



# Central Provincial Government

Financial  
Report for  
the year  
ended 31st  
March - 2019

Dated: 19th November 2019

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## Statements by Executive

In the opinion of the Executives;

a) the attached Financial Statement for the year ended 31 March 2019 are based on properly maintained financial records and present fairly in all material respect, the information required by Section 39(1) of the Provincial Government Act 1997 and in accordance with the Provincial Finance and Stores Instructions 2018

b) the statement of cash receipts and payments are drawn up so as to present fairly the results of the entity for the financial year ended 31st March 2019

© the financial statements have been prepared in accordance with the International Public Sector Accounting Standard (IPSAS) Cash Basis of Accounting

Dated at Tulagi this 19<sup>th</sup> day of November 2019

Signed in accordance with a resolution of the Executives



**Central Provincial Government**  
**Statement of Cash Receipts and Payments for the Year Ended 31st March 2019**

	31 March 2019	31 March 2018
Note	Cash Controlled by CP	Cash Controlled By CP
<b>Receipts</b>		<b>Restated</b>
Fixed Service Grant	3,766,956	4,973,522
Second Appointed Grant	65,000	50,000
Ward Profiling grant	-	174,490
Business licence	306,040	165,570
Shipping Services licence	82,000	119,000
Slipway & Docking	65,000	65,000
Liquor license	54,620	89,520
Logging Export Licenses	391,500	520,000
Property Rates	1,027,021	1,100,000
Other Fees & Charges	139,256	116,635
Miscellaneous receipts	41,409	33,600
<b>Total Recurrent Receipts for the Year</b>	<b>5,938,802</b>	<b>7,407,337</b>
<b>Capital Receipts</b>		
Provincial Capacity Development Fund	989,592	797,870
SIG capital development fund	150,000	500,000
<b>Total Capital Receipts for the Year</b>	<b>1,139,592</b>	<b>1,297,870</b>
<b>Total Receipts for the year</b>	<b>7,078,394</b>	<b>8,705,207</b>
<b>Payments</b>		
Wages, salaries and employee benefits	1,552,936	1,510,230
Ward Profiling expenditure	-	159,942
Operating Expenditure-Employee	2,267,159	1,762,008
Operating Expenditure-Exco	737,925	701,056
Utilities	233,969	230,632
Ward Development Grant	585,000	585,000
School grant	4,000	123,000
Repairs and Maintenance	399,404	242,606
<b>Total Recurrent Expenditure</b>	<b>5,780,393</b>	<b>5,314,475</b>
<b>Capital Expenditure</b>		
Capital expenditure on assets Dev Projects	1,410,695	3,609,023
Investment Servicing Cost for capex	66,248	294,520
SIG - Funded Capital Projects	231,250	225,500
<b>Total Capital Payments</b>	<b>1,708,193</b>	<b>4,129,043</b>
<b>Total Payments</b>	<b>7,488,586</b>	<b>9,443,518</b>

Increase/(decrease) in cash and cash equivalent	-	410,192 -	738,311
Opening cash balance		1,833,031.17	2,571,343
Cash & cash equivalent at end of the year (2)		1,422,839	1,833,031

**Computation of Cash and Cash Equivalent** 7

Central Province Operating Account		74,567	1,245,167
Central Province PCDF Account		355,530	186,365
Central Province SIG-Project Account		168,833	305,181
Central Province Salary, NPF & PAYE Account		726,231	-
Cash equivalent- Special imprest recovery		54,109	96,318
Cash equivalent- Special advance recovery		35,283	-
PAYE Overpayment		8,287	-
<b>Cash and Cash Equivalent (1)</b>		<b>1,422,839</b>	<b>1,833,031</b>

**Less: restricted cash balances** 4

Solomon Islands Government - PAYE		-	86,483
Solomon Islands Government - Withholding tax		56,237.32	49,487
SI National Provident Fund - NPF		-	98,912
<b>Total Restricted Cash</b>		<b>56,237.32</b>	<b>234,882</b>

<b>Cash Available for use</b>	7	<b>1,366,602.08</b>	<b>1,598,149</b>
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**Reconciliation of Movement of Cash**

Opening Cash Balance		1,833,031	2,571,343
Increase/Decrease in Cash and cash equivalent		(410,192) -	738,311
<b>Closing Cash and Cash Equivalent (3)</b>		<b>1,422,839</b>	<b>1,833,031</b>

**Central Province Statement of Comparison of Budget and Actual Amounts  
for the year ended 31st March 2019**

Cash Inflows	Actual Amount	Final Budget	Original Budget	Difference
<b>Funding Allocation</b>				
Fixed Service Grant	3,766,956	3,978,817	3,978,817	- 211,861
Provincial Capacity Development	989,592	1,175,957	3,989,352	- 186,365
SIG Capital Development Fund	150,000	400,000	250,000	- 250,000
Second Appointed Day Grant	65,000	50,000	50,000	15,000
Ward Profiling Grant	-	151,230	151,230	- 151,230
Business License	306,040	197,900	126,800	108,140
Shipping Services License	82,000	125,000	60,000	- 43,000
Slipway & Docking license	65,000	90,000	90,000	- 25,000
Liquor license	54,620	94,000	70,000	- 39,380
Logging Export license	391,500	550,000	320,000	- 158,500
Property Rates (Land rating)	1,027,021	1,258,384	1,152,934	- 231,363
Fees & Charges	139,256	164,650	158,570	- 25,394
Miscellaneous Receipts	41,409	35,500	50,000	5,909
<b>Total receipts</b>	<b>7,078,394</b>	<b>8,271,438</b>	<b>10,447,703</b>	<b>- 1,193,044</b>
<b>Cash Outflows</b>				
Wages, salaries and employees benefits	1,552,936.11	1,611,763	1,659,157	- 58,827
Ward Profiling expenditure	-	151,230	151,230	- 151,230
Operating Expenditure- Employee	2,267,159.35	2,590,510	2,176,775	- 323,351
Operating Expenditure-Executive	737,925.00	585,600	504,811	152,325
Utilities	233,969.07	205,000	244,200	28,969
Ward Development Grant	585,000.00	585,000	585,000	-
School Grant	4,000.00	94,000	94,000	- 90,000
Repairs and Maintenance	399,403.61	372,378	293,178	27,026
Capital expenditure on assets Dev Projects	1,410,695.44	1,510,160	3,764,885	- 99,465
Investment servicing cost for capex	66,247.60	83,797	224,467	- 17,549
SIG-Funded Project expenditure	231,250.00	482,000	750,000	- 250,750
<b>Total Payments</b>	<b>7,488,586.18</b>	<b>8,271,438</b>	<b>10,447,703</b>	<b>- 782,852</b>
<b>Net Cash Flows</b>	<b>- 410,192</b>	<b>-</b>	<b>-</b>	<b>- 410,192</b>

**Central Province Government Financial Statement Disclosure for year ended 31 March 2019**

**1. Accounting Policies**

The Financial Statement of Central Province has been prepared in accordance with Cash Basis IPSAS. The Central Province has applied this policy consistently from 1st April 2018 to 31st March 2019 to ensure consistency in financial statement reporting

**2. Reporting Entity**

The Financial Statement (FS) is for Central Provincial Government. The Central Provincial Government prepares the FS as legal entity as prescribed in the PGA 1997, section 39, subsection 1 and 2 and in accordance with Section 63 of the Central Province Financial Management Ordinance 2018

**3. Controlling Entity**

The Controlling entity for the purpose of this report is Central Province and the controlled Entity is the Central Province Development Arm. However the Controlled entity is yet to be operational and all transactions from trading activities of the Central Province is captured in Controlling entity Accounts

**4. Restricted Cash**

This refers to cash that is being held by Central Province but the province does not have the power to use it it is inclusive in the computation of cash equivalent as control of cash but the province will have to release control as soon as the cash is transferred. These are normally NPF payments on behalf of direct employees, PAYE deductions or withheld from direct employees, withholding taxations from contracts awarded plus payments collected on behalf of SIEA.

	2018-2019	2017-2018
Solomon Islands Government - PAYE	-	\$86,483
Solomon Islands Government - Withholding tax	\$56,237	\$49,487
SI National Provident Fund - NPF	-	\$98,912
<b>Total Restricted Cash</b>	<b>\$56,237</b>	<b>\$234,882</b>

**5. Reporting Currency**

Central Province presented the Financial Statement in Solomon Islands Currency, the Solomon Islands Dollar (\$)

**6. Transactions in Foreign Currency**

During the reporting period, there was no transaction conducted by the province, which might have required a currency retranslation.

**7. Cash Available for Use**

Cash available for use is the amount of cash available to the Central Provincial executive by end of the financial year excluding restricted cash but including cash equivalents

<u>Computation of Cash and Cash Equivalent</u>	2018-2019	2017-2018
Central Province Operating Account	74,567	1,245,167
Central Province PCDF Account	355,530	186,365
Central Province SIG-Project Account	168,833	305,181
Central Province Salary, NPF & PAYE Account	726,231	-
Cash equivalent- Special imprest recovery	54,109	96,318
Cash equivalent- Special advance recovery	35,283	-
PAYE Overpayment	8,287	-
<b>Cash and Cash Equivalent</b>	<b>1,422,839</b>	<b>1,833,031</b>

**Less: restricted cash balances**

Solomon Islands Government - PAYE	-	86,483
Solomon Islands Government - Withholding tax	56,237.32	49,487
SI National Provident Fund - NPF	-	98,912
<b>Total Restricted Cash</b>	<b>56,237</b>	<b>234,882</b>

<b>Cash Available for use</b>	<b>1,366,602</b>	<b>1,598,149</b>
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**8. Borrowings**

The Central Province has no borrowings during the reporting period

**9. Original/Final Approved Budget and Comparison of Actual and Budget Amounts**

There was a under collection by \$1,1193,044 for budgeted recurrent and capital revenue in 2018/2019 FY. The reasons for the under collection could include, inflated recurrent revenue estimations, revenue mobilization challenges, non responsive from business license holders. Interms of expenditure there is an under expenditure of \$782,852.00. The reasons are obvious that the budget is prepared in cash basis of budgetting thus means under collection will mean some of the workplans will not be implemented due to cashflow constraints and on Capital expenditure is that one obvious reasons is the late release of PCDF funding

**10. Correction of prior year error 2017/2018**

During compilation of the 2018/2019 financial statements, it was noted that bank balances from bank statements were used to compute cash and cash equivalent for 2017/2018 instead of cash book balance from the MYOB.

These has resulted in an overstatement of the cash and cash equivalent totalling to \$309,319.

The prior period errors highlighted above have been corrected by restating each of the affected financial statement line items for prior period. The table below summarizes the impacts on the Central Province financial statements

**Statement of cash receipts and payments**

	As previously reported	Impact of restatement	
		Adjustment	Restated
	2017/2018	2017/2018	2017/2018
Cash on hand	\$1,000	-1000	\$0
Central Province Operating Account	\$1,502,088	- 256,921.00	1,245,167
Central Province PCDF Account	\$306,873	- 120,507.5	186,366
Central Province SIG-Project Account	\$305,181	-	305,181
Cash equivalent- Special imprest recovery	\$27,208	69,110	96,318
<b>cash and cash equivalent</b>	<b>2,142,350</b>	<b>-309,318</b>	<b>1,833,032</b>

**11. Related Party Transactions**

The following Related Party Transaction were recorded in 2018/2019 Financial year

11.1. HW Construction is owned by Henry Vuria who is the son of the Youth Coordinator was paid \$77,261.00 for the repairs & maintenance of Staff House-Q22

11.2. Pacific Professional Builders is owend by Robert Sandas who is the Cousin brother of the Senior Accountant, Provincial Treasurer and Provincial Secretary was paid \$124,260.00 for the repairs & maintenance of Staff House-Q21

11.3. Patty's Building and Maintenance is owned by Mr. Patteson Ngusi who is the cousin brother of the Senior Works Officer was paid \$131,175.00 for the construction of Vatilu CHS Classroom.

11.4. Hot Rock Construction is owned by Mr. Frank Kaba, who is the uncle of Provincial Treasurer was paid \$131,175.00 for the construction of Gumu Primary School Classroom

11.5. Stonewall Enterprise is owned by Mr. Gabriel Agutuzepo, who is the Provincial Treasurer was paid \$132,955.00 worth of petrol for various programs and activities of Central Provincial Government

11.6. Rocky Enterprise is owned by Mr. Daniel Daonga, who is the Senior Accountatn was paid \$155,515.00 worth of petrol and diesel for various programs and activities of central Provincial Government

11.7. Florida Enterprise is owned by Allan Christian Siale, who is the Provincial Secretary was paid \$24,198.00 worth of goods and petrol for various programs and activities of Central Provincial Government

11.8. Double M Depo is owned by Mr. Moses Pinoga, who is the Provincial Truck Driver was paid \$3,000.00 worth of diesel for provincial trucks

11.9. Family Inn Resthouse is owned by Mr. Elijah Taikole who is the Revenue Clerk for Gela was paid \$27,600.00 for accommodation charges

11.10. Pacific Merchants is owned by Metcalf Puia who is the Deputy Provincial Secretary was paid \$4,125.00 worth of petrol for various programs and acitivities of Central Provincial Government

**12. Going Concern**

The Province current cashflow situation indicates that there is no cash issue and the fact that the Province is now collecting more revenues from a reliable source is an indication that it would remain liquid for the rest of the year



<b>13. Operating Expenditure - Employee</b>	<b>2018-2019</b>	<b>2017-2018</b>
Office Expenditure	171,978	175,220
Computer consumables, Equipment & Tools	108,185	39,129
Repair and maintenance	287,215	30,486
Entertainment and Celebration	19,500	8,300
Travel & Subsistence allow	173,045	78,705
Accomodation	3,725	6,700
Fuel	183,581	117,813
Training & recruitment	153,583	64,098
Meeting expenses	226,020	191,165
Consultancy service	133,038	17,240
Monitoring & Evaluation	15,585	
Assistence	141,704	68,390
Tournaments	42,710	36,760
Land rents and rates	97,224	52,640
Other costs of sales	8,306	7,936
Debt Servicing	225,953	522,397
Miscellaneous	25,000	
Retirement Benefit /LSB	48,144	
Other operating expense	202,664	345,030
	<b>2,267,159</b>	<b>1,762,008</b>

#### **14. Reclassification**

Prior year balances have been reclassified to correspond to current year presentation where considered necessary

#### **15. Authorisation Dates**

The Financial Statement was signed off by the Honorable Stanley Manetiva, Premier and Provincial Secretary Allan Christian Siale for 31st March 2019 and authorized for publication.