

Reference

14.21

# **SOLOMON ISLANDS VISITORS BUREAU**

**Financial  
Report for  
the year  
ended 31<sup>st</sup>  
December  
2011**

**Solomon Islands Visitors Bureau**  
**Financial Statements for the year ended 31<sup>st</sup> December 2011**

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## **Solomon Islands Visitors Bureau Directors' Report for the year ended 31<sup>st</sup> December 2011**

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In accordance with Solomon Islands Visitors Bureau Act 1996, the directors present their report with the financial statements of Solomon Islands Visitors Bureau for the year ended 31<sup>st</sup> December 2011 and the Accountant's Compilation Report thereon.

### **Principal Activities**

The principal activity of the statutory body during the year is to market and promote Solomon Islands as a tourist destination.

### **Results and Dividends**

The net Surplus/ (deficit) for the year was (\$743,397) (2010: Surplus \$2,545,476). No dividends have been paid or declared since the end of the previous financial year.

### **Statement by Directors**

In accordance with a resolution of the Directors' of Solomon Islands Visitors Bureau, we state that in our opinion:

- (a) 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 31<sup>st</sup> December 2011; and
- (b) the financial statements have been made out in accordance with the International Public Sector Accounting Standards under the Cash Basis of Accounting (Cash Basis IPSAS).



DIRECTOR



DIRECTOR

**Accountant's Compilation Report  
For The Year Ended 31<sup>st</sup> December 2011**

**Instructions**

The accompanying financial reports have been prepared by us at the instruction of our above named client solely for their purpose. The financial reports have been prepared from records, information and instructions furnished to us by the above named client.

**Terms of our engagement**

Under the terms of our engagement we have not audited the accounting records or the financial reports.

**No opinion**

Accordingly, we express no opinion on whether they present a true and fair view of the trading results and cash flows for the year ended 31<sup>st</sup> December 2011.

**Disclaimer**

Neither, the firm nor any member or employee of the firm accepts any responsibility whatsoever for the accuracy of the material from which the financial reports have been prepared. Neither the firm nor any member or any employee of the firm undertakes any responsibility on any grounds whatsoever to any other parties for these financial reports.

  
**CBL Certified Practising Accountants**

Date: 27<sup>th</sup> May 2014  
Honiara

  
By Gideon Zoleveke  
**PRINCIPAL**

Reference	Solomon Islands Visitors Bureau					
1.3.4(a)	Statement of Cash Receipts and Payments					
	For the year ended 31 <sup>st</sup> December 2011					
			31 <sup>st</sup> December 2011		31 <sup>st</sup> December 2010	
		Notes	Receipts/ (Payments) \$	Payments by Third Parties \$	Receipts/ (Payments) \$	Payments by Third Parties \$
	<b>RECEIPTS</b>					
	<i>Grants and other</i>					
	Government Subvention		0		0	
	Other		66,942		1,523,953	
			<b>66,942</b>		<b>1,523,953</b>	
	<i>Levies and Licenses</i>					
	Bed Levies		7,218,411		6,862,994	
	Unit Levies		2,560		3,550	
	Licenses		5,050		5,250	
			<b>7,226,021</b>		<b>6,871,794</b>	
	<i>Trading Activities</i>					
	Receipts from trading activities		25,381		32,540	
	Other receipts		35,104		167,510	
	Less: Accrued Revenues		(80,761)		22,038	
	<b>Total receipts</b>		<b>7,272,687</b>		<b>8,617,835</b>	



Reference	Solomon Islands Visitors Bureau					
	Statement of Cash Receipts and Payments					
	For the year ended 31 <sup>st</sup> December 2011					
	31 <sup>st</sup> December 2011			31 <sup>st</sup> December 2010		
		Note	Receipts/ (Payments) \$	Payments by Third Parties \$	Receipts/ (Payments) \$	Payments by Third Parties \$
<b>1.3.1</b>	<b>PAYMENTS</b>					
<b>3</b>						
	Marketing and Promotion	3	(3,291,556)		(1,740,849)	
	Operation	4	(2,250,232)		(325,366)	
	Wages, Salaries & Associated Costs (All Employees)	5	(1,054,637)		(823,360)	
	Auditors remuneration	6	0		0	
	Other Expenses	7	(14,707)		(12,794)	
	<b>Total Payments</b>		<b>(6,611,132)</b>		<b>(2,902,369)</b>	
	<i>Capital Expenditures</i>					
	Purchase of Property, Plant and Equipment	9	(1,195,459)		(384,404)	
	Other Payments-Creditors	13	(209,493)		(2,785,586)	
<b>1.2.1</b>	<b>Total Payments</b>		<b>(8,016,084)</b>		<b>(6,072,359)</b>	
<b>2(b)</b>						
	Increase/(decrease) in cash And cash equivalents		(743,397)		2,545,476	

#### Reconciliation of Cash Movement

	Cash and Cash Equivalents at beginning of year	2	3,536,843		991,367	
	Increase/(decrease) in cash equivalents		(743,397)		2,545,476	
	Cash and cash equivalents at end of year	2	2,793,446		3,536,843	

	<b>Solomon Islands Visitors Bureau</b>
Reference	<b>Notes to the Financial Statements</b>
1.3.4(b)	<b>1. Accounting Policies</b>
1.3.30	<i>Basis of Preparation</i>
	The financial statements have been prepared in accordance with the International Public Sector Accounting Standards under The Cash Basis of Accounting (Cash Basis IPSAS).
	The Accounting policies have been applied consistently throughout the period.
1.4.7	<i>Reporting Entity</i>
	The financial statements are for the Solomon Islands Visitors Bureau (SIVB), which is a statutory body in the Solomon Islands. The financial statements encompass the reporting entity as specified in the relevant legislation (Solomon Islands Visitors Bureau Act 1996).
	The principal objective of SIVB is to market and promote Solomon Islands as a tourist destination. The SIVB also regulates and issues licenses to all accommodation operators in Solomon Islands.
1.4.7(d)	<i>Controlling Entity</i>
	For accounting purposes the SIVB reports to the Solomon Islands Government through the Ministry of Culture and Tourism for all policy matters. Financial reporting frame work and accounting policies are normally set by the Ministry of Finance or where appropriate through the adoption of appropriate international accounting standards.
1.10.8	<i>External Assistance</i>
	The SIVB receives benefits from payments made by external third parties (entities external to the SIVB) for goods and services. These Payments do not constitute cash receipts or payments for SIVB. They are disclosed in the Payments by third parties notes in the financial statements.
	<i>Restricted Cash Balances</i>
	Restricted cash balances are monies collected on behalf of another statutory entity or Solomon Islands Government Department. These monies are then forwarded to the entity/department on an agreed schedule. These monies are not available for use by the SIVB. Restricted Cash Balance includes Pay As You Earn (PAYE) and NPF employees and employer contributions withheld at calculation of employee's salaries.
1.4.23(d)	<i>Reporting Currency</i>
	The financial statements are presented in Solomon Islands currency, expressed as Solomon Bokolo Dollars (SBD) (\$)
1.7.2	<i>Foreign Currency Transactions</i>
	Transactions in foreign currencies are recorded at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate at date of the transaction.
1.4.16	<i>Classifications</i>
1.4.19	Prior year balances have been reclassified to correspond to current year disclosures where considered necessary.
	<i>Property and Equipment</i>
	<i>Acquisition and valuation</i>
	The cost method of accounting is used for all acquisition of assets. Cost measured as of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition



Reference	Solomon Islands Visitors Bureau Notes to the Financial Statements			
	<b>1.Accounting Policies continue</b>			
	<i>Depreciation</i>			
	SIVB has not account for depreciation expense since payments of fixed assets were expensed during the time of procurement. However, depreciation is calculated in note 9 to determine the book value of assets over their estimated useful lives. In 2011, depreciation on land and building is provided for on a straight line basis and other assets are provided for on a diminishing value basis at rates calculated to allocate the cost or valuation less estimated useful lives of the assets against the revenue over those estimated useful lives. Major depreciation rates are:			
	Land and Buildings	5%		
	Equipment	25%		
	Motor Vehicles	20%		
	Furniture & Fittings	20%		
	<i>Trade and Other Receivables</i>			
	No debtors were disclosed in the financial statements. However, in the main general ledger of SIVB, amounts are maintained to keep track of outstanding balances. All debtors are recognized at the amounts receivable at cost and is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when doubts as to collection exists.			
	<i>Trade and Other Payables</i>			
	No creditors were disclosed in the financial statements. However, in the main general ledger of SIVB, amounts are maintained to keep track of outstanding balances. Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in future for the goods and services received			
	<b>2.Cash</b>			
	Cash and cash equivalents comprise cash balances, call deposits, un-acquitted imprest accounts and restricted cash balances. Bank overdrafts that are payable on demand and form an integral part of SIVB's cash management are included as a component of cash and cash equivalents closing balance.			
		<b>31<sup>st</sup> December 2011</b>	<b>31<sup>st</sup> December 2010</b>	
	Cash on hand	548,090	217,698	
	Main Cheque Account	2,223,110	3,296,899	
	Term Deposit	22,246	22,246	
	<b>Total</b>	<b>2,793,446</b>	<b>3,536,843</b>	
	<b>Reconciliation of restricted cash balance as at 31<sup>st</sup> December 2011</b>			
	Closing cash and cash equivalents	2,793,446	3,536,843	
	<b>Less: Restricted cash balances</b>			
	Creditors	(2,529,218)	(2,422,596)	
	NPF	20,266	10,874	
	PAYE	120,035	119,475	
	Accrued Expense	5,332	5,332	
	Basic Rates	7,962	7,358	
	Deposits	401	401	
		<b>5,168,668</b>	<b>5,815,999</b>	



Solomon Islands Visitors Bureau					
Reference	Notes to the Financial Statements				
		31 <sup>st</sup> December 2011		31 <sup>st</sup> December 2010	
		Receipts/ (Payments)	Payments to third parties	Receipts/ (Payments)	Payments to third parties
		\$	\$	\$	\$
	<b>3. Marketing and Promotion</b>				
	Advertising	(651,496)		0	
	Trade Fairs & Shows	(499,368)		(1,102,655)	
	Brochures	(102,696)		(3,092)	
	Posters/Travel Guide & Promotions	(97,471)		(21,792)	
	Films & Photographs	(151,939)		(118,752)	
	Internet Marketing	(17,642)		(28,800)	
	Marketing Communication	(32,908)		(7,608)	
	Airport Info Booth Servicing	(86,400)		(57,600)	
	Public Relations Activities	(716,322)		(75,008)	
	Market Representation	(101,402)		(9,482)	
	Media Visitation	(69,265)		(130,524)	
	Product Knowledge Update	(124,497)		(4,188)	
	Trade/ Cultural Shows	(24,756)		0	
	Marketing Subsidy Assistance/ Affil fee	(374,224)		(37,830)	
	Misc.& Contingency	(241,170)		(143,518)	
	<b>Total</b>	<b>(3,291,556)</b>		<b>(1,740,849)</b>	
	<b>4. Operation</b>				
	Advertising	(46,311)		(4,000)	
	Board Members Expenses	(519,598)		(88,701)	
	Telephone, Fax and Postage	(103,641)		(16,863)	
	Computer Charges	(23,825)		(13,330)	
	Printing, Stationary & Office Consumables	(43,637)		(32,243)	
	Staff Training	(58,042)		0	
	Electricity & Other Utilities	(1221,961)		0	
	Seminar/Workshops	(755,495)		(20,168)	
	Motor Vehicle & Duty travel Expenses	(40,115)		(11,787)	
	Repairs & Maintenance	(408,629)		(88,755)	
	Licensing & Inspection	(71,653)		(17,866)	
	Rent & Rates	(6,618)		0	
	Uniform issues & Maintenance	(13,557)		0	
	Misc & Contingency	(37,150)		(31,653)	
	<b>Total</b>	<b>(2,250,232)</b>		<b>(325,366)</b>	
	<b>5. Salary/ Wages &amp; Associated Costs</b>				
	Salaries & Wages	(693,620)		(627,908)	
	Employer NPF Contribution	(47,532)		(38,837)	
	Other	(313,485)		(156,615)	
	<b>Total</b>	<b>(1,054,637)</b>		<b>(823,360)</b>	
	<b>6. Auditors Remuneration</b>				
	Auditing of Accounts	0		0	

	Solomon Islands Visitors Bureau			
Reference	Notes to the Financial Statements			
	31 <sup>st</sup> December 2011		31 <sup>st</sup> December 2010	
	\$		\$	
	7. Other Expenses			
	Bank Charges	(4,707)		(12,794)
	Insurance	(10,000)		0
	<b>Total</b>	<b>(14,707)</b>		<b>(12,794)</b>
	8. Depreciation			
	Land & Buildings	101,250		(101,250)
	Security Fence	6,502		(6,502)
	Motor Vehicles	32,844		(14,739)
	Furniture & Fixtures	8,982		(9,462)
	Plant, Machinery & Equipment	70,901		(65,833)
	Staff Club	828		(828)
	<b>Total</b>	<b>221,307</b>		<b>(198,614)</b>

## 9. PROPERTY, PLANT AND EQUIPMENT

	Plant, Machinery & Equipment \$	Construction Work-in Progress \$	Land & Buildings \$	Motor Vehicles \$	Furniture & Fixtures \$	Security Fence \$	Staff Club \$	Total \$
<b>Valuation</b>								
Cost								
At 1 <sup>st</sup> January 2011	904,516	0	2,025,000	125,502	154,084	130,049	16,553	3,355,704
Additions	214,728	700,313	0	255,030	25,388	0	0	1,195,495
Disposal	0	0	0	(44,325)	0	0	0	(44,325)
At 31 <sup>st</sup> December 2011	1,119,244	700,313	2,025,000	336,207	179,472	130,049	16,553	4,506,838
<b>Amortisation</b>								
Depreciation								
At 1 <sup>st</sup> January 2011	429,058		548,438	87,229	113,300	29,593	7,106	1,214,724
Charge for the year	70,901	0	101,250	32,844	8,982	6,502	828	221,307
Disposal	0	0	0	(31,273)	0	0	0	(31,273)
At 31 <sup>st</sup> December 2011	499,959	0	649,688	88,800	122,282	36,095	7,934	1,404,758
<b>Book Value</b>								
At 1 <sup>st</sup> January 2011	475,458		1,476,562	38,273	40,784	100,456	9,447	2,140,980
At 31 <sup>st</sup> December 2011	<b>619,285</b>	<b>700,313</b>	<b>1,375,312</b>	<b>247,407</b>	<b>57,190</b>	<b>93,954</b>	<b>8,619</b>	<b>3,102,080</b>



Solomon Islands Visitors Bureau				
Reference	Notes to the Financial Statements			
		31 <sup>st</sup> December 2011		31 <sup>st</sup> December 2010
		\$		\$
	<b>10.Receivables</b>			
	Trade Debtors	96,560		35,983
	Less: Provision for doubtful debts	0		0
		<b>96,560</b>		<b>35,983</b>
	<b>Other Receivables</b>			
	Salary Advances	32,817		26,060
	Imprest Account	735,475		646,631
	Sub-Committee Advance	75,470		75,470
	Other Advances	2,025		2,025
	Prepayments	23,710		23,710
	Deposits Paid	2,364		2,364
	Inventories	1,146		30,785
		<b>873,007</b>		<b>807,045</b>

**11. Aging of Staff advances and Unretired Imprest accounts for 2011 balance**

		Total		0-30 days	31-60 days	61-90 days	90+ days
		\$		\$	\$	\$	\$
	Staff advances	32,817		9,446	825	0	22,546
	Imprest accounts	735,475		24,065	10,560	83,147	617,703

Salary advances by staff are unsecured, interest free and repayable on fortnightly basis.

Unretired imprest fund represent funds advanced to staff when travelling on duty on both domestic and overseas, purposely to meet related accommodation and associated expenses.



Solomon Islands Visitors Bureau				
Reference	Notes to the Financial Statements			
	31 <sup>st</sup> December 2011		31 <sup>st</sup> December 2010	
	\$		\$	
12. Payables				
Trade Creditors	(2,529,208)		(2,422,596)	
Other Creditors and accruals				
Accrued Expenses	5,332		5,332	
HTC payable	7,962		7,358	
PAYE Tax Payable	120,035		119,475	
NPF Contribution Payable	20,266		10,874	
Deposits	401		401	
Total	153,996		143,440	
13. Other Payments	(209,493)		(2,785,586)	
SIVB continues to maintain its general ledger utilising the accrual method of accounting. In preparing the financial statements on cash basis method under IPSAS all payments for the year have been adjusted by non-cash payments to properly disclose all payments on cash basis.				



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of the Solomon Islands Visitors Bureau

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

I was engaged to audit the accompanying financial statements of the Solomon Islands Visitors Bureau which comprise the Statement of Cash Receipts and Payments for the year ended 31 December 2011, and a summary of significant accounting policies and other explanatory notes.

#### *Directors and management's responsibility for the financial statements*

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards under the Cash Basis of Accounting (IPSAS Cash), and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *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. Those standards require that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

My 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I have considered the internal controls relevant to the management's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances. My audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### *Basis for Disclaimer of Opinion*

The Disclaimer of Opinion is attributed to the continued failure in the system of recording and controlling accounting transactions and insufficient audit evidence to support transactions and accounts. I was unable to confirm or verify by alternative means the balances and disclosures with respect to the financial statements.

#### *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 statement of Cash Receipts and Payments and explanatory notes for the year ended 31 December 2011. As a result, I was unable to determine whether any adjustments might have been necessary to this statement



### *Receipts*

Four receipts totalling \$196,220.95 (3% of total reported receipts) could not be verified for its legitimacy and further 770 out of 820 (94%) electronic receipts issued were unable to be sighted. As a result I was unable to verify or confirm by alternative means, the completeness, accuracy and occurrence of the reported receipts balance as disclosed within the financial statements for the financial year ended 31 December 2010, nor the completeness, accuracy or existence of the receivables balance as at balance date.

### *Payments*

Sufficient supporting documentation was unable to be located to verify 15 payment transactions totaling \$564004.30 (10 % of total payments). Given various breakdown in internal control identified, evidence of poor record keeping needed to be able to substantiate payment transaction and numerous account posting errors identified within the financial statements. I am unable to verify the accuracy, completeness and occurrence of transaction for payments reported for financial year ended 31 December 2011.

### *Property, Plant and Equipment*

No reconciliation had been prepared to reconcile the asset balances against the fixed asset register balances as at 31 December 2011. As a result, I am unable to confirm or verify alternative means, the accuracy, existence, completeness and valuation of the reported assets in Note 9 Property, Plant and Equipment as at 31 December 2011. In addition, I was unable to confirm the accuracy of the associated depreciation expense for the financial year ended.

### *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 Visitors Bureau for the financial year ended 31 December 2011.

### **Report on Other Legal and Regulatory Requirements**

#### *Lack of compliance with the Solomon Islands Visitors Bureau Act 1996*

I also draw your attention to the fact that the Solomon Islands Board of Directors has not complied with Section 16 of SIVB Act 1996 in that it submitted its signed accounts to me more than two Years after end of the financial year ended 31 December 2011.



Mr. Robert Cohen  
Acting Auditor-General

Office of the Auditor-General  
Honiara, Solomon Islands

9 April 2014