COMMODITIES EXPORT MARKETING AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

Commodities Export Marketing Authority

Financial Statements for the year ended 31 December 2014

Index

Commodities Export Marketing Authority
State Owned Enterprise Information

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

Registered Office

PO Box 1087
Honiara

Principal Place of Business

Honiara, Solomon Islands

Directors

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

Commodities Export Marketing Authority
Directors' Report

The Directors present their report together with the financial statements of Commodity Export Marketing Authority ('the Authority') for the year ended 31 December 2014 and the Independent Audit Report thereon.

Directors

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

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

Principal activities

The principal activity of the Authority during the course of the financial year ended 31 December 2014 was the provision of development and regulation of copra and cocoa exporting and other prescribed commodities in the Solomon Islands.

Operating and financial review

The Authority achieved a net profit for the period amounting to $17,251,158 (2013- net profit of $192,262).

Commodities Export Marketing Authority
Directors' Report - cont'd

Significant Changes in the State of Affairs

In July 2007 the Solomon Island Government passed the State Owned Enterprises Act 2007 and listed Commodities Export Marketing Authority as a State Owned Enterprise under the jurisdiction of the Act. Compliance with the Act could impact on the future operations of Commodities Export Marketing Authority. Significant impact could include:

- The Minister of Finance and the Responsible Minister (the "accountable Ministers") can direct Authority to perform a community service obligation (Section 8, 1);
- The accountable Ministers can determine the amount of any dividend payable by Authority (Section 12, 1b);
- The requirement to issue a Statement of Corporate Objectives that provides disclosure of intended activities, accounting policies, performance targets, dividends and taxes to be paid during the period in question (Section 13, 2);
- The requirement to issue the audited consolidated financial statements of the group within 3 months after the end of the financial year (Section 14, 1b); and
- This act shall prevail where there is any inconsistency in requirements with the Commodities Exports Marketing Authority Act (Section 26, 7 and 8).

There were no other significant changes in the state of affairs of the Authority during the year ended 31 december 2014.

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

Signed in accordance with a resolution of the Directors.

COMMODITIES EXPORT MARKETING AUTHORITY
Common Seal

Name:	Name:
Director	Director

Dated at Honiara this 31ST day of MARCH 2015.

Solomon Islands Office of the Auditor-General

INDEPENDENT AUDITOR'S REPORT

To the Board of the Commodities Export Marketing Authority

Report on the Financial Statements

I was engaged to audit the accompanying financial statements of the Commodities Export Marketing Authority ('the Authority'), which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 10 to 18.

Directors' Responsibility for the Financial Statements

Directors and Management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my 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, I consider internal control relevant to the Authority'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.

Basis for Qualified Opinion

Investment Property comparative balances.
My audit identified that total rent received for the year from all properties amounted to $1,350,666. Under IAS 40, when properties earn rentals should be accounted for and disclosed at investment property in the financial statements. However the value of the investment properties held by CEMA as at 31 December 2013 has not been disclosed in the financial statements and no independent valuation has been performed prior to 2014. I was therefore unable to satisfy myself regarding the opening valuation balances of investment properties held by the Authority as at 1 January 2014. Accordingly, I am not able to ascertain what adjustments, if any, might be necessary to the amounts and disclosures in the financial statements in respect of the 2013 closing balances.

Property, plant and equipment comparative balances.
Prior to 2014, the last independent valuation of land and buildings was undertaken in 2003. I was therefore unable to satisfy myself as to the carrying value of land and buildings at 31 December 2013 and the subsequent opening balances as at 1 January 2014 to determine whether any adjustments might be necessary to the amounts disclosed in the financial statements, to ensure land and buildings were recognised at fair value and the asset revaluation reserve was fairly stated as at balance date. I was also unable to rely on the balance reported for depreciation expenses. Accordingly, I am not able to ascertain what adjustments, if any, might be necessary to the amounts and disclosures in the financial statements.

Valuation
A valuation of property, plant and equipment was undertaken during 2014. There were five land and building properties held by the Authority of the same asset class which had not been revalued during the financial year. This represents a departure from IAS 16 'Property, Plant and Equipment' which requires that the revaluation model be applied to an entire asset class." Accordingly, the value of these five properties is unable to be reliably determined and I am unable to ascertain what adjustments, if any, might be necessary to the balances recorded in financial statements. I was also unable to rely upon the report related balances for depreciation expenses and the asset revaluation reserve.

Qualified Opinion

In my opinion, except for the effect if any, of the matters described in the Basis for Qualified Opinion paragraphs above, the financial statements give a true and fair view of the financial position of the Authority as at 31st December 2014 and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Robert Cohen
Acting Auditor-General
31st March 2015

Office of the Auditor-General
Solomon Islands

Commodities Export Marketing Authority
Statement by Directors

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

(a) the financial statements and notes set out on pages 6 to 18:

(i) give a true and fair view of the Authority's financial position as at 31 December 2014 and of its performance for the financial period ended on that date; and

(ii) comply with International Financial Reporting Standards;

(b) there are reasonable grounds to believe that the authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

COMMODITIES EXPORT MARKETING AUTHORITY
Common Seal

Name:
Director

Name:
Director

Dated at Honiara this 31 ST day of MARCH 2015.

Commodities Export Marketing Authority
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2014

	Note	Year ended 31 December 2014 $	Year ended 31 December 2013 $
Revenue from continuing operation			
Rents		1,350,666	1,190,948
Copra management fee		822,906	681,015
Other Revenues		514,613	382,843
Cocoa management fee		306,646	266,052
Project clips		75,774	76,496
Cocoa licence		59,356	66,799
Oil palm licence		50,000	48,806
Copra licence		23,932	17,449
Spice licence		1,342	1,466
Total revenue from continuing operation		**3,205,235**	**2,731,874**
Expenses from continuing operation			
Administrative expenses		717,966	496,536
Depreciation expense	6	181,447	182,943
Director costs		135,775	144,898
Employee costs		1,221,829	989,679
Other operating expenses	14	663,487	643,514
Repairs and maintenance		286,843	82,042
Total expenses from continuing operation		**3,207,347**	**2,539,612**
Net profit / (loss) from continuing operation		**($2,112)**	**$192,262**
Other comprehensive income			
Revaluation surplus from investment properties	7	17,253,270	-
Total other comprehensive income		17,253,270	-
Profit for the year		**17,251,158**	**192,262**

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

Commodities Export Marketing Authority
Statement of Changes in Equity for the year ended 31 December 2014

	Note	Shareholder Contributions/ Equity $	Revaluation Reserve $	Accumulated Funds $	Total $
Balance at 1 January 2013		10,000		1,106,456	1,116,456
Net profit / (loss) for the year				192,262	192,262
Other comprehensive income		-			-
Balance at 31 December 2013		**10,000**	-	**1,298,718**	**1,308,718**
Balance at 1 January 2014		10,000	-	1,298,718	1,308,718
Net profit / (loss) for the year				(2,112)	(2,112)
Other comprehensive income			12,896,746	17,253,270	30,150,016
Balance at 31 December 2014		**10,000**	**12,896,746**	**18,549,876**	**31,456,622**

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

Commodities Export Marketing Authority
Balance Sheet as at 31 December 2014

	Note	Year ended 31 December 2014 $	Year ended 31 December 2013 $
CURRENT ASSETS			
Cash and Cash equivalent	3	296,106	128,979
Receivables & Prepayments	4	33,411	38,248
TOTAL CURRENT ASSETS		329,517	167,227
NON-CURRENT ASSETS			
Investments	7	17,836,604	-
Property, Plant and Equipment	6	13,755,791	1,594,627
TOTAL NON-CURRENT ASSETS		31,592,395	1,594,627
TOTAL ASSETS		31,921,912	1,761,854
CURRENT LIABILITIES			
Trade and other payables	8	125,714	126,780
Deferred income	9	112,670	166,400
Employee provisions	10	145,558	13,378
TOTAL CURRENT LIABILITIES		383,942	306,558
NON - CURRENT LIABILITIES			
Employee provisions	10	36,884	64,769
Deffered income	9	44,464	81,809
TOTAL NON-CURRENT LIABILITIES		81,348	146,578
TOTAL LIABILITIES		465,290	453,136
NET ASSETS		31,456,622	1,308,718
EQUITY			
Shareholder contributions / equity		10,000	10,000
Revaluation Reserves		12,896,746	-
Accumulated funds		18,549,876	1,298,718
TOTAL EQUITY		31,456,622	1,308,718

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

COMMODITIES EXPORT MARKETING AUTHORITY Common Seal

DIRECTOR

DIRECTOR

Commodities Export Marketing Authority
Statement of cash flow for the year ended 31 December 2014

	Note	Year ended 31 December 2014 $	Year ended 31 December 2013 $
Cash Flows From Operating Activities			
Cash receipts from customers		2,942,845	2,661,445
Cash payments to suppliers and employees		(2,746,516)	(2,481,359)
Cash generated from operations		196,329	180,086
Net cash provided by / (used in) operating activities		196,329	180,086
Cash Flows From Investing Activities			
Acquisition of property, plant and equipment		(29,202)	(59,166)
Net cash provided by / (used in) investing activities		(29,202)	(59,166)
Net increase / (decrease) in cash and cash equivalents		167,127	120,920
Cash and cash equivalents at the beginning of the financial year		128,979	8,059
Cash and cash equivalents at the end of the financial year	3	296,106	128,979

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statement set out on pages 10 to 18.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

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

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

Consolidation

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

(c) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As a going concern, the Authority is dependent upon the continuing support of the Solomon Islands Government, its bankers and creditors.

The Directors have concluded that the going concern basis is appropriate as the Solomon Islands Government has indicated that it will provide the Authority with financial support to enable it to pay its debts as and when they fall due for a period of 12 months from the date the Directors approved these financial statements.

(d) Investment Properties

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

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

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign Currency

The functional currency adopted in the preparation of the financial statements is the Solomon Islands currency, the Solomon Islands dollar ($). Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement. Foreign currency monetary assets and liabilities are translated at the exchange rate at the reporting date. Resulting exchange differences are recognised in the income statement for the period. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at the date of the transaction and are not translated at the reporting date.

(f) Property, Plant and Equipment

Items of property, plant and equipment are stated at original cost, deemed cost less accumulated depreciation and impairment losses. Construction cost for self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Construction cost for self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property. When the construction or development of a self-constructed investment property is completed and will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit and loss. Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Fixed assets are first depreciated in the year of acquisition, or, in the case of construction, in the year of substantial completion of the asset. The rates of depreciation current and comparative periods are as follows:

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

(g) Impairment

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Non-current assets held for sale

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

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables

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

(j) 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.

(k) Provisions

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

(l) Revenue

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

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

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

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

(m) Trade and other payables

Trade and other payables are stated cost.

(n) Taxation

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

(o) Investments

Subsidiaries

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

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(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.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

2. EMPLOYEES

The number of employees at period end 31 December 2014 is 15 (2013: 15).

3. CASH AND CASH EQUIVALENTS

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

	Year ended 31 December 2014 $	Year ended 31 December 2013 $
Cash on hand and at bank	296,106	128,979
	296,106	128,979

4. RECEIVABLES and PREPAYMENTS

Amounts owed by subsidiaries	2,263,271	2,263,271
Less: Provision for doubtful debts	2,263,271	2,263,271
	-	-
Other debtors and prepayments	95,549	271,702
Less: Provision for doubtful debts	62,138	233,454
	33,411	38,248

5. INVESTMENTS

Portfolio Companies	Ownership Interest %	Opening balance 1 Jan 2014 $	Prior year impairments $	Dividends $	Closing balance 31 December 2014 $
Makira Coconut Products Limited	79	750,000	(750,000)	-	-
Temotu Coconut Products Limited	100	80,000	(80,000)	-	-
Isabel Coconut Products Limited	100	200,000	(200,000)	-	-
Western Coconut Products Limited	89	400,000	(400,000)	-	-
North Malaita Coconut Products Limited	100	200,000	(200,000)	-	-
Commodities Shipping Line Limited	100	10,000	(10,000)	-	-
Lauru Coconut Products Limited	100	200,000	(200,000)	-	-
		1,840,000	(1,840,000)	-	-

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Land & Bldg $	Plant and Equipment $	Furnitures and Fixtures $	Office Equipments $	Motor Vehicle Equipments	Total $
At 1 January 2013						
Cost or valuation	3,360,402	181,466	29,792	56,064	300,000	3,927,724
Accumulated depreciation	(1,943,206)	(166,355)	(6,671)	(20,088)	(73,000)	(2,209,320)
Net book amount	**1,417,196**	**15,111**	**23,121**	**35,976**	**227,000**	**1,718,404**
Year ended 31 December 2013						
Opening net book amount	1,417,196	15,111	23,121	35,976	227,000	1,718,404
Additions during the year	-	-	52,873	6,293	-	59,166
Revaluation Surplus	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Depreciation	(67,110)	(11,175)	(11,257)	(20,071)	(73,330)	(182,943)
Closing net book value	**1,350,086**	**3,936**	**64,737**	**22,198**	**153,670**	**1,594,627**
At 31 January 2014						
Cost or valuation	3,360,402	181,466	82,665	62,357	300,000	3,986,890
Accumulated depreciation	(2,010,316)	(177,530)	(17,928)	(40,159)	(146,330)	(2,392,263)
Net book amount	**1,350,086**	**3,936**	**64,737**	**22,198**	**153,670**	**1,594,627**
Year ended 31 December 2014						
Opening net book amount	1,350,086	3,936	64,737	22,198	153,670	1,594,627
Additions during the year	-	-	-	29,200	-	29,200
Revaluation Surplus	12,896,746	-	-	-	-	12,896,746
Disposals during the year	(583,335)	-	-	-	-	(583,335)
Depreciation	(67,107)	(2,648)	(11,778)	(26,914)	(73,000)	(181,447)
Closing net book value	**13,596,390**	**1,288**	**52,959**	**24,484**	**80,670**	**13,755,791**

7. INVESTMENT PROPERTY

	Year ended 31 December 2014	Year ended 31 December 2013
Balance at 1 January	-	-
Acquisition	-	-
Reclassification from property, plant and equipment	583,334	-
change in fair value	17,253,270	-
Balance at 31 December	**17,836,604**	-

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

7 INVESTMENT PROPERTY Cont.

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

Changes in fair value are recognise as gain or loss in the profit and loss statement and included in other comprehensive incoı

The fair value of investment property was determined by external, independent property valuer, having appropriate recognised qualification and experience in area of property being valued. The valuer have utilised replacement method of valuation in determing the fair value of the investment property.

	Year ended 31 December 2014 $	Year ended 31 December 2013 $
8. TRADE AND OTHER PAYABLES		
Trade creditors	58,058	36,358
Other creditors and accrued expenses	67,656	90,422
	125,714	**126,780**
9. DEFERED INCOME		
Current		
Unexpended Property, plant & equipment	38,068	76,496
Licence fees received in advance	74,603	89,904
	112,671	**166,400**
Non-current		
Unexpended Property, plant & equipments	44,464	81,809
	44,464	**81,809**
10. EMPLOYEE PROVISIONS		
Current		
Annual leave	55,367	13,378
Gratuity	90,191	-
	145,558	**13,378**
Non-current		
Long service leave	36,884	15,585
Gratuity	-	49,184
	36,884	**64,769**

Gratuities

The Authority has provided for gratuities payable to contract staff as per the terms of the agreement with those employees. The provision has been classified as current and non current.

Long service leave benefit

The Authority has provided for long service leave benefits which entitles employees with eight years or more service a fortnight's pay for every year of service payable at redudancy, termination or dismissal on medical grounds. The provision has been classified as non-current.

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

11. EMPLOYEE BENEFIT PLANS

The Authority contributes to the National Provident Fund, whereby the Authority deducts and pays 5% of the employee's gross salary and contributes 7.5% of the employees' gross salary. During the period ended 31 December 2014 the Authority expensed $57,772 in NPF contributions (2013: $55,313).

12. CONTINGENCIES

The Authority has a number of contingent liabilities estimated at an aggregate value of $435,000 (2013: 435,000) which have not otherwise been provided for in the financial statements as at the financial year end.

The contingent liabilities refers to:

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

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

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

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

Commodities Export Marketing Authority
Notes to and forming part of the Financial Statements
31 December 2014

13. RELATED PARTIES

a. Controlled entities

CEMA has the following controlled entities:

	2014 $	2013 $
Makira Coconut Products Limited	750,000	750,000
Temotu Coconut Products Limited	80,000	80,000
Isabel Coconut Products Limited	200,000	200,000
Western Coconut Products Limited	400,000	400,000
North Malaita Coconut Products Limited	200,000	200,000
Commodities Shipping Line Limited	10,000	10,000
Lauru Coconut Products Limited	200,000	200,000
	1,840,000	**1,840,000**

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

b. Key Management Compensation

Key management includes, Board of directors, General Manager, Finance & Administration manager, Chief Produce Inspect and Commodities Development and Extension Manager.
The compensation paid or payable to key management for their service rendered to the corporation are as follows:

	2014 $	2013 $
Wages & salaries	263,683	256,278
Other employment benefits	124,443	134,563
Termination benefit	-	-
Post employment benefits	-	-
Other long term benefit	90,191	49,184
	478,317	**440,025**

14. OTHER OPERATING EXPENSES

	2014	2013
Electricity	248,861	575,553
Laboratory expense	332,724	-
Fuel expense for generator	43,509	30,950
Water	38,393	32,199
Quality assurance expense	-	4,812
	663,487	**643,514**

In prior years, electricity expense was disclosed as net of electricity contribution by the tenants. This has changed this year, it was recorded at gross, and electricity contribution by tenants was disclosed as other revenue in the financial statements.

15. SHARED ACCOUNTING EXPENSE

The cost of shared accounting service funded by the Asian Development Bank (ADB) during the period ended 31 December 2014 amounting to $37,410 ($2013: $24,000) is included under other revenue and administrative expenses.