



**SOLOMON ISLANDS  
COLLEGE OF  
HIGHER EDUCATION**

**TRAINING  
FOR A  
DIFFERENCE**

# **FINANCIAL REPORT**

**FOR THE YEAR ENDED 31ST DECEMBER 2010**



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**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

**Table of Contents**

1	Statement by Council and Key Management Personnel	1
2	Statement of Income and Expenditure	2
3	Balance Sheet	3
4	Note to the Accounts	4 - 8



Statement by the Councillors of Solomon Islands College of Higher Education  
For the Year Ended 31st December 2010

Under the terms of my appointment and in accordance with the requirements of the Solomon Islands College of Higher Education Act, 1984, I have the mandate to supervise and manage the funds provided for the operation and maintenance of the Solomon Islands College of Higher Education, during the financial year ended 31st December 2010.

I certify, that the attached financial statements, which have been prepared under my supervision, present a true and fair view of the financial position of the Solomon Islands College of Higher Education and of its results for the twelve months period ended 31st December 2010.

Dated ..... 14 / 05 ..... / 2012  
Honiara

Chairman .....  
College Council



**STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

2008 \$	2009 \$	INCOME	Note	2010 \$
32,631,149	33,608,527	Grant	2	20,841,429
32,222,880	19,650,137	Student Fees	3	24,034,020
729,254	501,356	Other Income		451,408
<b>65,583,283</b>	<b>53,760,020</b>	<b>TOTAL OPERATING INCOME</b>		<b>45,326,857</b>
<b>EXPENDITURE</b>				
17,159,158	18,423,078	Staff Costs	4	22,261,889
18,393,045	17,100,438	Operating Costs	5	16,815,531
1,269,048	2,750,045	Financial Costs	6	6,345,415
<b>36,821,251</b>	<b>38,273,561</b>	<b>TOTAL OPERATING EXPENDITURE</b>		<b>45,422,835</b>
<b>28,762,032</b>	<b>15,486,459</b>	<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(95,978 )</b>

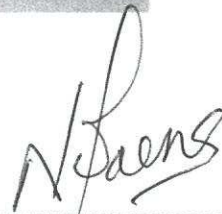


**BALANCE SHEET  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

2008 \$	2009 \$	ASSET	Note	2010 \$
24,307,209	34,789,128	Current Assets	7	31,677,272
18,309,866	21,869,212	Fixed Asset	10	27,288,230
<b>42,617,075</b>	<b>56,658,340</b>	<b>TOTAL ASSETS</b>		<b>58,965,502</b>
		<b>LIABILITIES</b>		
8,886,166	7,440,969	Current Liabilities	8	9,846,580
<b>8,886,166</b>	<b>7,440,969</b>	<b>TOTAL LIABILITIES</b>		<b>9,846,580</b>
<b>33,730,909</b>	<b>49,217,371</b>	<b>NET ASSETS</b>		<b>49,118,922</b>
		<b>FUNDS AND RESERVES</b>		
33,730,909	49,217,371	Accumulated Funds	9	49,118,922
<b>33,730,909</b>	<b>49,217,371</b>			<b>49,118,922</b>

  
Walter Maesugea  
FINANCE MANAGER (Ag)  
SICHE

  
Donald Malasa  
DIRECTOR  
SICHE

  
Sir Nathanjel Waena  
CHAIRMAN  
COLLEGE COUNCIL

These accounts must be read in conjunction with the accompanying notes.



## **NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2010**

### **1 SIGNIFICANT ACCOUNTING POLICIES**

The accounts of the institution have been drawn up in accordance with the requirements of the laws of Solomon Islands and particularly the College of Higher Education Act 1984. They have been prepared on the basis of historical costs and do not take into account the changing value of money, or, except where stated, current valuation of non-current assets. Except where stated, the accounting policies have been consistently applied.

Set out below is a summary of the significant accounting methods adopted where there exists one or more acceptable methods.

#### **a Fixed Assets**

Non-current assets transferred to Solomon Islands College of Higher Education in 1988 and those purchased since 1st January 1985 were revalued in 1991. As such, these assets were carried forward at their revaluation, less depreciation while additions acquired in 1992 onwards were carried at cost less depreciation.

The value of the following fixed assets were not disclosed in these accounts:

- i. All land except for Aruligo Farm.
- ii. Special Equipment in the schools of Marine and Fisheries and Industrial Development.
- iii. All fixed assets at NATI campus.
- iv. Revaluation of equipment, furniture and fittings at Poitete campus.

Capital expenditure of less than \$2,000.00 is expensed.

#### **b Depreciation**

Buildings, motor vehicles, furniture and fittings and equipment, are depreciated on a reducing balance method.

The following are applicable:

	%
Buildings	5
Motor vehicles	20
Equipment, furniture and fittings	20

Depreciation of fixed assets commenced in the first year of acquisition, regardless of the month of acquisition.

#### **c Taxation**

Pursuant to the First Schedule of the Income Tax Act, the institution is exempt from income tax.





NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010

	2008 \$	2009 \$	2010 \$
<b>2 Grant</b>			
Grant from S I Government	20,507,752	22,808,527	20,798,953
Grant from NZAID	10,800,000	10,800,000	-
Grant from Other	1,323,397	-	42,476
	<b>32,631,149</b>	<b>33,608,527</b>	<b>20,841,429</b>
<b>3 Student Fees</b>			
Student Tuition Fees	6,624,167	7,158,316	11,279,584
Student Boarding & Meal Fees	6,912,601	2,945,922	11,637,059
Student Arrears	18,039,550	8,792,360	-
Student Other Fees	646,562	753,539	1,117,377
	<b>32,222,880</b>	<b>19,650,137</b>	<b>24,034,020</b>
<b>4 Staff Costs</b>			
Salaries & Wages	10,997,520	11,811,529	13,434,984
Other Staff Costs	6,161,638	6,611,549	8,826,905
	<b>17,159,158</b>	<b>18,423,078</b>	<b>22,261,889</b>
<b>5 Operating Costs</b>			
Student Costs	8,519,507	7,391,268	6,508,965
Administration & General Costs	743,778	503,329	540,984
Computing & Office Equipment Costs	971,904	1,446,133	1,698,843
Motor Vehicle & Plant & Equipment	538,391	581,549	507,924
Building & Property Costs	1,818,930	1,988,697	1,950,034
Utilities & Services	5,800,535	5,189,462	5,608,781
	<b>18,393,045</b>	<b>17,100,438</b>	<b>16,815,531</b>
<b>6 Financial Costs</b>			
Bank & Interest Charges	57,798	104,648	65,432
Depreciation	2,418,856	2,707,707	3,482,130
Recommended for Write Off	(1,207,606 )	(62,310 )	2,797,853
	<b>1,269,048</b>	<b>2,750,045</b>	<b>6,345,415</b>



NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010

	2008 \$	2009 \$	2010 \$
<b>7 Current Assets</b>			
Cash at Bank and Cash on Hand	3,298,026	1,212,718	3,691,389
Inventory	12,231	15,166	10,083
Staff Receivables	77,657	125,062	150,892
Prepayment	174,201	-	-
Student Fees Receivables	19,928,094	27,638,329	27,824,908
Grant Receivables	817,000	5,797,853	-
	<b>24,307,209</b>	<b>34,789,128</b>	<b>31,677,272</b>
<b>8 Current Liabilities</b>			
Creditors & Accruals	351,681	718,782	767,504
Other Creditors & Accruals	14,432	95,924	-
Payroll Creditors	8,520,053	6,626,263	9,079,076
	<b>8,886,166</b>	<b>7,440,969</b>	<b>9,846,580</b>
<b>9 Accumulated Funds</b>			
Opening Balance	4,143,073	33,730,909	49,217,371
Add: Adjustments	825,802		(2,471 )
Add: Surplus/(Deficit) for the Year	28,762,034	15,486,462	(95,978 )
	<b>33,730,909</b>	<b>49,217,371</b>	<b>49,118,922</b>





NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010

		2008 \$	2009 \$	2010 \$
<b>10 Fixed Assets</b>	<b>Rate</b>			
<b>Land</b>				
At Cost		50,000	50,000	50,000
<b>Building</b>	5%			
At Cost		6,291,483	8,597,420	11,124,682
Revaluation		33,336,723	33,336,723	33,336,723
Additions		2,305,937	3,831,594	5,696,944
		41,934,143	45,765,737	50,158,349
Accumulated Depreciation		32,309,675	32,982,478	33,906,488
Written down Value		9,624,468	12,783,259	16,251,861
<b>Motor Vehicle</b>	20%			
At Cost		955,547	2,428,033	2,547,575
Additions		1,472,486	119,543	599,195
		2,428,033	2,547,576	3,146,770
Accumulated Depreciation		758,414	1,116,246	1,527,183
Written down Value		1,669,619	1,431,330	1,619,587
<b>Plant &amp; Equipment</b>	20%			
At Cost		629,839	913,308	1,114,291
Additions		283,469	200,983	318,163
		913,308	1,114,291	1,432,454
Accumulated Depreciation		343,460	497,626	684,592
Written down Value		569,848	616,665	747,862
<b>Office Furniture &amp; Equipment</b>	20%			
At Cost		1,116,262	1,771,816	2,678,200
Additions		655,554	906,385	850,118
		1,771,816	2,678,201	3,528,318
Accumulated Depreciation		697,249	1,093,439	1,580,415
Written down Value		1,074,567	1,584,762	1,947,903
<b>Computing Equipment</b>	20%			
At Cost		2,397,776	3,150,831	3,521,321
Additions		753,055	370,490	1,192,844
		3,150,831	3,521,321	4,714,165
Accumulated Depreciation		1,279,923	1,728,202	2,325,395
Written down Value		1,870,908	1,793,119	2,388,770



**NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER 2010**

		2008 \$	2009 \$	2010 \$
<b>Classroom &amp; Laboratory Furniture &amp; Equipment</b>	20%			
At Cost		674,052	774,820	1,047,778
Additions		100,768	272,958	726,099
		774,820	1,047,778	1,773,877
Accumulated Depreciation		352,837	491,825	748,236
Written down Value		421,983	555,953	1,025,641
<b>Household Furniture &amp; Equipment</b>	20%			
At Cost		1,545,883	1,811,421	1,943,998
Additions		265,538	132,577	279,790
		1,811,421	1,943,998	2,223,788
Accumulated Depreciation		795,538	1,025,230	1,264,943
Written down Value		1,015,883	918,768	958,845
<b>Library Collections</b>	20%			
At Cost		1,194,606	1,194,606	1,411,452
Additions		-	216,847	233,775
		1,194,606	1,411,453	1,645,227
Accumulated Depreciation		119,461	260,606	425,129
Written down Value		1,075,145	1,150,847	1,220,098
<b>Hostel Furniture &amp; Equipment</b>	20%			
At Cost		175,680	252,731	425,404
Additions		77,051	172,673	-
		252,731	425,404	425,404
Accumulated Depreciation		85,682	170,763	255,844
Written down Value		167,049	254,641	169,560
<b>Kitchen Furniture &amp; Equipment</b>	20%			
At Cost		277,454	373,149	416,151
Additions		95,695	43,002	313,390
		373,149	416,151	729,541
Accumulated Depreciation		139,841	195,103	301,990
Written down Value		233,308	221,048	427,551
<b>Infrastructure</b>	20%			
At Cost		565,356	565,356	565,356
Additions				
		565,356	565,356	565,356
Accumulated Depreciation		28,268	56,536	84,804
Written down Value		537,088	508,820	480,552
<b>Total Cost</b>		55,220,214	61,487,266	70,393,249
<b>Total Depreciation</b>		36,910,348	39,618,054	43,105,019
<b>Total Written Down Value</b>		18,309,866	21,869,212	27,288,230





## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of the Solomon Islands College of Higher Education**

I was engaged to audit the accompanying financial statements of the Solomon Islands College of Higher Education (SICHE), which comprise the Balance sheet as at 31 December 2010, and the Statement of Income and Expenditure 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 the Auditing Standards.

#### **Basis for disclaimer of opinion**

##### *1) Applicable financial reporting framework*

- a) The annual accounts were not prepared according to an applicable financial reporting framework such as the Public Sector International Accounting Standards.

##### *2) Revenue*

- a) I was unable to confirm the accuracy, completeness and classification of revenue due to missing receipts totaling \$610,782 and invoice raised which could not be traced to the general ledger of \$945,640

##### *3) Property, Plant & Equipment*

- a) I am unable to confirm the accuracy and valuation of balances related to land and buildings due to lack of an up-to-date valuation report.
- b) Not all the fixed assets owned by the college are disclosed in the financial statement for the year ended 31 December 2010 as indicated in note 1 of the notes to the financial statements. Audit was not provided with a value for these assets.

As a result I am unable to confirm or verify by alternative means the carrying amount of property, plant and equipment balances included in the financial statements as at 31 December 2010. Accordingly, I am not able to determine whether any adjustments might be necessary to the amounts and disclosures in the financial statements.

#### 4) *Grant and School Fees Receivables*

- a) The grant and school fee receivable account does not reconcile. The 2009 closing balance does not agree to 2010 opening balance and I am unable to verify and confirm where the difference of \$1,897,554 has been accounted for.

As a result I am unable to confirm or verify by alternative means the carrying amount of the grant and school fee receivable balances included in the financial statements as at 31 December 2010 for the year then ended. Accordingly, I am not able to 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 College of Higher Education for the financial year ended 31 December 2010.



Edward Ronia  
Auditor-General

Office of the Auditor-General  
Solomon Islands

15 August 2012