

**SOLOMON ISLANDS BROADCASTING CORPORATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

# **Solomon Islands Broadcasting Corporation**

## **Financial Statements for the year ended 31 December 2016**

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## Solomon Islands Broadcasting Corporation

### Directors' Report

The Directors present their report together with the financial statements of Solomon Islands Broadcasting Corporation ('the Corporation') for the year ended 31 December 2016 and the Independent Audit Report thereon.

#### Directors

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

	<b>Date of appointment</b>	<b>Position</b>	<b>Date of Revocation</b>
<b>2016</b>			
Mr. Loyley Ngira	08/04/2016	Chairperson	
Mr. Robert Iroga	08/04/2016	Deputy Chairperson	
Ms Cathy Nori	08/04/2016	Member	
Mr. Alpheaus Zobule	05/02/2016	Member	
Ms Christina Bakolo	05/02/2016	Member	
Ms Ella Kauhue	02/03/2016	Member	
Mr. Eric Chow	02/03/2016	Member	
<b>2015</b>			
Mr. Loyley Ngira	03/05/2013	Chairperson	27/03/2015
Mr. Robert Iroga	03/05/2013	Deputy Chairper	27/03/2015
Mr David Palapu	03/05/2013	Member	27/03/2015
Mr Austin Holmes	03/05/2013	Member	27/03/2015
Mr Phil Bradford	03/05/2013	Member	06/02/2015
Ms Cathy Nori	03/05/2013	Member	27/03/2015
Fr Fred Seda	03/05/2013	Member	27/03/2015

#### Principal activities

The principal activity of the Corporation during the course of the financial year ended 31 December 2016 was the provision of radio services in Solomon Islands.

#### Operating and financial review

The Corporation recorded a net profit from continuing operation for the year amounting to \$2,004,202 (2015 : \$1,008,729).

#### 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, since the Corporation major financial support still comes from the government.

## Solomon Islands Broadcasting Corporation

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

Compliance with the Act could impact on the future operations of the Corporation.

Significant impact could include:

- The Minister of Finance and the Responsible Minister (the “accountable Ministers”) can direct the Corporation to perform a community service obligation (Section 8, 1);
- The accountable Ministers can determine the amount of any dividend payable by the Corporation (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 Broadcasting Act (Section 26, 7 and 8).

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

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: **Mr Robert L Iroga**  
Director



Name: **Ms Cathy Nori**  
Director

Dated at Honiara this 29<sup>th</sup> day of March 2017.



## INDEPENDENT AUDITOR'S REPORT

*To the Board of the Solomon Islands Broadcasting Corporation*

### **Report on the Financial Statements**

#### *Scope*

I have audited the accompanying financial statements of Solomon Islands Broadcasting Corporation, which comprise the statement of financial position as at 31 December 2016, 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 entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 audit opinion.

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Solomon Islands Broadcasting Corporation as at 31 December 2016 and its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Peter Lokay  
Auditor-General  
31 March, 2017

Office of the Auditor-General  
Honiara, Solomon Islands


## Solomon Islands Broadcasting Corporation


### Statement by Directors

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

- (a) the financial statements and notes set out on pages 6 to 22:
  - (i) give a true and fair view of the Corporation's financial position as at 31 December 2016 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: **Mr Robert L Iroga**  
Director

  
\_\_\_\_\_  
Name: **Ms Cathy Nori**  
Director

Dated at Honiara this 29<sup>th</sup> day of March 2017.

## Solomon Islands Broadcasting Corporation

### Statement of profit or loss and other comprehensive income

For the year ended 31 December 2016

	Notes	<u>2016</u> \$	<u>2015</u> \$
<b>Revenue from continuing operation</b>			
Government Grants		775,695	375,694
Community Services Obligation (CSO)		3,930,000	3,900,000
Program sponsorship and advertising		3,693,707	3,507,040
Broadcasts		1,486,367	1,426,311
Service messages		841,991	1,023,946
Rental income		307,400	246,560
Other revenue		181,421	127,695
<b>Total revenue from continuing operation</b>		<u>11,216,581</u>	<u>10,607,246</u>
<b>Expenses from continuing operation</b>			
Administrative expenses		3,359,607	4,067,413
Depreciation expense	5	709,568	721,555
Director costs		65,632	41,230
Employee costs		4,327,003	4,216,388
Finance expenses		2,877	-
Repairs and maintenance		747,692	551,931
<b>Total expenses from continuing operation</b>		<u>9,212,379</u>	<u>9,598,517</u>
<b>Net profit / (loss) from continuing operation</b>		<u>2,004,202</u>	<u>1,008,729</u>
Other comprehensive income		-	-
<b>Total Comprehensive Income for the year</b>		<u><u>2,004,202</u></u>	<u><u>1,008,729</u></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 22.



## Solomon Islands Broadcasting Corporation

### Statement of Changes in Equity For the year ended 31 December 2016

	Note	Shareholder Contributions/ Equity \$	Asset Revaluation Reserve \$	Retained Earnings/ (Accumulated) Losses \$	Total \$
<b>Balance at 1 January 2015</b>		1,981,948	15,873,523	(2,959,627)	14,895,844
Profit / (Loss)		-	-	1,008,729	1,008,729
Total other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	1,008,729	1,008,729
<b>Balance at 31 December 2015</b>		1,981,948	15,873,523	(1,950,898)	15,904,573
Balance at 1 January 2016		1,981,948	15,873,523	(1,950,898)	15,904,573
Profit/(Loss)		-	-	2,004,202	2,004,202
<b>Total other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	2,004,202	2,004,202
<b>Balance at 31 December 2016</b>		1,981,948	15,873,523	53,304	17,908,775

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 22.

**Solomon Islands Broadcasting Corporation**

**Statement of financial position**

**As at 31 December 2016**

<b>ASSETS</b>	Note	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash on hand and at bank	3	1,242,150	1,209,696
Trade and other receivables	4	<u>2,219,905</u>	<u>1,472,779</u>
<b>TOTAL CURRENT ASSETS</b>		<u>3,462,055</u>	<u>2,682,475</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	<u>16,819,433</u>	<u>16,182,566</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>16,819,433</u>	<u>16,182,566</u>
<b>TOTAL ASSETS</b>		<u><u>20,281,488</u></u>	<u><u>18,865,041</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	435,671	352,461
Deferred income	7	-	5,860
Conversion of outstanding debts to interest free loan	8	360,000	360,000
Employee Benefits	9	<u>95,992</u>	<u>164,988</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>891,663</u>	<u>883,309</u>
<b>NON - CURRENT LIABILITIES</b>			
Deferred income	7	-	-
Conversion of outstanding debts to interest free loan	8	1,361,381	1,961,381
Employee Benefits	9	<u>119,669</u>	<u>115,778</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,481,050</u>	<u>2,077,159</u>
<b>TOTAL LIABILITIES</b>		<u>2,372,713</u>	<u>2,960,468</u>
<b>NET ASSETS</b>		<u><u>17,908,775</u></u>	<u><u>15,904,573</u></u>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholder contributions / equity		1,981,948	1,981,948
Asset revaluation reserve	10	15,873,523	15,873,523
Retained earnings / (Accumulated losses)		<u>53,304</u>	<u>(1,950,898)</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u><u>17,908,775</u></u>	<u><u>15,904,573</u></u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 22.

  
 \_\_\_\_\_  
 DIRECTOR

  
 \_\_\_\_\_  
 DIRECTOR

**Solomon Islands Broadcasting Corporation**

**Statement of cash flow**

**For the year ended 31 December 2016**

	Note	2016 \$	2015 \$
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		5,757,900	6,864,064
Cash receipts from Government grant		4,705,695	4,275,695
Cash payments to suppliers and employees		(8,391,478)	(8,582,418)
Cash generated from / (used in) operations		2,072,117	2,557,341
Interest received		-	-
Interest paid		-	-
<b>Net cash provided by / (used in) operating activities</b>		<b>2,072,117</b>	<b>2,557,341</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of property, plant and equipment		10,000	20,000
Acquisition of property, plant and equipment		(1,449,663)	(1,342,959)
<b>Net cash provided by / (used in) investing activities</b>		<b>(1,439,663)</b>	<b>(1,322,959)</b>
<b>Cash Flows From Financing Activities</b>			
Contribution by SIG		-	-
Repayment of borrowings		(600,000)	(650,000)
<b>Net cash provided by / (used in) financing activities</b>		<b>(600,000)</b>	<b>(650,000)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>32,454</b>	<b>584,382</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,209,696</b>	<b>625,314</b>
<b>Cash and cash equivalents at the end of the financial year</b>	3	<b>1,242,150</b>	<b>1,209,696</b>

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 22.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

### For the year ended 31 December 2016

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Reporting Entity Information

The Solomon Islands Broadcasting Corporation ('the Corporation') is a State Owned Enterprise domiciled in Solomon Islands.

##### *Registered Office*

PO Box 654  
Honiara

##### *Principal Place of Business*

Honiara, Solomon Islands

##### *Directors*

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

##### (b) Basis of preparation

###### (i) 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.

###### (ii) Basis of measurement

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.

###### (iii) Use of Estimates and Judgements

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 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 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.

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

###### (iv) Functional and Presentation Currency

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

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2016

#### I. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (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. The Corporation's current assets exceed its current liabilities. 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 as the Solomon Islands government continue to support the corporation financially, and as indicated in the financial position, that the corporation assets exceeds its liabilities, thus enable the corporation 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) 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 reporting 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

###### (i) Recognition and Measurement

Items of property, plant and equipment are stated at original cost, with the exception of land & Buildings which was stated at valuation 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.

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.

###### (ii) Depreciation

Depreciation is charged to the Profit and Loss Statement on a straight line basis over the estimated useful lives of each part of the item of property, plant and equipment. Fixed assets are first depreciated in the year of acquisition, or, in the case of construction and donated assets, in the year of substantial completion of the asset and formal handover respectively. The rate of depreciation current and comparative periods are as follows:

• buildings	20 years
• furniture and fittings	10 years
• motor vehicles	10 years
• plant and equipment	10 years
• transmitter plant and equipment	10 years

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2016

#### I. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (iii) Revaluation of Property and Equipment

The Corporation revalued its land and building between an interval of 3-5 years. First revaluation was carried out by Isaac lae (Registered Valuer, MBA, BALMD) from Mwane Real Estate Brokers in January 2009. The valuer adopted open market valuation to draw reasonable value for the corporation land and building at that time.

In 2014, the fair value of land and building was determined by Gregory wate, director/valuer of MUSA real estate elites, an external, independent property valuer, having appropriate recognised qualification and experience in area of property being valued. The valuer have utilised the following methods in deterning the fair value of Land and building:

Analysis of comparable sales whereby current sales in and around the area are compared;

Calulation of remaining term of the fixed term estate utilising housing and survey zone system from the ministry of land as a guide and

Building rates applied on main building/property including ancilliaries which are based on current development rate in Honiara for the following structure:

a. Wooden structure \$3,500-\$7,000 per square meter

b. Concrete block \$5,000 - \$8,500 per square meter

These methods were reconciled to draw a reasonable value for the subject property.

##### (iv) Impairment

The carrying amounts of all assets carried at cost are reviewed at each reporting 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 and 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.

##### (f) Trade and other receivables

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

##### (g) 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.

## **Solomon Islands Broadcasting Corporation**

### **Notes to the Financial Statements**

**For the year ended 31 December 2016**

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

##### **(h) 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.

##### **(i) 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 reporting 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.

The corporation recognises Property, plant and equipment donated by NGO, Donar partners, government and other stakeholders as deferred income. These are recorded at fair value at the time the assets was received by the corporation. They are then recognised in the profit and loss as other income systematically over the useful life of the asset.

Programs and contracts paid in advance was intially recognised as deferred income. It was subsequently recognised as Program sponsorship and advertising in the profit and loss Systematically over the contract period.

##### **(j) Trade and other payables**

Trade and other payables are stated at cost.

##### **(k) Taxation**

The Corporation is exempt from income tax for income derived from broadcasting, including the broadcasting of advertisements and messages in terms of paragraph 14 of the Broadcasting Act.

##### **(l) 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.

## **Solomon Islands Broadcasting Corporation**

### **Notes to the Financial Statements**

**For the year ended 31 December 2016**

#### **I. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(m) 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.

##### **(n) 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.

##### **(o) 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.

##### **(p) Dividend**

Dividend distribution to the Corporation's shareholders is recognised as a liability in the Corporation financial statements in the period in which the dividend are declared.



## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

### For the year ended 31 December 2016

#### 2. EMPLOYEES

The number of employees at 31 December 2016 is 53 (2015: 50).

#### 3. CASH AND CASH EQUIVALENTS

Cash on hand and at bank  
Less: Bank overdraft

<u>2016</u>	<u>2015</u>
	\$
1,242,150	1,209,696
<u>-</u>	<u>-</u>
<u>1,242,150</u>	<u>1,209,696</u>

Interest on bank overdraft is charged at prevailing market rates.

#### 4. TRADE AND OTHER RECEIVABLES

Trade Debtors  
Add: Related parties (refer to note 12.b)

##### **Total trade debtors**

Add: Other debtors

Related parties (SIG -CSO grant)

##### **Total other debtors**

##### **Total trade and other receivables**

Less: Provision for doubtful debts

##### **Net trade and other receivables**

798,962	975,909
1,457,534	640,316
<u>2,256,496</u>	<u>1,616,225</u>
53,840	186,581
-	-
<u>53,840</u>	<u>186,581</u>
<u>2,310,336</u>	<u>1,802,806</u>
90,431	330,027
<u>2,219,905</u>	<u>1,472,779</u>

**Solomon Islands Broadcasting Corporation**

**Notes to the Financial Statements**

**For the year ended 31 December 2016**

**5. PROPERTY, PLANT AND EQUIPMENT**

	Property Under construction amount \$	Leasehold land at Revalued amount \$	Buildings at Revalued amount \$	Transmitter plant and Equipment \$	Plant and Equipment \$	Motor Vehicles \$	Furniture and Fittings \$	Total \$
<b>Cost</b>								
At 1 January 2015	569,333	4,766,977	8,351,023	1,920,180	2,581,946	1,493,597	206,049	19,889,105
Additions during the year	578,066	-	721,642	-	43,250	-	-	1,342,958
Revaluation increment	-	-	-	-	-	-	-	-
Disposals during the year	(174,493)	-	-	-	-	(416,319)	-	(590,812)
<b>At 31 December 2015</b>	<b>972,906</b>	<b>4,766,977</b>	<b>9,072,665</b>	<b>1,920,180</b>	<b>2,625,196</b>	<b>1,077,278</b>	<b>206,049</b>	<b>20,641,251</b>
Balance at 1 January 2016	972,906	4,766,977	9,072,665	1,920,180	2,625,196	1,077,278	206,049	20,641,251
Additions during the year	1,121,324	-	-	-	258,309	70,000	-	1,449,633
Revaluation increment	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(165,055)	-	(165,055)
<b>Balance as at 31 December 2016</b>	<b>2,094,230</b>	<b>4,766,977</b>	<b>9,072,665</b>	<b>1,920,180</b>	<b>2,883,505</b>	<b>982,223</b>	<b>206,049</b>	<b>21,925,829</b>
<b>Accumulated depreciation</b>								
At 1 January 2015	-	-	-	1,877,889	1,657,095	298,250	131,410	3,964,644
Depreciation	-	-	453,633	11,392	128,096	117,522	10,912	721,555
Revaluation write back	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	(227,523)	-	(227,523)
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>453,633</b>	<b>1,889,281</b>	<b>1,785,191</b>	<b>188,249</b>	<b>142,322</b>	<b>4,458,677</b>
Balance at January 2016	-	-	453,633	1,889,281	1,785,191	188,249	142,322	4,458,677
Depreciation	-	-	453,633	11,392	125,354	108,811	10,378	709,568
Revaluation write back	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(61,855)	-	(61,855)
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>907,266</b>	<b>1,900,673</b>	<b>1,910,545</b>	<b>235,205</b>	<b>152,700</b>	<b>5,106,390</b>
<b>Carrying Amounts</b>								
At 31 December 2014	<u>569,333</u>	<u>4,766,977</u>	<u>8,351,023</u>	<u>42,291</u>	<u>924,851</u>	<u>1,195,347</u>	<u>74,639</u>	<u>15,924,461</u>
At 31 December 2015	<u>972,906</u>	<u>4,766,977</u>	<u>8,619,032</u>	<u>30,899</u>	<u>840,005</u>	<u>889,029</u>	<u>63,727</u>	<u>16,182,566</u>
At 31 December 2016	<u>2,094,230</u>	<u>4,766,977</u>	<u>8,165,399</u>	<u>19,507</u>	<u>972,960</u>	<u>747,018</u>	<u>53,349</u>	<u>16,819,433</u>

**Solomon Islands Broadcasting Corporation**

**Notes to the Financial Statements**

**For the year ended 31 December 2016**

	<u>2016</u>	<u>2015</u>
<b>6. TRADE AND OTHER PAYABLES</b>		
Trade creditors	2,042	157,928
Other creditors and accrued expenses	<u>433,629</u>	<u>194,533</u>
	<u>435,671</u>	<u>352,461</u>
<b>7. DEFERRED INCOME</b>		
<b>Current</b>		
Program sponsorship and advertising revenue received in advance	-	-
Unexpended property, plant and equipment grants	<u>-</u>	<u>5,860</u>
	<u>-</u>	<u>5,860</u>
<b>Non-current</b>		
Unexpended property, plant and equipment grants	<u>-</u>	<u>-</u>
	<u>-</u>	<u>5,860</u>
<b>8. LOANS &amp; BORROWINGS</b>		
<b>Conversion of long outstanding debt to interest free loan</b>		
<b>Current</b>		
Conversion of SIEA Debts to interest free loan	<u>360,000</u>	<u>360,000</u>
<b>Non-current</b>		
Conversion of SIEA Debts to interest free loan	<u>1,361,381</u>	<u>1,961,381</u>
	<u>1,721,381</u>	<u>2,321,381</u>

**Solomon Islands Electricity Authority (SIEA) Interest free loan**

An Agreement was entered between SIEA and SIBC on the 8th of May 2013, Indicating that SIEA will advance a loan to SIBC for its outstanding debts in 60 monthly instalment over 5 year at \$30,000 per month. The corporation voluntarily increased its payment during the year to \$50,000 per month. The corporation paid a total of \$600,000 (2015: \$650,000) during the year as loan repayment.

**Solomon Islands Broadcasting Corporation**

**Notes to the Financial Statements**

**For the year ended 31 December 2016**

<b>9. EMPLOYEE BENEFITS</b>	<u>2016</u> \$	<u>2015</u> \$
<b>Current</b>		
Annual leave	95,992	89,546
Long service leave	-	75,442
	<u>95,992</u>	<u>164,988</u>
<b>Non-current</b>		
Long service leave	<u>119,669</u>	<u>115,778</u>
<b>Long service benefit</b>		

The Corporation has provided for long service benefits which entitles employees who have completed ten years service to six months pay. The portion of the provision with a maturity of less than 1 year has been classified as current. The portion of the provision with an expected maturity of greater than 1 year has been classified as non-current.

<b>10. ASSET REVALUATION RESERVE</b>	<u>2016</u> \$	<u>2015</u> \$
Opening balance	15,873,523	15,873,523
Revaluation increment during the year	-	-
	<u>15,873,523</u>	<u>15,873,523</u>

Refer to note 1(e) (iii) for revaluation detail

**11. FINANCIAL INSTRUMENTS**

Exposure to credit, Market risk (interest rate and currency risks) and Liquidity risk arise in the normal course of the Corporation's business.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Corporation if a customer fails to meet its contractual obligation and arise mainly from the corporation trade receivables. Management has a credit policy in place and the 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. At the reporting 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 as follows:

	<u>2016</u> \$	<u>2015</u> \$
Cash at bank	1,242,150	1,209,696
Trade Debtors	2,256,496	1,616,225
Other receivables	53,840	186,581
	<u>3,552,486</u>	<u>3,012,502</u>

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2016

#### FINANCIAL INSTRUMENTS (Continued)

##### (i) Credit risk (Continued)

###### Impairment Losses

The ageing of trade receivables at reporting date that were not impaired was as follows:

	2016	2015
	\$	\$
Not past due		
Past due 0- 30days	681,620	307,855
Past due 31-60 days	530,723	394,084
Past due 61-90 days	239,447	180,639
Past due more than 90 days	804,706	472,893
	<u>2,256,496</u>	<u>1,355,471</u>

More than 50% of corporation customer has been transacting with related parties (Ministries & other SOES). These customers are taking longer than normal customer to pay as most, in particular ministries payments are centralised within the ministry of finance. Management still believe the unimpaired amount that are past due more than 90 days are still collectable based on historical payment behaviour and detail analysis of customer credit risks.

##### (ii) Interest Risk

The Corporation's bank accounts are non-interest bearing, unless they are temporarily invested in short-term deposits. At reporting date the interest rate profile for the corporation interest bearing Financial instrument was as follows:

	<u>Note</u>	<u>Effective interest rate</u>	<u>Total</u>	<u>Due within 1 year</u>
Cash and cash equivalents	3	0%	1,242,150	-

##### (iii) Foreign currency risk

The corporation is occasionally exposed to foreign currency risk on purchases denominated in currencies other than the Solomon Islands dollar. However, these purchases are infrequent and usually paid for in advance of receipt of the goods, limiting the Corporation's exposure to foreign exchange risk. As at year end, there are no assets, liabilities dominated in foreign currency in the corporation financial statements.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2016

#### (iv) Liquidity Risk

Liquidity risk is the risk that the corporation will face difficulty in meeting its financial obligation when they fall due. The Management attempt in managing the risk is to try as much as possible to have much liquidity to meet its obligation. The following are the remaining contractual maturity of financial liabilities at the reporting date:

<b>31-Dec-16</b>					
<b>Financial Liabilities</b>	<b>Carrying amount</b>	<b>0-30 Days</b>	<b>30-60 Days</b>	<b>60-90 days</b>	<b>90+ Days</b>
Interest free loan	1,721,381	30,000	60,000	90,000	1,631,381
Trade payables	2,042	2,042			
Accrued & Other creditors	433,629	433,629			
	<b>2,157,052</b>	<b>465,671</b>	<b>60,000</b>	<b>90,000</b>	<b>1,631,381</b>

<b>31-Dec-15</b>					
<b>Financial Liabilities</b>	<b>Carrying amount</b>	<b>0-30 Days</b>	<b>30-60 Days</b>	<b>60-90 days</b>	<b>90+ Days</b>
Interest free loan	2,381,381	30,000	60,000	90,000	2,291,381
Trade payables	157,928	157,928			
Accrued & Other creditors	194,533	194,533			
	<b>2,733,842</b>	<b>382,461</b>	<b>60,000</b>	<b>90,000</b>	<b>2,291,381</b>

80% of financial liabilities balance relates to Solomon Islands Electricity Authority (SIEA) accumulated electricity bills from prior years. Management approach the risk by signing an MOU with SIEA on 8th May 2013 to pay its debt \$30,000 each month in addition to their monthly bills. Upon the signing of the MOU the Solomon government paid SIEA \$1M on behalf of SIBC.

#### Sensitivity analysis

The loan held by the Corporation has no interest rate for life of the loan, eliminating the exposure to interest rate risk. Due to zero exposures to interest rate risk, movement of one percentage point in interest rates or in the value of the Solomon Islands dollar against other foreign currencies would have no impact on the Corporation's results for the year.

#### Fair values

The carrying amounts of assets and liabilities shown in the Statement of Financial Position approximates their fair value.

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

#### For the year ended 31 December 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>12. RELATED PARTY TRANSACTIONS</b>		
<b>(a) Controlled entities</b>		
The corporation does not control any other entities.		
<b>(b) Outstanding balances owing to SIBC:</b>		
Ministry of Agriculture and Livestock	97,446	52,266
Ministry of Commerce and Employment	-	5,410
Ministry of Culture and tourism	2,100	-
Ministry of Communication & Aviation	-	1,338
Ministry of Education and Human Resources	87,676	96,705
Ministry of Environment, Conservation and Meteorology	2,295	3,295
Ministry of Finance and Treasury - Statistic Office	63,540	63,540
Ministry of Foreign Affairs and Trade	3,500	3,150
Ministry of Fisheries and Marine resource	\$17,641	20,307
Ministry of Health - Health Education Department	98,750	16,500
Ministry of Home Affairs	38,918	22,437
Ministry of Infrastructure Development	53,976	13,930
Ministry of Public Service	2,000	5,400
Min of Rural Development and Indigenous Business	19,891	-
Ministry of Mines Energy & Rural electrification	19,950	6,234
Ministry of National Unity, Reconciliation and Peace	-	110,624
Ministry of Planning and Aid Co-ordination	3,281	-
Ministry of Police and National security	11,570	11,070
Ministry of Provincial Governments	4,200	6,169
National Disaster Management Office	-	34,926
National Parliament Office	449,900	-
National Population Census Off.	1,936	-
Office of the Prime Minister	183,247	109,299
Office of the Leader of Opposition	750	-
Royal Solomon Islands Police	8,342	-
Solomon Islands Electricity Authority	269,105	38,430
Solomon Airlines	14,520	-
S I Ports Authority	1,500	1,500
S I Postal Corporation	1,500	1500
S I Water Authority	-	16286
	<u>1,457,534</u>	<u>640,316</u>

## Solomon Islands Broadcasting Corporation

### Notes to the Financial Statements

For the year ended 31 December 2016

(c) **Key management Compensation**

Key management includes, Board of directors, General manager and Finance & administration manager. The compensation paid or payable to key management for their service rendered to the corporation are as follows:

	2016	2015
	\$	\$
Wages & salaries/Allowance	623,192	590,759
Other employment benefits	618,145	590,300
Termination benefit	-	-
Post employment benefits	-	-
Other long term benefit	-	-
	<u>1,241,337</u>	<u>1,181,059</u>

13. **SUBSEQUENT EVENT**

There has not arisen in the interval between the end of financial year and the date of this report any other item, transaction or event of a material and unusual nature that is likely, in the opinion of Directors, to significantly affect the operation of the Corporation in subsequent financial year.