

SOLOMON ISLANDS BROADCASTING CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Solomon Islands Broadcasting Corporation

Financial Statements for the year ended 31 December 2011

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Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
State Owned Enterprise 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.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
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 2011 and the Independent Audit Report thereon.

Directors

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

Mr. Augustine Taneko
Mr Christopher Hunupauro
Mr Badley Alaha
Mr George Palua
Fr Peter Noel
Madam Christina Vunagi
Ms Nanette Tutua
Mr David Palapu

Principal activities

The principal activity of the Corporation during the course of the financial year ended 31 December 2011 was the provision of radio services in Solomon Islands.

Operating and financial review

The Corporation recorded a net loss for the year amounting to \$4,534,155 (2010 - restated: loss of \$2,219,928).

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.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
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 Solomon Islands Broadcasting Corporation. Significant impact could include:

- The Minister of Finance and the Responsible Minister (the "accountable Ministers") can direct SIBC to perform a community service obligation (Section 8, 1);
- The accountable Ministers can determine the amount of any dividend payable by SIBC (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.



Dated at Honiara this

8TH day of

FEBRUARY



2012

Solomon Islands Office of the Auditor-General



INDEPENDENT AUDITOR'S REPORT

To the Board of the Solomon Islands Broadcasting Corporation

I was engaged to audit the accompanying financial statements of the Solomon Islands Broadcasting Corporation ("SIBC"), which comprise the Balance sheet as at 31 December 2011, and the Profit and Loss statement, Statement of Changes in Equity and Cash Flow Statement 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 Board of Directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with an acceptable financial reporting framework. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matters discussed in the Basis for disclaimer opinion paragraph, however, I was not able to complete an audit in accordance with International Auditing Standards.

Basis for disclaimer of opinion

The basis for disclaimer of opinion on the 2011 financial statement is attributed to the following:

Opening Balances

A disclaimer of opinion was issued on the 2010 financial statements. I therefore could not determine the accuracy of the opening balances as at 1 January 2011, and the effect of any misstatements therein on the Profit and Loss Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended 31 December 2011.

As a result of these matters, I was unable to determine whether any adjustments might have been necessary in respect to the profit for the year reported in the Profit and Loss Statement and

Statement of Changes in Equity and the net cash flows from operating activities reported in the Cash Flow Statement.

Revenue

There was a missing receipt book covering the period from 28th January 2011 to 24th February 2011. As a result I am unable to verify the accuracy and completeness of revenue totaling \$545,569 which had been recorded in the period from 28th January 2011 to 24th February 2011.

Bad Debt Provision

I was not provided with a bad debt listing to support the bad debt provision in the financial statements of \$1,749,478. Therefore the completeness, existence and accuracy of the bad debt provision could not be verified.

As a result I am unable to confirm or verify by alternative means the bad debt provision included in the financial statements at 31 December 2011. Accordingly, I am not able to determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

Trade and Other Payables

I could not verify the completeness, existence and accuracy of trade payables totaling \$2,776,884 due to the absence of sufficient supporting invoices and or confirmation documents.

I could not verify the completeness, existence and accuracy of the NPF payable balance totaling \$619,854 due to the absence of sufficient appropriate supporting documentation.

As a result I am unable to confirm or verify by alternative means the carrying amount of trade and other payables included in the financial statements as at 31 December 2011 and determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

Property Plant and Equipment

I could not verify the completeness, accuracy and valuation of Property Plant and Equipment additions for 2011 totaling \$250,065, due to missing supporting invoices

The last independent valuation of Property Plant and Equipment was undertaken as at 1 January 2010. I was therefore unable to satisfy myself as to the carrying value of Property Plant and Equipment as at 31 December 2011.

As a result I am unable to confirm or verify by alternative means the carrying amount of Property Plant and Equipment included in the financial statements as at 31 December 2011 and determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements of the Solomon Islands Broadcasting Corporation for the financial year ended 31 December 2011.

Emphasis of matter

Lack of compliance with the State Owned Enterprises Act

Without qualifying my opinion, I draw your attention to the fact that SIBC has not complied with Section 14 (1) (b) and (c) of the *State Owned Enterprises Act* which require audited consolidated financial statements and the auditor's report thereon to be presented to the accountable minister within three months of the end of the financial year.

Going concern

Without qualifying my opinion, I draw attention to Note 1 (c) of the financial statements. The Corporation's current liabilities exceed its current assets by \$6,796,952. As a going concern, the Corporation is dependent upon the continuing support of the Solomon Islands Government, its bankers and creditors.

A handwritten signature in black ink, appearing to read 'Edward Ronia', with a long horizontal line extending to the right.

Edward Ronia
Auditor-General

Office of the Auditor-General
Solomon Islands

20 February 2013

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
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 17:
 - (i) give a true and fair view of the Corporation's financial position as at 31 December 2011 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

Dated at Honiara this 8TH

day of

FEBRUARY


Name: GEORGE PALVA
Director

2012

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Profit and Loss Statement

	Year ended 31 December <u>2011</u> \$	Year ended 31 December <u>2010</u> \$(Restated)
Revenue		
Program sponsorship and advertising	3,162,978	2,351,464
Other revenue	1,198,251	1,075,541
Service messages	884,210	1,311,324
Grant revenue	526,000	387,500
Broadcasts	483,248	533,728
Rental income	181,795	-
Subscription fees	<u>7,553</u>	<u>273,008</u>
Total revenue	<u>6,444,035</u>	<u>5,932,565</u>
Expenses		
Administrative expenses	4,994,266	2,991,274
Depreciation expense	848,980	871,320
Director costs	76,446	78,498
Employee costs	3,037,609	3,953,820
Finance expenses	1,738,907	100,552
Repairs and maintenance	<u>281,982</u>	<u>157,029</u>
Total expenses	<u>10,978,190</u>	<u>8,152,493</u>
Net profit / (loss) for the year	<u>(4,534,155)</u>	<u>(2,219,928)</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 17.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Statement of Changes in Equity

	<u>Note</u>	Shareholder Contributions/ <u>Equity</u> \$	Asset Revaluation <u>Reserve</u> \$	Retained Earnings/ (Accumulated) <u>Losses</u> \$	<u>Total</u> \$
Balance at 1 January 2010		981,948	8,790,056	(1,626,053)	8,145,951
Net profit / (loss) for the year, as previously reported		<u>-</u>	<u>-</u>	<u>(563,705)</u>	<u>(563,705)</u>
Balance at 31 December 2010, as previously reported		981,948	8,790,056	(2,189,758)	7,582,246
Correction of prior year error	13	<u>-</u>	<u>-</u>	<u>(1,656,223)</u>	<u>(1,656,223)</u>
Balance at 31 December 2010, as restated		981,948	8,790,056	(3,845,981)	5,926,023
Net profit / (loss) for the year		<u>-</u>	<u>-</u>	<u>(4,534,155)</u>	<u>(4,534,155)</u>
Balance at 31 December 2011		<u>981,948</u>	<u>8,790,056</u>	<u>(8,380,136)</u>	<u>1,391,868</u>

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 17.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Balance Sheet

	Note	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$ (Restated)
CURRENT ASSETS			
Cash on hand and at bank	3	252,861	1,091,772
Trade and other receivables	4	<u>776,009</u>	<u>1,862,173</u>
TOTAL CURRENT ASSETS		<u>1,028,870</u>	<u>2,953,945</u>
NON-CURRENT ASSETS			
Property, plant and equipment	5	<u>8,430,428</u>	<u>9,326,829</u>
TOTAL NON-CURRENT ASSETS		<u>8,430,428</u>	<u>9,326,829</u>
TOTAL ASSETS		<u><u>9,459,298</u></u>	<u><u>12,280,774</u></u>
CURRENT LIABILITIES			
Bank overdraft	3	-	133,685
Trade and other payables	6	7,547,020	5,924,486
Deferred income	7	92,703	119,379
Interest bearing loans and borrowings	8	71,175	52,436
Employee provisions	9	<u>114,924</u>	<u>12,897</u>
TOTAL CURRENT LIABILITIES		<u>7,825,822</u>	<u>6,242,883</u>
NON - CURRENT LIABILITIES			
Deferred income	7	79,988	88,054
Interest bearing loans and borrowings	8	5,931	-
Employee provisions	9	<u>155,689</u>	<u>23,814</u>
TOTAL NON-CURRENT LIABILITIES		<u>241,608</u>	<u>111,868</u>
TOTAL LIABILITIES		<u>8,067,430</u>	<u>6,354,751</u>
NET ASSETS		<u><u>1,391,868</u></u>	<u><u>5,926,023</u></u>
SHAREHOLDERS' EQUITY			
Shareholder contributions / equity		981,948	981,948
Asset revaluation reserve	10	8,790,056	8,790,056
Retained earnings / (Accumulated losses)		<u>(8,380,136)</u>	<u>(3,845,981)</u>
TOTAL SHAREHOLDERS' EQUITY		<u><u>1,391,868</u></u>	<u><u>5,926,023</u></u>

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 17.

 DIRECTOR

 DIRECTOR

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Cash Flow Statement

	Note	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
Cash Flows From Operating Activities			
Cash receipts from customers		5,851,866	6,130,397
Cash payments to suppliers and employees		<u>(6,347,577)</u>	<u>(5,554,322)</u>
Cash generated from / (used in) operations		(495,711)	576,075
Interest received		1,169	-
Interest paid		<u>(23,488)</u>	<u>-</u>
Net cash provided by / (used in) operating activities		<u>(518,030)</u>	<u>576,075</u>
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		48,500	-
Acquisition of property, plant and equipment		<u>(260,366)</u>	<u>(326,022)</u>
Net cash provided by / (used in) investing activities		<u>(211,866)</u>	<u>(326,022)</u>
Cash Flows From Financing Activities			
Proceeds of borrowings		142,350	-
Repayment of borrowings		<u>(117,680)</u>	<u>(50,715)</u>
Net cash provided by / (used in) financing activities		<u>24,670</u>	<u>(50,715)</u>
Net increase / (decrease) in cash and cash equivalents		(705,226)	199,338
Cash and cash equivalents at the beginning of the financial year		<u>958,087</u>	<u>758,749</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>252,861</u></u>	<u><u>958,087</u></u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statement set out on pages 10 to 17.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts

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 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.

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 (\$).

(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 liabilities exceed its current assets. 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 has indicated that it will provide the Corporation with financial support to enable it to pay its debts as and when they fall due for a period of 12 months from the date the Directors approved these financial statements.

(d) 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.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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

(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) Trade and other receivables

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

(h) 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
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

(j) Revenue

Revenue from the sale of goods is recognised in the Profit and Loss Statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the Profit and Loss Statement in proportion to the stage of completion of the transaction at the balance 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.

(k) Trade and other payables

Trade and other payables are stated cost.

(l) 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.

(m) 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.

(n) 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.

(o) Segment reporting

A segment is a distinguishable component of the Corporation that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Corporation provides broadcasts radio services to the Solomon Islands.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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.

(q) 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.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

2. EMPLOYEES

The number of employees at 31 December 2011 is 51 (2010: 51).

3. CASH AND CASH EQUIVALENTS

Cash on hand and at bank
Less: Bank overdraft

Year ended 31 December 2011	Year ended 31 December 2010
\$	\$
252,861	1,091,772
-	133,685
<u>252,861</u>	<u>958,087</u>

Interest on bank overdraft is charged at prevailing market rates.

4. TRADE AND OTHER RECEIVABLES

Trade and other debtors
Amounts owed by related entities

Less: Provision for doubtful debts

1,435,447	3,034,364
<u>1,090,040</u>	<u>827,809</u>
2,525,487	3,862,173
<u>1,749,478</u>	<u>2,000,000</u>
<u>776,009</u>	<u>1,862,173</u>

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land & Bldg	Transmitter plant and Equipment	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Total
Cost	\$	\$	\$	\$	\$	\$
At 1 January 2011	8,763,119	1,920,180	1,777,783	745,973	145,193	13,352,248
Additions during the year	-	-	18,242	232,724	9,400	260,366
Disposals during the year	(205,865)	-	(101,306)	(231,500)	-	(538,671)
At 31 December 2011	<u>8,557,254</u>	<u>1,920,180</u>	<u>1,694,719</u>	<u>747,197</u>	<u>154,593</u>	<u>13,073,943</u>
Accumulated depreciation						
At 1 January 2011	817,597	1,472,389	1,239,080	423,007	73,346	4,025,419
Charge for the year	402,113	192,018	168,426	71,433	14,990	848,980
Disposals during the year	(20,586)	-	(53,461)	(156,837)	-	(230,884)
At 31 December 2011	<u>1,199,124</u>	<u>1,664,407</u>	<u>1,354,045</u>	<u>337,603</u>	<u>88,336</u>	<u>4,643,515</u>
Book value						
At 1 January 2011	<u>7,945,522</u>	<u>447,791</u>	<u>538,703</u>	<u>322,966</u>	<u>71,847</u>	<u>9,326,829</u>
At 31 December 2011	<u>7,358,130</u>	<u>255,773</u>	<u>340,674</u>	<u>409,594</u>	<u>66,257</u>	<u>8,430,428</u>

Land and buildings were revalued as at 1st January 2010 by the directors based on independent valuation reports.

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
6. TRADE AND OTHER PAYABLES		
Trade creditors	3,735,737	2,547,461
Other creditors and accrued expenses	<u>3,811,283</u>	<u>3,377,025</u>
	<u><u>7,547,020</u></u>	<u><u>5,924,486</u></u>
7. DEFERRED INCOME		
Current		
Program sponsorship and advertising revenue received in advance	78,078	98,194
Unexpended property, plant and equipment grants	<u>14,625</u>	<u>21,185</u>
	<u>92,703</u>	<u>119,379</u>
Non-current		
Unexpended property, plant and equipment grants	<u>79,988</u>	<u>88,054</u>
	<u><u>172,691</u></u>	<u><u>207,433</u></u>
8. INTEREST BEARING LOANS AND BORROWINGS		
Current		
Loan from Credit Corporation (SI) Limited	<u>71,175</u>	<u>52,436</u>
Non-current		
Loan from Credit Corporation (SI) Limited	<u>5,931</u>	<u>-</u>
	<u><u>77,106</u></u>	<u><u>52,436</u></u>
Credit Corporation (SI) Limited loan		
The loan is denominated in Solomon Island Dollars, attracts interest at a rate of 18% per annum and is repayable over 24 months.		
	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
9. EMPLOYEE PROVISIONS		
Annual leave	84,770	8,179
Long service leave	<u>30,154</u>	<u>4,718</u>
	<u><u>114,924</u></u>	<u><u>12,897</u></u>
Non-current		
Long service leave	<u><u>155,689</u></u>	<u><u>23,814</u></u>
Long service benefit		
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.		

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

	Year ended 31 December <u>2011</u> \$	Year ended 31 December <u>2010</u> \$
10. ASSET REVALUATION RESERVE		
Opening balance	8,790,056	8,790,056
Revaluation increment during the year	<u>-</u>	<u>-</u>
	<u><u>8,790,056</u></u>	<u><u>8,790,056</u></u>

11. FINANCIAL INSTRUMENTS

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

Credit risk

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 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.

Interest rate risk

The Corporation's bank accounts are non-interest bearing, unless they are temporarily invested in short-term deposits.

	<u>Note</u>	<u>Effective interest rate</u>	<u>Total</u>	<u>Due within 1 year</u>
Cash and cash equivalents	3	0%	252,861	-
Loan - Credit Corporation (SI) Limited	8	18.00%	77,106	71,175

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.

Sensitivity analysis

The loan held by the Corporation has a fixed interest rate for life of the loan, minimising the exposure to interest rate risk. Due to the low exposures to interest rate risk, it is estimated that a movement of one percentage point in interest rates or in the value of the Solomon Islands dollar against other foreign currencies would not have a significant impact on the Corporation's results for the year.

Fair values

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

Solomon Islands Broadcasting Corporation
Financial Statements for the year ended 31 December 2011
Notes to and forming part of the accounts (continued)

	Year ended 31 December <u>2011</u> \$	Year ended 31 December <u>2010</u> \$
12. RELATED PARTY TRANSACTIONS		
Controlled entities		
SIBC does not control any other entities.		
Outstanding balances owing to SIBC:		
Ministry of Agriculture and Livestock	62,476	80,798
Ministry of Commerce and Employment	38,447	4,624
Ministry of Commerce and Industries	681	4,946
Ministry of Culture and Tourism	20,889	13,692
Ministry of Economic Reform Unit	60	60
Ministry of Education - Stabex	-	1,789
Ministry of Education - Curriculum Development	825	825
Ministry of Education and Human Resources	65,580	57,361
Ministry of Education - NZ Aid	-	635
Ministry of Environment, Conservation and Meteorology	26,564	21,567
Ministry of Finance and Treasury	1,799	730
Ministry of Foreign Affairs and Trade	4,192	7,269
Ministry of Forest and Research	15,342	-
Ministry of Fisheries and Marine resource	5,063	-
Ministry of Health, Disease Prevention and Control	44,913	66,153
Ministry of Health - Head Quarters and Ministry Office	3,355	-
Ministry of Health - Health Education Department	235,359	109,137
Ministry of Health - Reproductive Health and Family Planning	-	14,827
Ministry of Home Affairs	34,991	4,987
Ministry of Infrastructure Development	8,880	-
Ministry of Justice and Legal Affairs	5,817	8,954
Ministry Lands, Housing and Survey	54,276	47,788
Ministry of Mines Energy & Rural electrification	13,014	-
Ministry of National Unity, Reconciliation and Peace	28,004	34,334
Ministry of Natural Resources - Dept of Fisheries and Marine	12,194	12,194
Ministry of Planning and Aid Co-ordination	19,579	16,963
Ministry of Public Service	1,652	10,471
Ministry of Rural Development and Indigenous Business	4,925	8,774
Ministry of Youth Sports and Women Development	2,412	2,869
Ministry of Transport, Works and Utilities	1,646	1,646
National Disaster Management Office	2,198	84,029
National Parliament Office	74,519	96,849
National Judiciary	2,151	-
Ministry of Police and National security	13,225	11,199
National Population Census Office	11,497	9,803
Office of Ombudsman of Solomon Islands	4,625	4,625
Office of the Prime Minister - Gov't Information Dept	-	21,018
Office of the Prime Minister - Constitution Reform Unit	536	658
Office of the Prime Minister - General Administration	80,584	7,970
Opposition Office	3,828	3,268
Ministry of Provincial Governments	1,442	48,498
Solomon Islands Ports Authority	-	3,023
Solomon Islands Water Authority	-	3,476
Solomon Islands Electricity Authority	182,500	-
	<u>1,090,040</u>	<u>827,809</u>

13. PRIOR YEAR ERROR

During the year under review, it was discovered that the amount owing to the Solomon Islands Electricity Authority in the 2010 accounts was understated by \$1,656,223, resulting in a \$1,656,223 understatement of net loss for that year.

The error has been corrected by re-stating the 2010 comparative figures.