to 27.

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) 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.

**(b) Basis of Preparation**

The financial statements have been prepared primarily on the historical cost basis except that investment properties and financial instruments classified as available for sale have been stated at their fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of a financial report in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been consistently applied by the Corporation and they are consistent with those of the previous year.

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

**Consolidation**

These financial statements represent the transactions, financial performance and financial position of the Corporation. Consolidated financial statements have not been prepared.

**(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 Corporation is dependent upon the continuing support of the Solomon Islands Government, its bankers and creditors.

The Directors have concluded that the going concern basis is appropriate

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Foreign Currency**

The functional currency adopted in the preparation of the financial statements is the Solomon Islands currency, the Solomon Islands dollar (\$). Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss statement. Foreign currency monetary assets and liabilities are translated at the exchange rate at the balance sheet date. Resulting exchange differences are recognised in the profit and loss account for the period. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at the date of the transaction.

**(e) Property, plant and equipment**

Items of property, plant and equipment are stated at original cost, deemed cost less accumulated depreciation and impairment losses. Construction costs 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 Profit and loss Statement on a reducing 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. Land is not depreciated. The rates of depreciation current and comparative periods are as follows:

- |  |       |
|--|-------|
| • Buildings                              | 3-6%  |
| • Motor vehicles                         | 20%   |
| • Office equipment, furniture & fittings | 5-20% |

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Impairment**

The carrying amounts of all assets carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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.

**(g) 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 remeasured in accordance with the Corporation'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 remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

**(h) Trade and other receivables**

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

**(i) 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.

**(j) Provisions**

Provisions are recognised when the Corporation has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.



**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Revenue**

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 sheet 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 recognised in profit or loss on a straight-line basis over the term of the lease.

**(l) Trade and other payables**

Trade and other payables are stated cost.

**(m) Taxation**

The Corporation is exempt from income tax in terms of paragraph 19(1) of the Investment Corporation of Solomon Islands Act.

**(n) Investment Property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Fair value has been determined as the lower of the latest available independent valuations, indexed during intervening years by the official CPI index of the Solomon Islands, and the present value of future cash flows from the investment properties, as described below.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. Valuations reflect, where appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases, all notices and where appropriate counter notices have been served validly and within the appropriate time.

Any gain or loss arising from a change in fair value is recognised in the profit and loss statement. Rental income from investment property is recognised in the profit and loss statement on a straight line basis over the term of the lease.

If an investment property becomes owner-occupied, it is reclassified as property, fixtures and fittings and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When the Corporation begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on a fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(o) Investments**

**Financial instruments**

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the Profit and Loss Statement.

Where the Corporation has the positive intent and ability to hold investments to maturity, they are stated at amortised cost less impairment losses.

Other financial instruments held by the Corporation are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the Profit and Loss Statement.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the balance sheet date. For financial instruments which are not actively traded in an open market, the fair value is determined by reference to the investee's net asset value as stated in its most recent financial statements.

Financial instruments classified as held for trading or available-for-sale investments are recognised/ derecognised by the Corporation on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Corporation.

**Associates**

Associates are those entities in which the Corporation has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Corporation holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the cost method.

**Subsidiaries**

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

**(p) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and an integral part of the Corporation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(q) Employee benefits**

The Corporation's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Liabilities for employee benefits for wages, salaries, annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at amounts based on remuneration wage and salary rates that the Corporation expects to pay as at reporting date including related on-costs.

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(r) 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.

**(s) 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.

**Reclassification**

**(t)** Prior year balances have been reclassified to correspond to the current year presentation where considered necessary

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

**NET PROFIT**

2. Net profit for the year includes the following items of income and expense:

|                                     | 2013      | 2012    |
|-------------------------------------|-----------|---------|
|                                     | \$        | \$      |
| <b>Income:</b>                      |           |         |
| Interest received - Term deposit    | 297,695   | 282,895 |
| Interest received - BSP 2           | 167       |         |
| Dividend - Telekom                  | 1,132,267 | 831,285 |
| Dividend - Pacific Forum Line (PFL) | 27,920    | -       |
| <b>Expense:</b>                     |           |         |
| Depreciation of fixed assets        | 168,094   | 179,726 |
| Employer contributions to NPF       | 8,376     | 7,352   |
| Staff costs                         | 451,802   | 248,125 |

**EMPLOYEE**

3. The number of employees at the end of the year was 4 (2012: 4).

**TRADE AND OTHER RECEIVABLES**

|                          | 2013           | 2012           |
|--------------------------|----------------|----------------|
|                          | \$             | \$             |
| 4. <b>Current Assets</b> |                |                |
| Dividend - December 2013 | 119,438        | 138,548        |
| Rental Income            | 119,400        | 76,994         |
| Staff Accounts           | 5,400          | 2,619          |
|                          | <u>244,238</u> | <u>218,161</u> |

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
**31 December 2013.**

|                                       |           | 2013              | 2012              |
|---------------------------------------|-----------|-------------------|-------------------|
|                                       |           | \$                | \$                |
| <b>5. OTHER INVESTMENTS</b>           |           |                   |                   |
|                                       | Ownership |                   |                   |
| <b>Available for sale investments</b> |           |                   |                   |
| Solomon Telekom Company Limited       | 10.0%     | 21,000,000        | 21,000,000        |
| Pacific Forum Line                    | <1%       | -                 | 126,430           |
| <b>Other Investments</b>              |           |                   |                   |
| Development Bank of Solomon Islands   | 90%       | 7,704,590         | 7,704,590         |
| Soltuna                               | 4.6%      | 25,230,156        | 1,152,362         |
|                                       |           | <u>53,934,746</u> | <u>29,983,382</u> |

Available for sale investments represent shares held by the Corporation in other entities. The Corporation's percentage ownership of those entities is 10% or less. The Corporation accounts for its investment in these entities as available for sale assets, which means that at the end of each financial year, the Corporation adjusts the carrying value of those investments to reflect their fair value with a corresponding entry recorded in equity.

During the year ended 31 December 2013, Shares in pacific forum line was sold for \$18,535.24, after a dividend payment of \$27,919.67 was received. An investment loss of \$107,894.76 was recognised in the profit and loss statement. Further; the Solomon Islands Government invested \$24,077,794 in Soltuna as payment of additional shares.

**Investment Corporation of Solomon Islands  
Notes to and forming part of the Financial Statements  
31 December 2013.**

| <b>6. LOANS</b>                     | 2013              | 2012              |
|-------------------------------------|-------------------|-------------------|
|                                     | \$                | \$                |
| <b>Loans</b>                        |                   |                   |
| Solomon Islands Printers Limited    | 3,463,757         | 3,463,757         |
| Soltai Fishing & Processing Limited | 8,931,833         | 8,931,833         |
|                                     | <u>12,395,590</u> | <u>12,395,590</u> |
| <b>Impairments of loans</b>         |                   |                   |
| Solomon Islands Printers Limited    | 3,463,757         | 3,463,757         |
| Soltai Fishing & Processing Limited | 8,931,833         | 8,931,833         |
|                                     | <u>12,395,590</u> | <u>12,395,590</u> |
| <b>Carrying value of loans</b>      |                   |                   |
| Solomon Islands Printers Limited    | -                 | -                 |
| Soltai Fishing & Processing Limited | -                 | -                 |
|                                     | <u>-</u>          | <u>-</u>          |

On 4 December 2000, the Solomon Islands National Provident Fund Loan of \$2,098,465 owing by Solomon Islands Printers Limited was transferred to Investment Corporation of Solomon Islands, with a corresponding receivable from Solomon Islands Printers Limited being recognised.

On 21 March 2000, the Investment Corporation of Solomon Islands board resolved that the balance of its loan to Solomon Islands Printers Limited, being \$1,365,292 at that time, be converted to shares. However, as at the end of the current year, the conversion has not been formalised by Solomon Islands Printers Limited.

**Investment Corporation of Solomon Islands  
Notes to and forming part of the Financial Statements  
31 December 2013.**

**7. INVESTMENT IN SUBSIDIARIES**

|                                      |                  | 2013<br>\$        | 2012<br>\$        |
|--------------------------------------|------------------|-------------------|-------------------|
| <b>Investments</b>                   | <b>Ownership</b> |                   |                   |
| Solomon Airlines Limited             |                  | 70,969,764        | 70,969,764        |
| Solomon Taiyo Limited                | 100%             | 2,000,000         | 2,000,000         |
| Solomon Islands Printers Limited     | 100%             | 2,000,000         | 2,000,000         |
| Solomon Islands Plantation Limited   | 100%             | 12,998,042        | 12,998,042        |
|                                      | 97%              | <u>87,967,806</u> | <u>87,967,806</u> |
| <b>Impairments of investments</b>    |                  |                   |                   |
| Solomon Airlines Limited             |                  | 4,044,677         | 4,044,677         |
| Solomon Taiyo Limited                |                  | 2,000,000         | 2,000,000         |
| Solomon Islands Printers Limited     |                  | 2,000,000         | 2,000,000         |
| Solomon Islands Plantation Limited   |                  | 10,498,042        | 10,498,042        |
|                                      |                  | <u>18,542,719</u> | <u>18,542,719</u> |
| <b>Carrying value of investments</b> |                  |                   |                   |
| Solomon Airlines Limited             |                  | 66,925,087        | 66,925,087        |
| Soltai Fishing & Processing Limited  |                  | -                 | -                 |
| Solomon Taiyo Limited                |                  | -                 | -                 |
| Solomon Islands Printers Limited     |                  | -                 | -                 |
| Solomon Islands Plantation Limited   |                  | 2,500,000         | 2,500,000         |
|                                      |                  | <u>69,425,087</u> | <u>69,425,087</u> |

**8. INVESTMENTS IN ASSOCIATES**

| <u>Kolobangara Forest Plantation Limited</u> |  | 25%               | 40%               |
|--|--|-------------------|-------------------|
| <u>Percentage Ownership Interest</u>         |  |                   |                   |
| <b>Opening</b>                               |  | 22,868,537        | 22,868,537        |
| Shareholders contribution                    |  | -                 | -                 |
| Payment of additional shares                 |  | -                 | -                 |
| <b>Closing Balance</b>                       |  | <u>22,868,537</u> | <u>22,868,537</u> |

75% (2012: 60%) of the issued capital is held by Elite Idea Limited and 25% (2012: 40%) is held by the Corporation as at 31st December 2013.

During the year, the shareholders of kolobangara forest plantation limited resolved to issue up to 250,000 additional shares worth USD\$2.5M in the capital of the company . Of the 250, 000 shares, 100,000 shares are still to be issued to the Corporation. The shares can be issued as funds become available at the option of the Corporation. Any of the allocated 100,000 shares not taken up by ICSI will not be offered to EIL or any other party.

Should the Corporation inject funds for their allocation of additional shares at 31 August 2014, the shareholding ratio would revert to the previous ratio of 60% EIL and 40% ICSI.

The investment in Kolobangara Forest Products Limited ('KFPL') is accounted for on cost basis.

**Investment Corporation of Solomon Islands  
Notes to and forming part of the Financial Statements  
31 December 2013.**

**9. NET ASSETS OF ASSOCIATES**

Summary financial information for Kolombangara Forest Plantations, not adjusted for the percentage ownership of the Corporation was:

|  | 2013               | 2012               |
|--|--------------------|--------------------|
| <b>Percentage Ownership Interest</b>   | <b>25%</b>         | <b>40%</b>         |
| Non current asset  | 228,442,491        | 216,607,240        |
| Current assets (Including cash and cash equivalents -2013: \$8,063,780, 2012: \$1,140,995) | 24,121,351         | 9,102,117          |
| Non - current liabilities  | (55,125,000)       | (55,050,000)       |
| Current liabilities  | (33,313,999)       | (32,881,899)       |
| <b>Net Asset (100%)</b>  | <b>164,124,843</b> | <b>137,777,458</b> |
| Revenue  | 44,806,227         | 29,691,213         |
| Depreciation and amortisation  | (2,536,115)        | (5,022,032)        |
| Interest and other financial expense   | 1,963,371          | 1,763,769          |
| Income tax expense   | -                  | -                  |
| <b>Profit and total comprehensive income (100%)</b>  | <b>16,797,425</b>  | <b>(8,551,695)</b> |
| <b>Dividend Received by the Corporation</b>  | <b>nil</b>         | <b>nil</b>         |

Equity method of accounting was not adopted because the corporation has not prepared a consolidated financial statements.

**10. INVESTMENT PROPERTY**

|                        |                  |                  |
|------------------------|------------------|------------------|
| Opening Balance        | 8,325,000        | 8,325,000        |
| Fair value adjustments | -                | -                |
| Closing balance        | <u>8,325,000</u> | <u>8,325,000</u> |

The carrying amount of investment property is the fair value of the property as determined by the directors.

**Leases as lessor**

ICSI leases out its investment property under operating leases.

During the year ended 31 December 2013, \$991,809 was recognised as rental income in the income statement (2012: \$880,591) and \$437,848 in respect of repairs and maintenance was recognised as an expense in the income statement relating to investment property (2012: \$337,611).



**Investment Corporation of Solomon Islands  
Notes to and forming part of the Financial Statements  
31 December 2013.**

**11. PROPERTY, PLANT AND EQUIPMENT**

| <u>Cost</u>                            | Buildings<br>at Revalued<br>amount<br>\$ | Motor<br>Vehicles<br>\$ | Office Equipmt<br>Furniture &<br>Fittings<br>\$ | Total<br>\$      |
|--|--|-------------------------|---|------------------|
| At 1 January 2012                      | 2,200,000                                | 522,973                 | 577,767   | 3,300,740        |
| Additions during the year              | -  | -                       | 37,729  | 37,729           |
| Disposals during the year              | -  | -                       | -   | -                |
| <b>At 31 December 2012</b>             | <b>2,200,000</b>                         | <b>522,973</b>          | <b>615,496</b>                                  | <b>3,338,469</b> |
| Balance at 1 January 2013              | 2,200,000                                | 522,973                 | 615,496   | 3,338,469        |
| Additions during the year              | -  | -                       | 54,850  | 54,850           |
| Disposals during the year              | -  | (377,796)               | -   | (377,796)        |
| <b>Balance as at 31 December 2013</b>  | <b>2,200,000</b>                         | <b>145,177</b>          | <b>670,346</b>                                  | <b>3,015,523</b> |
| <b><u>Accumulated depreciation</u></b> |  |                         |   |                  |
| At 1 January 2012                      | 236,250                                  | 218,084                 | 351,610   | 805,944          |
| Depreciation                           | 78,750                                   | 60,978                  | 39,998  | 179,726          |
| Disposals during the year              | -  | -                       | -   | -                |
| <b>At 31 December 2012</b>             | <b>315,000</b>                           | <b>279,062</b>          | <b>391,608</b>                                  | <b>985,670</b>   |
| Balance at January 2013                | 315,000                                  | 279,062                 | 391,608   | 985,670          |
| Depreciation                           | 78,750                                   | 48,781                  | 40,563  | 168,094          |
| Disposals                              | -  | (225,630)               | -   | (225,630)        |
| <b>Balance at 31 December 2013</b>     | <b>393,750</b>                           | <b>102,213</b>          | <b>432,171</b>                                  | <b>928,134</b>   |
| <b><u>Carrying Amounts</u></b>         |  |                         |   |                  |
| At 1 January 2012                      | <u>1,963,750</u>                         | <u>304,889</u>          | <u>226,157</u>                                  | <u>2,494,797</u> |
| At 31 December 2012                    | <u>1,885,000</u>                         | <u>243,911</u>          | <u>223,888</u>                                  | <u>2,352,799</u> |
| At 31 December 2013                    | <u>1,806,250</u>                         | <u>42,964</u>           | <u>238,175</u>                                  | <u>2,087,393</u> |

**Investment Corporation of Solomon Islands  
Notes to and forming part of the Financial Statements  
31 December 2013.**

**12. TRADE AND OTHER PAYABLES**

|                            | 2013           | 2012           |
|----------------------------|----------------|----------------|
|                            | \$             | \$             |
| Staff accounts             | -              | -              |
| Paye tax                   | 9,695          | 17,587         |
| NPF Payable (5% & 7.5%)    | 22,321         | 22,321         |
| WHT - Rentals              | 350            | -              |
| Tax on Directors Fees      | 4,401          | 3,816          |
| Tax on Gratuity Payments   | 13,333         | 13,333         |
| Trade Creditors            | 18,691         | 27,152         |
| Sasape Marina Slipway Fund | 73,072         | 73,071         |
| Tenants Refunable Bond     | 74,300         | 72,400         |
|                            | -              | -              |
|                            | <u>216,163</u> | <u>229,680</u> |

**13. SOLOMON ISLANDS GOVERNMENT**

The following transaction takes place during the year between Solomon Islands Government and the Corporation

|  |                   |                    |
|--|-------------------|--------------------|
| Gain on sale of Sasape Marina Limited taken by SIG | (8,101,755)       | (9,601,755)        |
| SIG Advance to ICSI - KFPL                         |                   | 1,500,000          |
| SIG Payment of shares - Soltuna                    | 24,077,794        | -                  |
| SI Printers Redudancy payments on behalf of SIG    | -                 | -                  |
|  | <u>15,976,039</u> | <u>(8,101,755)</u> |

During the year ended 31 December 2013, Solomon Islands Government paid \$24,077,794 for additional shares in Soltuna on behalf of the Corporation. As a result the Corporation owns 4.59% shares in Soltuna.

**14. RELATED PARTIES**

**Solomon Islands Government**

**Controlled entities**

Sasape Marine Limited  
Solomon Airlines Limited  
Soltai Fishing & processing Limited  
Solomon Islands Printers Limited  
Solomon Islands Plantation Limited

**Associates**

Kolombangara Forest Products Limited

**Other investments**

Solomon Telekom Company Limited  
Development Bank of Solomon Islands  
Soltuna Limited

Refer to notes 7 and 13 for details of loan amounts owing to and by related party entities. Apart from loan there are transactions that takes place during the year between these entities. Refer to Note 5 To Note 15 for details of related parties transaction that takes place during the year.

**Directors remuneration**

The directors received total remuneration during the year of \$96,345 (2012: \$107,210)

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
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**15. COMMITMENTS AND CONTINGENCIES**

**Contingent liabilities**

The Corporation is contingently liable as guarantor of the amount owing by its subsidiary company, Solomon Airlines Limited, to Shell Company (Pacific Islands) Limited.

**Commitments**

The Corporation has committed to increasing its investment in Kolombangara Forest Products Limited.

**16. FINANCIAL INSTRUMENTS**

Exposure to credit, interest rate and currency risks arises in the normal course of business.

**Credit risk**

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Corporation does not require collateral in respect of financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Corporation.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**Investment Corporation of Solomon Islands**  
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**31 December 2013.**

**FINANCIAL INSTRUMENTS – cont'd**

**Interest rate risk**

The effective interest rates applicable to financial assets and liabilities at the balance date, and the term to maturity are set out below:

|                             | Note | Effective Interest rate % | Total            | Less than 1 Year | 1 to 2 years | 2 to 5 years |
|-----------------------------|------|---------------------------|------------------|------------------|--------------|--------------|
| <b>2013</b>                 |      |                           |                  |                  |              |              |
| Cash & Cash equivalent      | 18   | 3                         | 3,688,227        | 3,688,227        | -            | -            |
| Trade and other receivables | 4    | 0                         | 244,238          | 244,238          | -            | -            |
| Loans to related parties    | 7    | 0.1                       | -                | -                | -            | -            |
| Trade and other payables    |      | 0                         | (216,163)        | (216,163)        | -            | -            |
| Loans and borrowings        | 13   | 0                         | -                | -                | -            | -            |
|                             |      |                           | <u>3,716,302</u> | <u>3,716,302</u> | -            | -            |
| <b>2012</b>                 |      |                           |                  |                  |              |              |
| Cash & Cash equivalent      | 18   | 3                         | 2,944,047        | 2,944,047        | -            | -            |
| Trade and other receivables | 4    | 0                         | 218,161          | 218,161          | -            | -            |
| Loans to related parties    | 7    | 0.1                       | -                | -                | -            | -            |
| Trade and other payables    |      | 0                         | (229,680)        | (229,680)        | -            | -            |
| Loans and borrowings        | 13   | 0                         | -                | -                | -            | -            |
|                             |      |                           | <u>2,932,528</u> | <u>2,932,528</u> | -            | -            |

**Foreign currency risk**

The Corporation is exposed to foreign currency risk on borrowings that are denominated in a currency other than the SBD\$. The currencies giving rise to this risk are primarily Japanese Yen.

**Sensitivity analysis**

In managing interest rate and currency risks the Corporation aims to reduce the impact of short-term fluctuations on its earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on State Owned Enterprise's earnings.

**Fair values**

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

**Investment Corporation of Solomon Islands**  
**Notes to and forming part of the Financial Statements**  
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|                                      |  |                  |                  |
|--------------------------------------|--|------------------|------------------|
| <b>17. CASH AND CASH EQUIVALENTS</b> |  | 2013             | 2012             |
|                                      |  | \$               | \$               |
| Petty cash                           |  | 1,919            | 1,920            |
| BSP bank account                     |  | 1,346,507        | 602,491          |
| BSP bank account 2                   |  | 33,920           | 33,753           |
| CBSI call account                    |  | 88,680           | 88,680           |
| ANZ Term Deposits                    |  | 2,217,202        | 2,217,203        |
|                                      |  | <u>3,688,227</u> | <u>2,944,047</u> |

|                                     |          |                         |               |                  |                  |
|-------------------------------------|----------|-------------------------|---------------|------------------|------------------|
| <b>18. INTERST-BEARING DEPOSITS</b> |          |                         |               | 2013             | 2012             |
|                                     |          |                         |               | \$               | \$               |
|                                     | Currency | Effective Interest rate | Maturity Date |                  |                  |
| Term deposit C-Corp                 | SBD      | 6.00%                   | 13.10.2014    |                  |                  |
| Opening                             |          |                         |               | 5,402,480        | 5,059,700        |
| Interest income                     |          |                         |               | 297,695          | 342,780          |
| Balance at end                      |          |                         |               | <u>5,700,175</u> | <u>5,402,480</u> |

Of the 2012 interest income, \$59,885 relates to 2011 (October to December 2011) interest income. This was included as part of the 2012 interest income as information only available in 2013 when preparing the 2012 financial statements and amount was not material.

|                             |  |                  |                  |
|-----------------------------|--|------------------|------------------|
| <b>19. GENERAL RESERVES</b> |  |                  |                  |
| Opening balance             |  | <u>8,806,992</u> | <u>8,806,992</u> |
| Closing balance             |  | <u>8,806,992</u> | <u>8,806,992</u> |

|                                       |  |                  |                  |
|---------------------------------------|--|------------------|------------------|
| <b>20. ASSETS REVALUATION RESERVE</b> |  |                  |                  |
| Opening balance                       |  | <u>1,080,188</u> | <u>1,080,188</u> |
|                                       |  | <u>1,080,188</u> | <u>1,080,188</u> |

|  |  |               |                |
|--|--|---------------|----------------|
| <b>21. PRIOR YEAR ADJUSTMENTS</b>                      |  |               |                |
| Write off other current liabilities (Property rentals) |  | -             | 512,700        |
| Understate cash & cash equivalent                      |  | -             | 187,599        |
| Write off of staff accounts & imprests                 |  | 10,609        | 70,228         |
| Write off of other current liabilities & payables      |  | -             | (230,350)      |
|  |  | <u>10,609</u> | <u>540,177</u> |