



Pacific
Community
Communauté
du Pacifique

Pacific Community Financial Statements for 2017



SPC
Corporate

Pacific Community

Financial Statements

for 2017

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Pacific Community
Financial Statement and
Audit Report for the year
ending 31 December 2017





INDEPENDENT AUDITORS' REPORT

To the Members of Pacific Community

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Pacific Community ("SPC"), which comprise the statement of financial position as at 31 December 2017, the statements of financial performance, changes in net assets/ equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SPC as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of SPC in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of SPC as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on July 13, 2017.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing SPC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate SPC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SPC's financial reporting process.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

To the Members of Pacific Community – continued

Report on the Audit of the Financial Statements – Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 SPC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SPC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause SPC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



To the Members of Pacific Community – continued

Report on the Audit of the Financial Statements – Continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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3 May, 2018
Suva, Fiji

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Pacific Community (SPC)

Financial Statements for the year ended 31 December 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 Euro	2016 Euro Restated ¹
Cash and cash equivalents	7	48,981,526	34,909,979
Held to Maturity Term deposits	7	11,694,912	15,468,848
Assessed contributions receivable	8	1,300,953	3,513,124
Other receivables	9	423,236	131,431
Partner Advances		4,202,869	3,780,772
Project funds receivable	16	3,349,790	4,266,188
Inventories		490,647	602,878
Current Assets		70,443,933	62,673,220
Intangibles	11	19,551	4,384
Property, plant and equipment	10	20,379,322	20,507,030
Non-current Assets		20,398,873	20,511,414
Total Assets		90,842,806	83,184,633
Assessed contributions payable	8	-	1,717,900
Creditors and accruals	12	5,900,376	5,147,373
Loans	14	398,476	339,519
Project funds unexpended	16	46,330,054	42,907,811
Deferred income - property, plant & equipment	15	506,736	725,417
Provisions	13	11,041,294	4,995,360
Current Liabilities		64,176,936	55,833,380
Deferred income - property, plant & equipment	15	1,906,812	1,960,639
Loans	14	3,692,102	4,090,581
Provisions	13	1,515,375	3,005,604
Non-current Liabilities		7,114,289	9,056,824
Total Liabilities		71,291,225	64,890,204
NET ASSETS		19,551,581	18,294,430
General reserve		11,120,607	10,318,928
Specific reserves		572,530	572,530
Special funds	17	7,858,444	7,402,972
TOTAL EQUITY		19,551,581	18,294,430

The accompanying Notes form an integral part of these financial statements.

For the Pacific Community



Dr Colin Tukuitonga

Director-General



Martin Van Weerdenburg

Director Finance

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 31.

¹ Refer to note 3(3) and note 5 for changes in reporting currency and reclassification of certain comparatives, respectively.

Pacific Community (SPC)

Financial Statements for the year ended 31 December 2017

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017			
		2017	2016
	Note	Euro	Euro Restated ¹
Voluntary contributions member countries	18	7,344,200	7,819,829
Assessed contributions and host grants	19	9,906,200	9,953,027
Project income	6	61,466,973	52,282,858
Housing income, net	17	490,579	509,651
Canteen income, net	17	(35,107)	(33,067)
Interest income	20	313,502	264,413
Foreign Exchange Gain		-	1,772,869
Other income		204,573	688,254
Total revenue		79,690,920	73,257,834
Staff costs	21	31,198,851	32,308,250
Communication costs		680,421	753,521
Operating and other	22	10,500,581	10,210,368
Foreign Exchange Loss		1,731,387	-
Capital assets projects		228,468	1,436,869
Transport and travel		10,269,463	10,245,532
Conference, training and workshop/fieldwork		2,135,545	2,358,352
Grants		5,646,857	5,336,460
Consultants		15,582,837	8,620,366
Depreciation and amortisation(net)	10(b)	366,160	1,034,019
Finance costs-bank fees		93,199	98,019
Total expenses		78,433,769	72,401,756
Total Operating Surplus for the year		1,257,151	856,078

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 31.

¹ Refer to note 3(3) and note 5 for changes in reporting currency and reclassification of certain comparatives, respectively.

Pacific Community (SPC)

Financial Statements for the year ended 31 December 2017

STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017										
Notes	General Reserves	Specific Reserves				Special Funds			Total	
		Emergency evacuation	P&E replacement	Minor works	Foreign exchange	Total	Housing	Canteen		Total
Balance as at 1 January 2016	10,043,440	25,140	103,521	167,600	172,262	468,523	6,808,843	117,545	6,926,388	17,438,351
Operating surplus	856,079	-	-	-	-	-	-	-	-	856,079
(Surplus) / deficit - related to special funds	(476,584)	-	-	-	-	-	509,651	(33,067)	476,584	-
Exchange adjustment	(104,007)	-	-	-	104,007	104,007	-	-	-	-
Balance as at 31 December 2016	10,318,928	25,140	103,521	167,600	276,269	572,530	7,318,494	84,478	7,402,972	18,294,430
Balance as at 1 January 2017	10,318,928	25,140	103,521	167,600	276,269	572,530	7,318,494	84,478	7,402,972	18,294,430
Operating surplus	1,257,151	-	-	-	-	-	-	-	-	1,257,151
Surplus / (deficit) - related to special funds	(455,472)	-	-	-	-	-	490,579	(35,107)	455,472	-
Balance as at 31 December 2017	11,120,607	25,140	103,521	167,600	276,269	572,530	7,809,073	49,371	7,858,444	19,551,581

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 31.

Pacific Community (SPC)

Financial Statements for the year ended 31 December 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017			
	Note	2017 Euro	2016 Euro Restated ¹
Cash flow from Operating Activities			
Contributions received from members and non-members		87,018,619	57,626,663
Rentals from housing		1,669,644	1,775,187
Canteen sales		504,620	582,214
Interest received		313,502	240,807
Cash inflows		89,506,385	60,224,871
Salaries and related costs		(26,848,302)	(29,765,964)
Payment for supply and services		(51,644,288)	(34,723,698)
Housing expenses		(1,179,065)	(1,002,390)
Canteen purchases		(539,727)	(607,596)
Interest payments		(80,357)	(113,439)
Cash outflows		(80,291,739)	(66,213,087)
Net cash flows provided by / (used in) operating activities		9,214,646	(5,988,216)
Cash flow from Investing Activities			
Proceeds from sale of property, plant and equipment		-	571,935
Purchase of property, plant and equipment		(1,241,862)	(984,032)
Withdrawal/(addition) of term deposits		3,773,936	(4,645,553)
Net cash flows provided by / (used in) investing activities		2,532,074	(5,057,650)
Cash flow from Financing Activities			
Loan Repayment		(339,522)	(837,842)
Net cash flows (used in) financing activities		(339,522)	(837,842)
Net increase / (decrease) in cash held		11,407,198	(11,883,708)
Cash and cash equivalents at the beginning of the year		34,909,979	45,594,336
Movements on exchange rates on cash held		2,664,349	1,199,351
Cash and cash equivalents at the end of the year	7	48,981,526	34,909,979

¹ Refer to note 3(3) and note 5 for changes in reporting currency and reclassification of certain comparatives, respectively.

Pacific Community (SPC)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Revised budget	Actual	Difference ¹
Core funds		17,250,385	17,250,400	15
Interest income		83,800	313,502	229,702
Other income		-	204,573	204,573
Project funds		67,223,104	61,466,973	(5,756,131)
Self funding units (special funds)		-	455,472	455,472
Total revenue		84,557,289	79,690,920	(4,866,369)
Office of the Director General		3,831,420	3,766,658	(64,762)
Operations and Management		5,284,344	8,242,162	2,957,818
Total administration expenditure		9,115,764	12,008,820	2,893,056
Geoscience		16,732,095	12,459,809	(4,272,286)
Economic Development		17,196,263	11,400,621	(5,795,642)
Eduction Quality Assessment (EQAP)		1,025,209	1,871,059	845,850
Fisheries, Aquaculture & Marine Ecosystems (FAME)		11,311,156	11,948,279	637,123
Land Resources		11,973,931	10,124,659	(1,849,272)
Public Health		3,491,276	4,633,479	1,142,203
Social Development		2,925,290	3,773,604	848,314
Climate Change (CCES)		7,086,044	6,500,773	(585,271)
Statistics for Development		3,643,373	3,712,666	69,293
Total programmes expenditure		75,384,637	66,424,949	(8,959,688)
Total divisional expenditure	6	84,500,401	78,433,769	(6,066,632)
Net operating surplus / (deficit) for the year		56,888	1,257,151	1,200,263

¹ Refer to note 23 for explanation of material differences between budget and actual.

PACIFIC COMMUNITY (SPC)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Note 1

Reporting entity

1. The principal activity of the Pacific Community (SPC) is to undertake research and provide technical assistance and training in support of the economic and social development of its 26 Pacific Island member countries and territories. SPC is an international development organisation, domiciled in New Caledonia, with regional offices in Fiji, Vanuatu, Solomon Islands and Federated States of Micronesia. SPC has diplomatic status in each of these countries. The foundation document giving legal status to SPC is the Canberra Agreement of 1947. The controlling body of SPC is the Conference of the Pacific Community, which meets every two years. In the years the Conference does not meet, the Committee of Representatives of Governments and Administrations (CRGA) is empowered to make decisions on the governance of SPC.

Note 2

Statement of compliance with International Public Sector Accounting Standards (IPSAS)

1. The annual financial statements of SPC have been prepared in accordance with IPSAS.

Note 3

Basis of preparation and authorisation for issue

Basis of measurement

1. These financial statements are prepared on an accrual basis of accounting in accordance with IPSAS.
2. SPC applies the historical cost basis and does not take into account changes in money values, except where stated otherwise.

Foreign currency

3. Items included in the financial statements of the organisation are measured using the currency of the primary economic environment in which the organisation operates ('the functional currency'). As approved by the CRGA Subcommittee on Strategic Plan Implementation in December 2016, the functional and presentation currency of SPC has been changed from Comptoirs Français du Pacifique (CFP) to euro, effective 1 January 2017. The financial statements for 2016 were presented in units of CFP, which have been restated to euro for comparative purpose. CFP currency is pegged to euro at the rate of 119.3317422. The reason for the change was to adopt a common currency for operational and reporting purpose for all SPC locations, and since the majority of our income and reported expenditure is reported to donors denominated in euro or a currency that is pegged to the euro. It also resulted in better understanding of the financial information in a currency that is internationally recognised. Since SPC's budgets are presented in euro, this change allows comparison of the information in the financial statement to the budgets, and enables users to more easily make relevant decisions based on SPC's financial information.
4. Foreign currency transactions are translated into the functional currency at the mid-point of the exchange rates prevailing at the date of the transaction, except for transactions denominated in CFP, which are translated at a pegged exchange rate of 119.3317422.
5. Non-monetary items in foreign currencies measured at historical cost are translated at the exchange rate in effect at the date of transaction.
6. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the statement of financial performance.



Critical accounting estimates

7. Estimates and judgments are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The organisation makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognised in the year in which the estimates are revised and in any future year affected.

Significant estimates and assumptions include: determination of functional currency; selection of useful life and the depreciation/amortisation method for property, plant and equipment/intangible assets; impairment on assets; liabilities for expatriate repatriation costs; and contingent assets and liabilities.

8. These financial statements are certified by the Director-General and presented to the organisation's governing body, the Committee of Representatives of Governments and Administrations (CRGA), for adoption. The financial statements were authorised for issue on _____ 2018.

Note 4

Significant accounting policies

Financial assets classification

1. SPC classifies financial assets as either held to maturity or loans and receivables. At balance date the financial assets held by SPC are cash and cash equivalents, term deposits and receivables. The values are determined at fair value on initial recognition and subsequently measured at amortised cost using the effective interest method.
2. Financial assets with maturities in excess of 12 months at the reporting date are categorised as non-current assets in the financial statements. Assets denominated in foreign currency are translated into euro at the mid-point rate of exchange prevailing at the reporting date, with gains and losses recognised in the statement of financial performance.
3. Cash and cash equivalents include cash and short-term, highly liquid assets, including term deposits with original maturity less than three months that are readily convertible to known amounts of cash and are subject to insignificant changes in value. These are held with banks and other reputable financial institutions.
4. Financial assets which SPC has intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost. This relates to SPC's investments in term deposits with an original maturity of more than three months.
5. Assessed contributions receivable represent uncollected statutory revenue from member countries and territories based on enforceable commitments which are recognised as revenue. These are carried at amortised cost less impairment for estimated unrecoverable amounts.

Provision for doubtful debts

6. SPC assesses the impairment of doubtful debts at each balance date. Currently all balances over four years old are provided for in full. In addition, specific provisions have been made where balance receivable is doubtful.
7. SPC provides loans to staff for specified purposes in accordance with the Manual of Staff Rules. These advances have a maturity of not more than 18 months, and the carrying amount is stated at amortised cost less any impairment. This carrying value approximates fair value.

Inventories

8. SPC holds inventories in the staff canteen, which are goods purchased for resale. Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first-in, first-out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property, plant and equipment

9. All items of property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses. This includes costs that are directly attributable to the acquisition of the asset and the initial estimate of dismantling and site restoration costs. Where an asset is acquired for nil or nominal consideration, the fair value at the date of acquisition is deemed to be its cost. The threshold for the recognition of property, plant and equipment as an asset is EUR 2,500 or more per unit.

10. Subsequent costs are capitalized only when it is probable that future economic benefits associated with the item will flow to SPC and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of financial performance in the year in which they are incurred.
11. All core assets are fully controlled by SPC and are capitalised at cost. The depreciation of these assets are charged to the statement of financial performance. SPC has capitalised project assets at cost for which the organisation retains effective control, while those that are controlled by third parties have not been capitalised.
12. Property, plant and equipment includes right-to-use arrangements for property that meets the criteria for recognition (refer to the section on 'right to use arrangements' in policy note 34).
13. Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives, except for land, which is not subject to depreciation. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items. Assets under construction are not depreciated, until complete and made available for use.

The rates of depreciation used are based on the following estimated useful lives:

• Motor vehicles, equipment, furniture and fittings	5 years
• Computer equipment	3 years
• Buildings	10–50 years

SPC's building assets comprise office buildings as well as residential properties. The headquarter buildings and the residential complex, which together comprises the major portion of the buildings portfolio, are depreciated by components. The useful life of components varies between 10–50 years, and is described below:

Structure, survey and architect fees	40 years
Roof, painting, electrical wiring, plumbing, air-conditioning, carpentry, etc.	20 years
Roads and utilities	40 years
Internal and external arrangements	10 years

14. Given the expected pattern of usage of property, plant and equipment, there are no residual values following full depreciation. A gain or loss resulting from the disposal of property, plant and equipment arises where proceeds from disposals differ from carrying amount. Gains or losses on disposal are recognised in the statement of financial performance.

Deferred Income

15. Fixed assets acquired for the purpose of immediate transfer to implementing partners/agencies will not be capitalised by SPC, and these are kept in deferred Income. All depreciation in relation to project assets is to be charged against deferred income.

Intangible Assets

16. Intangible assets are carried at historical cost, less accumulated amortisation and accumulated impairment loss. These assets are amortised over three years.
17. Acquired computer software licences are capitalised based on costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with the development of software for use by SPC are capitalised as an intangible asset.
18. Amortisation is recognised in the statement of financial performance on a straight-line basis on all intangible assets of finite life and at rates that will write off the cost or value of the assets to their estimated residual values.

Impairment of non-cash generating assets

19. Non-building assets within SPC's property, plant and equipment portfolio are non-cash generating assets, along with intangibles. These are reviewed for impairment at each reporting date. SPC reviews property, plant and equipment for impairment during the annual physical verification process. An impairment loss is recognised in the statement of financial performance when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use.

20. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the impairment of value has decreased or no longer exists. 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 and amortisation, if no impairment deficit had been recognised.
21. SPC has an immaterial portfolio of cash-generating building assets, which are currently surplus to requirements and rented externally for the purpose of generating a commercial return. However, the primary objective of holding these assets is not for the purpose of generating a commercial return, and therefore no impairment test is applied under the requirements of cash-generating assets.

Financial liabilities classification

22. Financial liabilities consist of accounts payables, accrued liabilities, other liabilities and payables. SPC also has commercial loans taken for the purchase of staff residential housing.
23. Payables and accruals arising from the purchase of goods and services are initially recognised at fair value and subsequently measured at amortised cost when goods and services are delivered/rendered and accepted by SPC. Liabilities are stated less any payment discounts at the reporting date. Liabilities are estimated where invoices are not available at the reporting date.
24. Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest method. Interest paid or payable and service fees are recognised in the statement of financial performance using the effective interest method as it accrues.

Projects fund unexpended

25. Funds received in advance represent contributions received for future periods specified in donor contribution agreements. The funds are only recognised as revenue and applied to the earmarked activities in the specified future period. Project funds unexpended represents funds received from donors that will be recognised as revenue in future years when conditions are met or the revenue is earned, which is generally upon use of funds for project activities.
26. Programme management fees are charged by SPC to recover part of the overhead cost to SPC as project implementer, and are recognised as income as projects are implemented. As the outcome of the service provided can be estimated reliably, revenue associated with these transactions will be recognised by reference to the stage of completion of these transactions at the reporting date.

Employee benefits

Short-term employee benefits

27. Short-term employee benefits are those that are expected to be settled within 12 months after the end of the year in which employees render the related service. Those benefits include home leave benefits, wages and salaries, compensated absences, and other short-term and non-monetary benefits provided to current employees. An expense is recognised when a staff member provides services in exchange for employee benefits. A liability is reported for any entitlement that has not been settled at the reporting date, and represents the amount paid or expected to be paid to settle the liability. Owing to the short-term nature of these entitlements, the liabilities are not discounted for the time value of money and are presented as current liabilities.

Post-employment benefits

28. Post-employment benefits are those payable after completion of service, but exclude termination payments.
29. Post-employment benefits include a pension plan (SPC Provident Fund) and a repatriation grant. The SPC Provident Fund is a defined contribution benefit plan.
30. For the defined contribution post-employment plan, the obligation for each year is determined by the amounts to be contributed for the year, and no actuarial assumptions are required to measure the obligation or the expense.
31. The accounts of the SPC Provident Fund are audited by independent external auditors and reported to the SPC's governing body every year.

Other long-term employee benefits

32. Other long-term employee benefits obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. These benefits include the non-current portion of home leave.

33. Termination benefits are recognised as an expense only when SPC is demonstrably committed, without realistic possibility of withdrawal, to either terminate the employment of a staff member before the normal contract end date, or to provide termination benefits or gratuity as a result of an offer made in order to encourage voluntary redundancy. Termination benefits are ordinarily settled within 12 months and are reported at the amount expected to be paid.

Right-to-use arrangements

34. Where SPC has signed an agreement for the right to use assets without legal title/ownership of the asset, for example through donated freehold lease of land at no cost, the transaction is a non-exchange transaction. In this case, an asset and revenue is recognised at the point the agreement is entered into. Recognition of an asset is contingent upon satisfying the criteria for an asset. Valuation of the asset will be at the fair value of the resource for which the right to use was acquired at the date of acquisition. The asset is depreciated over the shorter of the asset's useful life and the right-to-use term. Revenue is also recognised at the same amount as the asset, except to the extent that a liability is also recognised.

Revenue recognition

Contributions

35. Assessed contributions are non-exchange transactions that are recognised as revenue at the beginning of each financial year, as these constitute statutory membership obligations from member countries and territories.
36. Voluntary contributions are non-exchange transactions that are recognised as revenue when contribution agreements become enforceable, or when cash is received in accordance with SPC's finance rules and regulations.
37. Grants and project funding represent support with donor-imposed conditions and can be restricted or unrestricted. Unrestricted grants are grants received that SPC may freely use for its mandated activities. Restricted grants are received in support of specified projects or activities mutually agreed upon between SPC and donors.
38. Restricted grants or project funding are only recognised as income upon the fulfilment of donor-imposed conditions.
39. Unrestricted grants or project funding are recognised upon the receipt of the confirmed commitment.
40. Other revenues and gains are recognised as they are earned.

Expense recognition

41. Expenses are recognised when goods/services are delivered/rendered and accepted by SPC or as specified below.
42. Where SPC is the principal implementer/manager in a project and engages sub-recipients to implement specific project activities on SPC's behalf through secondary contractual arrangements, advances to these organisations are recognised as expenses only upon receipt of supporting documentation confirming acceptable expenditure, and the receipt of the related goods/services as per donor requirements.

Financial risk management

43. The organisation is exposed to a variety of financial risks: market risk (such as currency risk and interest rate risk), credit risk and liquidity risk. The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the organisation's financial performance.

CRGA provides principles for overall risk management, as well as policies covering specific areas.

Foreign exchange risk

44. The organisation is exposed to foreign exchange risk arising from currency exposure, primarily with respect to the Australian, Fiji, New Zealand and United States dollars. In particular, foreign exchange risk arises from contributions received and transactions occurring in foreign currencies and monetary assets and liabilities denominated in foreign currencies.

To manage the foreign exchange risk, the organisation has opened bank accounts in different currencies to obtain the most favourable outcome and to settle foreign currency liabilities in the currency received from donors.

The organisation's exposure to foreign currency risk was as follows, based on notional amounts:

Currency	2017	2016
AUD	5,156,628	1,345,042
NZD	1,793,782	433
USD	5,125,618	3,226,474
FJD	3,478,303	49,973,204

The following significant exchange rates against the euro applied during the year:

Currency	YEAR END RATE	
	2017	2016
AUD	0.6513	0.6825
NZD	0.5917	0.6566
USD	0.8335	0.9422
FJD	0.4053	0.4498

Sensitivity analysis

45. A 10 per cent strengthening or weakening of the foreign currency against the euro as at 31 December 2017 would have increased or decreased respectively equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	AUD		NZD		USD		FJD	
Profit or loss 2017	+	335,851	+	106,138	+	427,220	+	140,976
	-		-		-		-	
Profit or loss 2016	+	91,799	+	28	+	303,998	+	2,247,794
	-		-		-		-	

Credit risk

46. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit risk with respect to receivables is limited due to the sovereign debt status of the Assessed Contributions owed by member countries and territories, and thus not considered a significant risk. At balance sheet date there were no significant concentrations of credit risk.

Liquidity risk

47. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of cash and committed credit facilities.

The organisation's financial liabilities are analysed below into relevant groupings based on the remaining period at balance date to contractual maturity date.

Financial Liabilities	Upto 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Creditors and accruals	5,900,376	-	-	-	5,900,376
Loans	398,476	401,773	1,153,858	2,136,471	4,090,578
Total	6,298,852	401,773	1,153,858	2,136,471	9,990,954

Cash flow and fair value interest rate risk

Financial Assets

48. SPC's held to maturity investments (financial assets) are at fixed interest rates and, accordingly, exposure to interest rate risk is not considered material.

Financial liabilities

49. SPC's borrowings (financial liabilities) are at variable interest rates. SPC has assessed that the interest rate when the loans were taken and the current interest rate have changed very minimally and, accordingly, exposure to interest rate risk is not considered material.

Additionally, SPC does not account for any fixed rate financial asset and financial liability at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the statement of financial performance. Furthermore, the financial asset and financial liability are carried at amortized cost and considered a reasonable approximation of its fair value.

Reserves

General reserves

50. 'General reserve fund' means the general purpose fund created out of the initial working funds of the organisation, and into which the annual operation of the operating fund is closed off.

Specific reserves

51. 'Specific funds' means funds set up by the Director-General for specific purposes, as approved by the Governing Body. They are regarded as encumbered and generally not available for use other than for the specific purpose.

Special Funds

52. 'Special funds' means funds set up specially for self-funding entities, namely the housing fund and canteen fund.

Commitments, provisions and contingencies

Commitments

53. Commitments are future expenses and liabilities to be incurred on contracts entered into at the reporting date for which SPC has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments relating to employment contracts are excluded. Commitments include:

- capital commitments – aggregate amount of capital expenses contracted for but not recognised as paid or provided for at year end;
- contracts for the supply of goods and services that SPC expects to be delivered in the ordinary course of operations; and
- other non-cancellable commitments.

Provisions

54. A provision is recognised if, as a result of a past event, SPC has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenses expected to be required to settle the obligation.

Contingencies

55. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable. If it has become virtually certain that an asset is no longer contingent and that its value can be measured reliably, the asset and the related revenue are recognised in the year in which the change occurs.

56. A contingent liability is disclosed unless the possibility that it will be realised is remote. If it becomes probable that a contingent liability will be realised, a provision is recognised in the year in which the change of probability occurs.

Income Tax

57. SPC is an international non-profit organisation and is exempt from income tax.

Offsetting of income and expenses

58. Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises where gains and losses arise from similar transactions.

Offsetting assets and liabilities

59. Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is a current enforceable legal right to offset the asset and liability and intention to settle on a net basis or to realise the asset and settle liability simultaneously.

Note 5

Changes to comparatives

1. To improve presentation and/or to account for new operating developments, the following reclassifications and presentation adjustments were made:
 - (a) The comparative figures were restated to euro from CFP. The exchange rate was 119.3317422, which is a pegged rate between CFP units and euro;
 - (b) Project receivable and payable balances are now presented together in Note 16. Previously balances were disclosed separately with other receivables in Note 9 and creditors and accruals in Note 12. Partner advances have been reclassified from payables to receivables.

The following comparatives have been restated in the Statement of Financial Position as at 31 December 2017:

Balance Sheet	2016	2016 restated
Other receivables	37,134	131,431
Partner Advances	-	3,780,772
Creditors and accruals	(5,053,075)	(5,147,373)
Project funds unexpended	(39,127,040)	(42,907,811)
Total	(44,142,981)	(44,142,981)

The following comparatives have been restated in the Statement of Cash Flow for the year ended 31 December 2017:

Cash flow	2016	2016 restated
Payment for supply and services	(33,053,967)	(34,723,698)
Purchase of property, plant and equipment	(2,292,254)	(984,032)
Loan Repayment	-	(837,842)
Movements on exchange rates on cash held	-	1,199,351
Total	(35,346,221)	(35,346,221)

Note 6

Segment reporting

1. SPC segments its funding sources based on its obligations to the donor and/or member country or territory. This segmentation also helps the organisation to set objectives and make decisions about the future allocation of resources to priority areas.

Core funds

2. Core funds are primarily assessed membership contributions, levied against each member country and territory. These funds are separately tracked, and SPC is free to use these funds as it sees fit. It also includes related miscellaneous earnings, such as interest income. The annual financial statements are the only required reporting to the membership on the use of these funds.

Project funds

3. Project funds are those provided to SPC from donor organisations and member countries and territories over and above their statutory payments under core funds, for specific projects and purposes. SPC is not free to use these funds as it sees fit. Use and financial reporting must be in line with the donor requirements. SPC does earn a project management fee that is accounted as cost recovery under administration as these project funds are expended.

Special funds

4. Special funds are internally generated from the canteen operation and housing unit. The canteen is a shop selling store goods as well as duty-free products exclusively to staff. The housing unit manages SPC's residential properties, which are occupied by SPC staff. SPC pays 75% of the rental to the housing unit, while staff pay 25%. There are no restrictions on SPC on how it chooses to use any surpluses generated from these operations.

SEGMENT REPORTING--STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017										
	2017	2016	2017	2016	2017	2016	2017	2016	2016	2016
	Core	Core	Project	Project	Special	Special	Special	Special	Total	Total
	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds	Funds
Income										
Member countries contributions	17,250,400	17,772,855	48,536,877	20,659,478	-	-	-	-	65,787,277	38,432,333
Non-members contributions	-	-	12,930,096	31,623,380	-	-	-	-	12,930,096	31,623,380
Housing, net	-	-	-	-	490,579	490,579	509,651	509,651	490,579	509,651
Canteen, net	-	-	-	-	(35,107)	(35,107)	(33,067)	(33,067)	(35,107)	(33,067)
Program management fees	-	-	-	-	-	-	-	-	-	-
Other (inc interest)	518,075	2,725,536	-	-	-	-	-	-	518,075	2,725,536
Total Income	17,768,475	20,498,391	61,466,973	52,282,858	455,472	455,472	476,584	476,584	79,690,920	73,257,833
Expenditure										
Office of the Director-General	3,143,148	2,642,249	623,510	2,340,603	-	-	-	-	3,766,658	4,982,852
Operations and Management	7,156,066	7,587,673	1,086,096	1,057,861	-	-	-	-	8,242,162	8,645,534
Total - Administration	10,299,214	10,229,922	1,709,606	3,398,464	-	-	-	-	12,008,820	13,628,386
Geoscience	1,365,115	1,974,001	11,094,694	12,528,376	-	-	-	-	12,459,809	14,502,377
Economic Development	271,640	459,659	11,128,981	4,635,675	-	-	-	-	11,400,621	5,095,334
Educational, Quality & Assessment	208,515	607,112	1,662,544	2,482,392	-	-	-	-	1,871,059	3,089,503
Fisheries, Aquaculture & Marine Ecosystems	1,855,294	2,320,939	10,092,985	7,763,414	-	-	-	-	11,948,279	10,084,353
Land Resources	1,012,686	1,520,578	9,111,973	8,948,462	-	-	-	-	10,124,659	10,469,040
Public Health	429,777	1,232,423	4,203,702	1,916,936	-	-	-	-	4,633,479	3,149,359
Social Development	592,889	774,625	3,180,715	2,717,235	-	-	-	-	3,773,604	3,491,860
Climate Change (CCES)	138,277	93,982	6,362,496	5,483,575	-	-	-	-	6,500,773	5,577,557
Statistics for Development	793,389	905,656	2,919,277	2,408,329	-	-	-	-	3,712,666	3,313,985
Total - Programmes	6,667,582	9,888,975	59,757,367	48,884,394	-	-	-	-	66,424,949	58,773,369
Total Expenditure	16,966,796	20,118,897	61,466,973	52,282,858	-	-	-	-	78,433,769	72,401,754
Net surplus for the year	801,679	379,494	-	-	455,472	455,472	476,584	476,584	1,257,151	856,078

Note 7

Cash and cash equivalents

	31/12/2017	31/12/2016
Cash held in bank accounts	48,957,096	34,905,845
Petty cash	24,430	4,134
Total Cash and cash equivalents	48,981,526	34,909,979
Held to Maturity Term Deposits	11,694,912	15,468,848
Total Held to Maturity Term Deposits	11,694,912	15,468,848
Total Cash & cash equivalents and Held to Maturity Term Deposits	60,676,438	50,378,827

Cash & cash equivalents and Held to Maturity Term Deposits by Currency

	31/12/2017	31/12/2016
Australian dollar	3,358,316	917,985
Comptoirs français du Pacifique (CFP)	8,947,961	12,016,778
Euro	40,549,848	11,377,257
Fijian dollar	1,409,889	22,477,947
Great Britain pound sterling	564,031	275,401
New Zealand dollar	1,061,437	284
Samoan tala	17,644	7,566
Solomon dollar	257,655	115,460
Tongan pa'anga	37,527	-
United States dollar	4,271,978	3,039,984
Vanuatu vatu	200,152	150,165
Total	60,676,438	50,378,827

Note 8

Assessed contributions receivables and payables

	12/31/2017	31/12/2016
Assessed contributions receivable	2,004,753	3,996,548
Provision for impairment	(703,800)	(483,424)
Total assessed contribution receivable	1,300,953	3,513,124
Assessed contributions received in advance	-	1,717,900
Total assessed contributions payable	-	1,717,900
Aging analysis of contribution receivable that are past due:		
1 day - 1 year	1,381,378	3,247,836
2-4 years	298,375	472,777
over 4 years	325,000	275,935
Provision for impairment	(703,800)	(483,424)
Assessed contribution receivables	1,300,953	3,513,124

Note 9

Other receivables and prepayments

	31/12/2017	31/12/2016
Receivable from canteen	44,096	47,029
Deposits and bonds	71,226	19,322
Receivable from staff	97,119	65,080
Receivable from other debtors	210,795	-
Total other receivables	423,236	131,431

Note 10

Property, plant and equipment

1. SPC has two broad categories for property, plant and equipment: core and project assets. Core assets also include assets purchased and recorded by the housing unit, the results of which are classified under Special Funds. The category of asset is primarily determined by the funding source from which an asset is purchased, and where funds are provided for capital renovations a secondary consideration is given to the pre-existing category of the asset undergoing renovations.
2. As at 31 December 2017 SPC did not have any impairment on property, plant and equipment.

PROPERTY, PLANT & EQUIPMENT										
Description	Land	Buildings	Total Property	General Equipment	Computer Equipment	Furniture	Housing	Motor Vehicles	Construction In Progress	Total Euro
Cost or Valuation										
At 31 December 2016	6,392,274	27,962,415	34,354,689	4,154,401	7,891,340	1,288,572	264,995	1,638,870	708,661	50,301,528
Additions (a) ¹	-	2,838	2,838	179,987	115,415	2,652	-	58,717	882,253	1,241,862
Disposals	-	(85,664)	(85,664)	(958,885)	(4,094,027)	(955,706)	(177,136)	(171,222)	-	(6,442,640)
Transfer	-	1,541,709	1,541,709	-	-	-	-	-	(1,541,709)	-
At 31 December 2017	6,392,274	29,421,298	35,813,572	3,375,503	3,912,728	335,518	87,859	1,526,365	49,205	45,100,750
Accumulated Depreciation										
At 31 December 2016	-	(15,667,393)	(15,667,393)	(3,765,705)	(7,494,047)	(1,275,981)	(262,735)	(1,330,636)	-	(29,794,497)
Depreciation (b) ²	-	(545,710)	(545,710)	(179,336)	(262,890)	(6,135)	(712)	(148,398)	-	(1,143,181)
Depreciation on disposals	-	48,070	48,070	896,709	4,011,090	947,209	175,588	137,584	-	6,216,250
At 31 December 2017	-	(16,165,033)	(16,165,033)	(3,048,332)	(3,745,847)	(332,907)	(87,859)	(1,341,450)	-	(24,721,428)
Written Down Value										
As at 31 December 2017	6,392,274	13,256,265	19,648,539	327,171	166,881	2,611	-	184,915	49,205	20,379,322
Made up of:-										
Core	6,392,274	11,255,997	17,648,271	88,579	125,614	2,611	-	71,045	-	17,936,120
Project	-	2,000,268	2,000,268	238,592	41,267	-	-	113,870	49,205	2,443,202
	6,392,274	13,256,265	19,648,539	327,171	166,881	2,611	-	184,915	49,205	20,379,322
Written Down Value										
As at 31 December 2016	6,392,274	12,295,022	18,687,296	388,696	397,292	14,590	2,260	308,234	708,661	20,507,030

¹ Refer to note 10 (a)

² Refer to note 10 (b)

(a) Additions	12/31/2017	31/12/2016
Core	834,394	223,621
Project	1,308,115	1,436,869
Special funds (housing)	641,062	628,730
Transfer project	(1,541,709)	(1,308,223)
	1,241,862	980,997
(b) Depreciation	12/31/2017	31/12/2016
Property, plant & equipment-core	366,160	861,104
Property, plant & equipment-project	493,871	856,949
Intangibles-core	-	368
Intangibles-project	12,249	5,136
Core and project	872,280	1,723,557
less Deferred Income Offset	(506,120)	(689,538)
Net Dep - Core and Projects	366,160	1,034,019
Special funds (housing) Note 17	283,150	273,947
Total depreciation and amortisation	1,155,430	1,997,504
Made up of:-		
Property, plant & equipment	1,143,181	1,992,000
Intangibles	12,249	5,504
	1,155,430	1,997,504

Note 11

Intangibles assets

	Cost	Amortisation	Total
As at 31 December 2016	488,756	(484,372)	4,384
Exchange adjustment Suva	-	-	-
Additions	29,326	-	29,326
Amortisation expense	-	(12,249)	(12,249)
Disposals	(138,030)	136,120	(1,910)
At 31 December 2017	380,052	(360,501)	19,551
Made up of:-	12/31/2017	12/31/2016	
Core	-	-	
Project	19,551	4,384	
	19,551	4,384	

As at 31 December 2017 SPC did not have any impairment on intangible assets.

Note 12

Creditors and accruals

	31/12/2017	31/12/2016
Trade creditors and accruals	4,441,615	2,218,764
Project and other creditors	743,961	2,928,609
Unspent programme fund	714,800	-
Total creditors and accruals	5,900,376	5,147,373

Note 13

Provisions

1. Post-employment benefits consist of relocation grants and charges to repatriate an employee's personal belongings and family to their home country. These benefits are established within the SPC Manual of Staff Rules. The provision for expatriate home leave has been based on a three-year cycle, with an estimate of the average family size and estimated airfares.
2. The value of the relocation grant is fixed and the repatriation entitlement is based on the estimated costs. No discount rate has been applied.
3. The organisation operates a defined contribution plan through the SPC Provident Fund. Staff and SPC contribute an equal percentage of base salary into this fund, which is invested in low-risk term deposits. The investment is paid out to the employee as a post-employment benefit. The organisation has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plan are charged to the income statement in the year to which they relate. The organisation has no further payment obligations once the contributions have been paid. The defined contribution plan is governed by the Provident Fund Rules of the Pacific Community.
4. The provision for ineligible project expenditures relates to donor funded projects where there are costs which are in dispute.

	Employee Entitlements	Project ineligible expenditures	Project other	Total
Opening 31/12/16	3,820,330	3,955,822	224,812	8,000,964
Addition	3,975,328	3,539,494	-	7,514,822
Writeback - used	(2,813,384)	-	(145,733)	(2,959,117)
Closing 31/12/17	4,982,274	7,495,316	79,079	12,556,669

	31/12/2017	31/12/2016
Current	11,041,294	4,995,360
Non-current	1,515,375	3,005,604
	12,556,669	8,000,964

Note 14

Loans

	31/12/2017	31/12/2016
Opening balance as at 1 January	4,430,100	5,267,942
Less capital repayment of loans	(339,522)	(837,842)
Total loans	4,090,578	4,430,100
Current	398,476	339,519
Non-current	3,692,102	4,090,581
	4,090,578	4,430,100

SPC has five secured-term loans with Banque Caledonienne d'Investment (BCI), two unsecured term loans with Banque de Nouvelle Calédonie (BNC) and one unsecured term loan with SPC Provident Fund ('the Fund'). All of these loans relate to property investment.

BCI secured term loans

1. The first loan facility (No: 21301149) has a principal amount of \$482,478, with outstanding balance of \$351,396 as at 31 December 2017. The loan is repayable in instalments of \$3,166 (including interest and principal) per month over a period of fifteen years ending April 2028, and attracts a variable interest rate of 2.17% per annum.

This facility is secured by the property located at 1R LOT 2+F4 DOMAINE ANSE VATA.

2. The second loan facility (No: 21305032) has a principal amount of \$527,940, with outstanding balance of \$401,105 as at 31 December 2017. The loan is repayable in instalments of \$3,389 (including interest and principal) per month over a period of fifteen years ending November 2028, and attracts a variable interest rate of 1.88% per annum.

This facility is secured by the property located at LOT 673 1R TRUBERT N'GEA.

3. The third loan facility (No: 21305033) has a principal amount of \$620,120, with outstanding balance of \$477,413 as at 31 December 2017. The loan is repayable in instalments of \$3,979 (including interest and principal) per month over a period of fifteen years ending January 2029, and attracts a variable interest rate of 1.88% per annum.

This facility is secured by the property located at LOT 379 53R REVERCE TUBAND.

4. The fourth loan facility (No: 21301173) has a principal amount of \$553,080, with outstanding balance of \$402,816 as at 31 December 2017. The loan is repayable in instalments of \$3,630 (including interest and principal) per month over a period of fifteen years ending April 2028, and attracts a variable interest rate of 2.17% per annum.

This facility is secured by the property located at 1R IMM BATI LT337 DOMAINE TUBAND.

5. The fifth loan facility (No: 21403173) has a principal amount of \$796,100, with outstanding balance of \$689,524 as at 31 December 2017. The loan is repayable in instalments of \$4,219 (including interest and principal) per month over a period of twenty years ending August 2034, and attracts a variable interest rate of 2.50% per annum.

This facility is secured by the property located at LOT 224 DOMAINE TUBAND.

BNC unsecured term loans

1. The first loan facility (No: 0026117 01) has a principal amount of \$1,592,200, with outstanding balance of \$965,258 as at 31 December 2017. The loan is repayable in instalments of \$9,411 (including interest and principal) per month over a period of seventeen years and nine months ending June 2027, and attracts a variable interest rate of 2.24% per annum.
2. The second loan facility (No: 0028680 01) has a principal amount of \$1,089,400, with outstanding balance of \$713,338 as at 31 December 2017. The loan is repayable in instalments of \$5,412 (including interest and principal) per month over a period of nineteen years and eleven months ending February 2030, and attracts a variable interest rate of 1.33% per annum.

The above loans are unsecured term facilities.

Provident Fund unsecured term loans

This loan facility has a principal amount of \$407,268, with outstanding balance of \$89,725 as at 31 December 2017. The loan is repayable in instalments of \$2,842 (including interest and principal) per month over a period of fourteen years and eleven months ending September 2020, and attracts a fixed interest rate of 3.15% per annum.

Note 15

Deferred Income-property, plant & equipment

Description	Buildings	General Equipment	Computer Equipment	Furniture	Housing	Motor Vehicles	Intangibles	Construction In Progress	Other	Total Euro
Cost or Valuation										
At 31 December 2016	1,193,227	1,558,120	1,529,101	146,510	38,002	719,682	176,418	694,953	-	6,056,013
Additions	197,353	107,663	-	-	-	29,286	29,326	43,840	-	407,468
Transfer	738,793	-	-	-	-	-	-	(738,793)	-	-
Disposals	(6,824)	(216,422)	(656,601)	(20,510)	(867)	(144,519)	(138,031)	-	-	(1,183,774)
At 31 December 2017	2,122,549	1,449,361	872,500	126,000	37,135	604,449	67,713	-	-	5,279,707
Accumulated Depreciation										
At 31 December 2016	(68,351)	(1,223,426)	(1,249,767)	(139,618)	(37,459)	(488,615)	(172,035)	-	-	(3,379,271)
Depreciation	(55,720)	(149,257)	(174,277)	(2,213)	(173)	(112,847)	(12,249)	-	-	(506,736)
Depreciation on disposals	1,790	161,915	592,808	15,831	497	110,882	136,125	-	-	1,019,848
At 31 December 2017	(122,281)	(1,210,768)	(831,236)	(126,000)	(37,135)	(490,580)	(48,159)	-	-	(2,866,159)
Other as at 31 December 2017	-	-	-	-	-	-	-	-	-	-
Other as at 31 December 2016	-	-	-	-	-	-	-	-	9,314	9,314
Written Down Value as at 31 Dec 2017	2,000,268	238,593	41,264	-	-	113,869	19,554	-	-	2,413,548
Written Down Value as at 31 Dec 2016	1,124,876	334,694	279,334	6,892	543	231,067	4,383	694,953	9,314	2,686,056
31/12/2017	31/12/2016									
Current	506,736	725,417								
Non-current	1,906,812	1,960,639								
	2,413,548	2,686,056								

Note 16

Project funds

SUMMARY OF DONOR FUNDS HELD/(RECEIVABLE) AS AT 31 DECEMBER 2017

	12/31/2017	12/31/2016
Funds held on behalf of donors (Refer Appendix A)	45,507,243	42,903,621
Provision for project write-off	-	4,190
Other Project liabilities	822,811	-
Project unexpended	46,330,054	42,907,811
Funds owing by donors	(3,349,790)	(4,374,335)
Donor invoices outstanding	-	108,147
Project receivable	(3,349,790)	(4,266,188)
Net amount held on behalf of donors	42,980,264	38,641,623

Note 17

Special funds

	Housing	Canteen	Total
Balance 1/1/16	6,808,843	117,545	6,926,388
Income	1,803,345	582,214	2,385,559
Expenses	(1,293,694)	(615,281)	(1,908,975)
Operating surplus/(deficit)	509,651	(33,067)	476,584
Balance 31/12/16	7,318,494	84,478	7,402,972
Income	1,683,966	504,620	2,188,586
Expenses	(1,193,387)	(539,727)	(1,733,114)
Operating surplus/(deficit)	490,579	(35,107)	455,472
Balance 31/12/17	7,809,073	49,371	7,858,444

Operating surplus / (deficit) is made up of the following:-

	Housing	Canteen	Total
Rental income	1,669,644	-	1,669,644
Canteen sales	-	504,620	504,620
Other income	14,322	-	14,322
Staff costs	(258,444)	(105,230)	(363,674)
Operating and other expenses	(571,130)	(434,497)	(1,005,627)
Depreciation and amortisation	(283,150)	-	(283,150)
Finance costs	(80,663)	-	(80,663)
	490,579	(35,107)	455,472

Note 18

Voluntary contributions by member countries

	12/31/2017	12/31/2016
Australia	7,039,200	7,514,829
France	305,000	305,000
Total	7,344,200	7,819,829

Note 19

Assessed contributions and host grants

	12/31/2017	12/31/2016
American Samoa	52,794	52,794
Australia	2,681,600	2,681,600
Cook Islands	43,576	43,576
Federated States of Micronesia	220,374	267,200
Fiji	162,237	162,237
France	2,095,000	2,095,000
French Polynesia	108,940	108,940
Guam	57,822	57,822
Kiribati	58,073	58,073
Marshall Islands	43,576	43,576
Nauru	46,174	46,174
New Caledonia	511,180	511,180
New Zealand	1,717,900	1,717,900
Niue	35,196	35,196
Northern Mariana Islands	52,794	52,794
Palau	43,576	43,576
Papua New Guinea	301,680	301,680
Pitcairn Island	35,196	35,196
Samoa	72,571	72,571
Solomon Islands	114,471	114,471
Tokelau	46,174	46,174
Tonga	63,353	63,353
Tuvalu	46,174	46,174
United States of America	1,188,003	1,188,003
Vanuatu	72,571	72,571
Wallis and Futuna	35,195	35,196
Total	9,906,200	9,953,027

Note 20

Interest income

	12/31/2017	12/31/2016
Interest on term deposits	308,207	254,473
Interest on receivables	5,295	9,940
Total	313,502	264,413

Note 21

Staff costs

	12/31/2017	12/31/2016
Salaries	19,614,655	21,155,791
Temporary / casual staff	158,517	397,487
Leave provisions	2,133,308	845,503
Bonus and special payments	131,916	148,818
Allowances	2,660,481	2,982,417
Housing	2,912,112	3,059,741
Overtime	140,686	130,385
Medical benefit	1,733,216	1,722,124
Provident fund	1,642,873	1,782,957
Other	71,087	83,027
Total	31,198,851	32,308,250

Note 22

Operating and other expenses

	12/31/2017	12/31/2016
External rental	221,750	658,585
Consumable supplies	3,563,166	3,510,902
Utilities	523,901	525,288
Freight & delivery	272,545	259,286
Provision for project expenditures	3,539,494	3,001,002
Provision for assessed contributions	220,400	148,224
Provision for other	60,912	21,408
Repairs and maintenance	941,408	911,260
Publications and production materials	717,643	601,701
Audit fees	151,631	160,208
Security	122,954	109,981
Other	164,777	302,523
Total	10,500,581	10,210,368

Note 23

Comparison to budget

1. The income against budget was lower because the actual execution rate of projects by divisions was lower than anticipated. The logistical challenges relating to procurement-based projects resulted in lower execution rates of projects.
2. The increase in expenditure over budget for the Operations and Management Division relate mainly to the provisioning of doubtful debts and ineligible project costs amounting to EUR 3.6m, mainly relating to the Geoscience Division, and the Fisheries, Aquaculture and Marine Ecosystems Division. These costs were offset by savings made during the SPC-wide prioritisation process.

Note 24

Related party disclosure

1. The related parties of SPC are:
 - i) SPC Provident Fund ('the Fund'); and
 - ii) key management personnel

SPC Provident Fund

SPC undertakes transactions with the Fund. These transactions arise out of the superannuation contribution made by SPC to the Fund and repayment of the loan from the Fund. Transactions with the Fund are on an arm's-length basis, and are transacted or recorded on normal organisational terms and conditions.

a) Amount owed to SPC Provident Fund

	12/31/2017	12/31/2016
Loan to SPC	89,726	120,434

b) Transaction with SPC Provident Fund

	12/31/2017	12/31/2016
Loan repayment	30,708	29,798
Superannuation contribution	2,028,306	2,306,621

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. During the year the executives identified as key management personnel were: Director-General, Deputy Directors-General (Suva and Noumea), Director of Strategic Planning and Learning, Director of Communication and Public Information, Director of Finance, Director of Information Services, Directors of Regional Offices (Melanesia and Micronesia), Director of Educational Quality and Assessment Programme, Director of Fisheries Aquaculture and Marine Ecosystems Division, Director of Geoscience Division, Director of Land Resources Division, Director of Public Health Division, Director of Social Development Programme, Director of Statistics, and Director of Climate Change and Environmental Sustainability.

The aggregate compensation of the key management personnel comprises short-term benefits only, and is set out below:

	<u>12/31/2017</u>	<u>12/31/2016</u>
Employee benefits	EUR 2,529,750	EUR 2,410,926

Note 25

Employee numbers

The average number of employees at the end of the financial year was 576 (2016: 600).

Note 26

Commitments and contingencies

Contingent assets

1. SPC has no contingent assets as at 31 December 2017 (2016: Nil)

Contingent liability

2. SPC has reported no contingent liability as at 31 December 2017 (2016: Nil)

Capital expenditure commitments

3. SPC has no capital expenditure approved and committed as at 31 December 2017 (2016: Nil).

Note 27

Subsequent events to balance date

No matters or subsequent events have arisen since end of the financial year that significantly affected or may significantly affect the operations or the state of affairs of SPC.



Disclaimer

The additional financial data presented on pages 33 to 40 is in accordance with the books and records of SPC which have not been subjected to the auditing procedures applied in our audit of the SPC for the year ended 31 December 2017. It should be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on this financial data and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the management of SPC) in respect of this data, including any errors or omissions therein, arising through negligence or otherwise however caused.

3 May, 2018
Suva, Fiji

KPMG
KPMG
Chartered Accountants

Appendix A

Detail of movement in project funds for the period 01 January 2017 to 31 December 2017 - by donor

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
Department of Foreign Affairs & Trade - Australia										
DPCA01X	Climate Change Environmental Sustainability	12/31/18	CCES - Sustainability	9,286	-	9,286	7,344	1,942	1,942	-
SDDA33X	Statistic for Development	12/31/17	AUSAID Census TA activities - 2009	84,901	(51,801)	33,100	-	33,100	33,100	-
HPRZ03X	Pacific Regional Rights Resource Team (RRRT)	7/1/12	RRRT-AUSAID	210,703	685,932	896,635	811,986	84,649	84,649	-
BASA01X	Educational quality and assessment programme		Scholarship - DFAT	32,220	62,263	94,483	9,400	85,084	85,084	-
LTBT02X	Trade and Agribusiness Programme	7/1/17	Pac Horticulture & Agri Mkt Access (PHAMA)	221,122	362,535	583,657	441,182	142,475	142,475	-
GWGA03X	Water and Sanitation Programme	1/1/14	AUSAID / SPC MCCA Programme for Tuvalu	161,409	-	161,409	3,562	157,847	157,847	-
ODSA02X	Decentralised Offices	10/17/14	SI-Tech-Assist. Ministry of Lands (Housing/Survey)	103,519	339,955	443,474	275,064	168,409	168,409	-
SDDA48X	Statistic for Development	7/1/16	DFAT Program to Strengthen Pacific Statistics	150,927	1,405,483	1,556,410	1,380,321	176,089	176,089	-
HPRZ25X	Pacific Regional Rights Resource Team (RRRT)	7/1/17	DFAT-RRRT Project	-	669,479	669,479	474,935	194,544	194,544	-
GWGA02X	Water and Sanitation Programme	1/1/14	AUSAID / SPC MCCA Program for Fiji, Tokelau Tonga	285,439	-	285,439	87,518	197,921	197,921	-
GOMC24X	Ocean and Islands Programme	2/23/17	Coastal Inundation Forecasting Demo Project	2,480	292,210	294,690	63,210	231,481	231,481	-
GOIP03X	Ocean and Islands Programme	1/1/18	Extended Continental Shelf Activities PPSLP-AUSAID	284,557	91,635	376,192	110,021	266,171	266,171	-
GOSL01X	Ocean and Islands Programme	7/1/12	Climate and Oceans Support Program in the Pacific	218,451	937,454	1,155,905	841,455	314,450	314,450	-
SDDA45X	Statistic for Development	March 2017	Strengthening EMS in the Pacific 2015-2017	1,043,539	471,654	1,515,193	1,187,670	327,523	327,523	-
HHZD14X	Human Development	1/1/13	Progressing Gender Equality in PICT's	141,761	1,112,325	1,254,086	795,937	458,150	458,150	-
BACA05X	Educational quality and assessment programme	6/8/17	3/31/18 Education Quality Assessment in the Pacific	65,045	1,019,704	1,084,750	597,902	486,847	486,847	-
SDDA51X	Statistic for Development	6/9/17	9/30/19 DFAT - Bilateral Technical Support for SB NSO	-	528,368	528,368	46	528,322	528,322	-
ODSA09X	Decentralised Offices	11/23/15	8/31/19 YAW Provinces phase2 Malaita/Western DFAT	-	787,100	787,100	202,106	584,995	584,995	-
HHYM16X	Human Development		PLP Support PYC activities - GA65710-1c	-	49,816	49,816	52,455	(2,639)	-	(2,639)
LFGR21X	Food and Nutritional Security Programme	5/10/17	12/31/18 DFAT73434-Dvlpmnt of CEPACT as SPC Area of Exclde	-	67,060	67,060	8,587	58,473	58,473	-
FCMG03X	Coastal Fisheries Programme	5/15/17	6/30/19 DFAT-CEAFM Project	-	249,638	249,638	13,825	235,813	235,813	-
GRD003X	Disaster Reduction Programme	9/30/17	3/31/22 DFAT-MFAT- PIEMA Project	-	418,141	418,141	449	417,692	417,692	-
HPRZ23X	Pacific Regional Rights Resource Team (RRRT)	5/1/17	4/30/20 DFAT Sols Access to Justice SI Project	-	132,898	132,898	38,312	94,585	94,585	-
EEEE201X	Energy Programme	4/26/12	6/30/19 Pacific Appliance Labelling and Standards	699,140	10,149	709,289	279,560	429,729	429,729	-
MULT	Multiple Divisions	2015	2017 DFAT Aust.- Pgm Funding 2015-2017	3,958,672	3,140,800	7,099,472	7,099,472	-	-	-
PDA06P	Public Health Division	2018	2020 DFAT Aust.- Pgm Funding 2018-2020	-	-	-	8,048	(8,048)	-	(8,048)
HPRZ21X	Pacific Regional Rights Resource Team (RRRT)	10/1/16	12/31/17 PPAC Phase IV	35,317	43,612	78,929	77,955	974	974	-
Ministry of Foreign Affairs & Trade - NZ										
GWPM06X	Water and Sanitation Programme	10/19/17	12/31/19 MFAT Improving Pacific Access to the Green Climate	3,514,835	8,205,788	11,720,624	5,821,368	5,899,256	5,900,143	(887)
LPHI2X	Trade and Agribusiness Programme	4/1/14	6/30/17 Pacific Biological Control project	1,803	19,255	21,059	18,717	2,341	2,341	-
FCDV06X	Coastal Fisheries Programme	4/13/13	5/31/18 Fisheries Training (N.Z.)	71,494	113,535	185,029	139,940	45,089	45,089	-
FCFP82X	Coastal Fisheries Programme	6/30/14	3/31/19 NZAID Kiribati Sustainable Coastal Fisheries Pgm	182,547	-	182,547	60,910	121,636	121,636	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
GOMC21X	Ocean and Islands Programme	4/1/15	3/30/20 MFAT Pacific Regional Navigation Initiative	140,081	74,774	214,856	87,470	127,386	127,386	-
BAA02X	Educational quality and assessment programme	4/1/15	2/28/18 PILNA NZ MFAT	36,636	1,309,343	1,345,979	847,672	498,307	498,307	-
GWPM05X	Water and Sanitation Programme	1/1/15	1/1/20 NZAID Water Security in Selected PIC	(181,465)	1,396,903	1,215,438	685,593	529,845	529,845	-
FCCA05X	Coastal Fisheries Programme	7/1/16	6/30/21 MFAT-Impr. Aquaculture security and economic growth	493,712	725,437	1,219,149	556,407	662,742	662,742	-
FOFS57X	Oceanic Fisheries Programme	Jun 2017	May 2022 MFAT-Pacific Management Strategy Evaluation (MSE)	-	1,106,970	1,106,970	26,766	1,080,204	1,080,204	-
FCMG01X	Coastal Fisheries Programme	6/20/16	6/30/21 MFAT-Impr.fisheries food sec. sustain.livelihoods	936,671	984,947	1,921,617	657,137	1,264,481	1,264,481	-
MULT	Multiple Divisions	2014	2016 NZ MFAT programme funds 2014-16	1,833,357	(50,082)	1,783,275	1,700,151	83,124	83,124	-
MULT	Multiple Divisions	2017	2019 NZ MFAT programme funds 2017-19	-	2,437,326	2,437,326	1,040,604	1,396,722	1,397,610	(887)
European Union (EU)				13,931,563	25,164,407	39,095,969	21,601,056	17,494,913	19,473,722	(1,978,808)
DPPA01X	Climate Change Environmental Sustainability	3/25/13	6/28/18 INTEGRE Project	(537,868)	2,880,000	2,342,132	2,816,371	(474,239)	-	(474,239)
GOGM01X	Ocean and Islands Programme	3/3/10	12/31/16 Regional Deep Sea Minerals Project	(550,329)	17,465	(532,864)	(63,932)	(468,932)	-	(468,932)
GWPM01X	Water and Sanitation Programme	12/12/13	12/12/18 Improved Drinking Water Supply for Kirimati Island	1,410,325	143,080	1,553,405	1,980,906	(427,501)	-	(427,501)
FDA032X	Directors Office	4/17/10	9/3/15 SciCOFish Project - Coastal & Oceanic YEAR 4	(218,495)	-	(218,495)	-	(218,495)	-	(218,495)
FDA034X	Directors Office	4/17/10	9/3/15 SciCOFish Project - Coastal and Oceanic YEAR 5	(49,645)	-	(49,645)	-	(49,645)	-	(49,645)
LTAFA01X	Trade and Agribusiness Programme	6/1/11	3/1/17 IACT - Increasing Agricultural Commodity Trade	664,201	951,847	1,616,048	1,594,460	21,588	21,588	-
GOMC03X	Ocean and Islands Programme	1/16/13	12/31/16 Environmentally Safe Aggregates Tarawa - EU KI 05	110,615	2,176	112,791	68,314	44,477	44,477	-
LRLM07X	Sustainable Resource Management Programme	1/1/15	12/31/18 Fairtrade Capacity Building and Advisory Services	359,101	-	359,101	184,090	175,011	175,011	-
LFRG10X	Food and Nutritional Security Programme	12/30/10	12/31/16 Adapting Clonally propagated Crops. Climatic change	188,584	-	188,584	11,760	176,824	176,824	-
EEZ04X	Energy Programme	5/10/15	10/10/15 Renewable Energy Nth Rep (General)	256,340	(69,878)	186,463	5,978	180,485	180,485	-
LRLM04X	Sustainable Resource Management Programme	6/12/12	6/11/18 Improvement Key Services to Agriculture-Fairtrade	502,684	-	502,684	310,278	192,406	192,406	-
EEBZ01X	Energy Programme	8/1/14	6/30/20 Tech & Vocational Education Train- TVET	1,475,317	(30,390)	1,444,927	1,116,203	328,723	328,723	-
ETLT01X	Transport Programme	10/16/13	6/30/18 EU - Micro Project Programme - Lautoka	28,342	2,867,166	2,895,508	1,417,642	1,477,866	1,817,862	(339,996)
GWRM10X	Water and Sanitation Programme	11/4/14	11/4/19 EU/SPC KIRIWATSAN IN OUTER ISLANDS PHASE II	(264,306)	1,701,886	1,437,580	859,515	578,065	578,065	-
LRF114X	Sustainable Resource Management Programme	2/11/16	2/11/19 EU Coconut Industry Devt for the Pacific	1,808,973	-	1,808,973	537,058	1,271,915	1,271,915	-
LSOZ25X	Strategic Comm., Policy & Monitoring Progr.	3/15/13	5/31/18 INTRA - ACP Agriculture Policy Programme	2,620,488	4,346	2,624,834	1,268,973	1,355,862	1,355,862	-
LRLM01X	Sustainable Resource Management Programme	6/3/14	12/31/18 Reforestation Fiji / EU Project	801,741	2,292,508	3,094,249	1,606,554	1,487,695	1,487,695	-
GRRR13X	Disaster Reduction Programme	7/5/17	7/5/20 EU North Pacific - Readiness for El Niño	-	1,778,858	1,778,858	74,587	1,704,271	1,704,271	-
ETLT02X	Transport Programme	1/22/15	1/21/19 EU-Sugarane Rural Access Road Project	1,693,529	6,771,577	8,465,106	5,115,629	3,349,477	3,349,477	-
GRDP03X	Disaster Reduction Programme	9/6/13	9/6/19 EU Building Safety & Resilience in the Pacific	3,631,966	5,853,766	9,485,732	2,696,671	6,789,061	6,789,061	-
World Bank				(20,536)	614,503	593,968	592,186	1,781	53,333	(51,552)
GRRR14X	Disaster Reduction Programme	6/23/17	11/30/22 WB PREP II D182-MH SDR3m	-	-	-	31,592	(31,592)	-	(31,592)
GRRR11X	Disaster Reduction Programme	10/2/15	11/30/20 WB PREP IDA D0740 3.68m USD	(105,481)	539,410	433,929	453,889	(19,960)	-	(19,960)
GRRR12X	Disaster Reduction Programme	10/2/15	11/30/20 WB PREP PPRC TF A1131 5.79M USD	84,945	75,093	160,038	106,705	53,333	53,333	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
All UN Agencies										
LFTA10X	Trade and Agribusiness Programme	3/1/16	Engaging Youth in Organic Farming Vanuatu	218,871	1,786,236	2,005,107	1,794,024	211,083	391,487	(180,404)
LFTA09X	Trade and Agribusiness Programme	3/1/16	Engaging Youth in Organic Farming Fiji	81,438	-	81,438	194,400	(112,962)	-	(112,962)
GWRR01X	Water and Sanitation Programme	7/30/15	R2R GEF Regional Project, Testing the integration	85,293	65,082	150,375	208,503	(58,128)	-	(58,128)
EEEC03X	Energy Programme	7/1/17	CTCN Regional Forum in Pacific Is & Territories	54,274	1,113,570	1,167,844	1,175,349	(7,505)	-	(7,505)
EEEC02X	Energy Programme	12/3/16	Establishment of Pacific Centre Energy PACREE	(2,133)	264,225	262,092	104,805	157,287	157,287	-
HPR222X	Pacific Regional Rights Resource Team (RRRT)	5/1/17	UNDP-Youth Entrepreneurs Program	-	158,969	158,969	28,364	130,605	130,605	-
HHYM17X	Human Development	1/1/17	UNDP-Youth Entrepreneurs Program for Urban Youths	-	106,174	106,174	48,851	57,323	57,323	-
SDDA50X	Statistic for Development	8/15/16	UNICEF-Accelerate responses to the children rights	-	61,284	61,284	15,013	46,271	46,271	-
AAMP				(7,700)	-	(7,700)	13	(7,714)	-	(7,714)
FOFS36X	Oceanic Fisheries Programme	Jun 2016	AAMP Characterization of NC Pelagic Ecosystems	(7,700)	-	(7,700)	13	(7,714)	-	(7,714)
Biosecurity International										
LFR22X	Food and Nutritional Security Programme	1/1/16	L16FRANC227 Upgrading new South Pacific Cocon.Gen.	-	3,496	3,496	-	3,496	3,496	-
ACIAR										
LRF116X	Sustainable Resource Management Programme	10/1/15	FST/2014/067 Agroforestry project	1,545,464	864,709	2,410,173	889,721	1,520,451	1,520,451	-
LFR05X	Food and Nutritional Security Programme	6/1/11	ACIAR Tonga Fruit Project	10,522	-	10,522	8,788	1,734	1,734	-
FCCA14X	Coastal Fisheries Programme	11/1/13	ACIAR FIS / 2010 / 057	2,410	-	2,410	-	2,410	2,410	-
LRF20X	Sustainable Resource Management Programme	3/1/17	Domestication & Breeding of sandalwood-Fiji & Tong	4,596	-	4,596	1,173	3,423	3,423	-
LFR19X	Food and Nutritional Security Programme	3/29/16	Enhanced fruit production and postharvest handling	-	10,277	10,277	-	10,277	10,277	-
LTPH11X	Trade and Agribusiness Programme	11/1/11	Integrated Crop	28,990	10,443	39,433	26,405	13,028	13,028	-
LFCP07X	Food and Nutritional Security Programme	4/1/11	Soil Health Management	170,520	22,320	192,840	179,645	13,195	13,195	-
LRF15X	Sustainable Resource Management Programme	6/25/15	AGB/2015/014 PARDI II	34,942	29,074	64,015	46,218	17,797	17,797	-
LFCP04X	Food and Nutritional Security Programme	3/31/13	Developing Commercial Fruit - Tonga	13,087	57,732	70,819	47,113	23,706	23,706	-
LTPH13X	Trade and Agribusiness Programme	5/10/17	HORT/2014/080 Integrating Protected Cropping syste	40,500	-	40,500	7,575	32,926	32,926	-
LSD223X	Strategic Comm., Policy & Monitoring Progr.	6/25/14	Strategies for Root and Tuber Crops project	35,195	27,177	62,373	16,784	45,589	45,589	-
FCCA03X	Coastal Fisheries Programme	6/15/15	ACIAR fisheries & cocoa rehabilitation in Vanuatu	121,428	(117,568)	3,859	(44,512)	48,372	48,372	-
LRF21X	Sustainable Resource Management Programme	8/12/16	Aligning GR Res, prod & post harvest to market oppr	-	70,456	70,456	-	70,456	70,456	-
LFCP06X	Food and Nutritional Security Programme	8/1/12	Understanding the response of taro and cassava	123,943	-	123,943	52,386	71,558	71,558	-
LRF13X	Sustainable Resource Management Programme	6/5/15	ACIAR Cocoa Rehabilitation in Vanuatu 2015	189,130	-	189,130	96,014	93,116	93,116	-
FCCA07X	Coastal Fisheries Programme	5/21/13	ACIAR - Mini-projects	171,490	18,593	190,083	84,280	105,804	105,804	-
LFCP11X	Food and Nutritional Security Programme	1/1/15	Improving Soil Health agricultural productivity	25,409	294,041	319,450	162,339	157,111	157,111	-
FCCA15X	Coastal Fisheries Programme	6/1/13	ACIAR FIS / 2012 / 076	287,545	97,831	385,376	180,997	204,378	204,378	-
MULT	Multiple Divisions		ACIAR-Capacity Building Initiative LRD & FAME	285,756	286,641	572,397	4,300	568,098	568,098	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
LRFT19X	Sustainable Resource Management Programme	6/1/15	AFPNET ROYAL BOTANIC GARDENS SEED BANK	-	27,378	27,378	9,763	17,615	17,615	-
FCFP87X	Coastal Fisheries Programme	12/14/16	Asian Development Bank (ADB) ADB Strenght. Coastal and Marine Res. Mngmt	-	100,796	100,796	80,626	20,170	20,170	-
DPPA03X	Climate Change Environmental Sustainability	6/30/18	Agence Francaise Developpement (AFD) RESCCUE Project	131,888	1,580,000	1,711,888	2,255,042	(541,154)	170,431	(711,584)
DPPA26X	Climate Change Environmental Sustainability	6/30/15	Environment sustainability and CC -AFD	432	1,380,000	1,380,432	2,092,017	(711,584)	-	(711,584)
LFGR20X	Food and Nutritional Security Programme	3/1/17	Crop Trust CROP TRUST - Strength. Conserv. Post Cycl Winston	-	29,130	29,130	4,860	24,270	24,270	-
LRFT18X	Sustainable Resource Management Programme	3/10/16	Asia Pacific Network APFNet/SPC/Fiji/Tonga/Niue project	44,689	42,915	87,604	89,173	(1,569)	-	(1,569)
DCCA17X	Communications & Public Relations	4/1/17	French Pacific Funds SPP1681 - Ateliers médias francophones	-	57,600	57,600	33,613	23,987	23,987	-
DPCA07X	Climate Change Environmental Sustainability	2/1/17	SPP1682-Renforcement pratiques RSE Region Pacifique	-	40,000	40,000	21,720	18,280	18,280	-
PRAA08X	Research, Evidence and Information Programme	9/30/17	US Centers for Disease Control & Prevention DU SOR Influenza Surveillance - CDC 2	25,210	-	25,210	-	25,210	25,210	-
PRAA56X	Research, Evidence and Information Programme	9/30/17	CDC Maint&Influenz Surv Health Auth. out the US	-	169,207	169,207	49,722	119,485	119,485	-
ODSA03X	Decentralised Offices	1/1/16	Comic Relief YAW Honiara Programme-Comic Relief	14,088	276,825	290,913	341,908	(50,995)	-	(50,995)
PDA113X	Public Health Division	10/1/17	Global Fund PIRMCCM - new funding	1,816	141,444	143,260	66,519	76,741	83,267	(6,527)
OOPA02X	Other		Joint Secretariat	1,816	-	1,816	8,342	(6,527)	-	(6,527)
HHC12X	Human Development	10/1/15	Conservation International Turtle Monitoring and Eco-cultural Tourism Develop	4,740	-	4,740	3,820	920	920	-
ETMT14X	Transport Programme	10/09/2015	CPSC CPSC Meeting and Technical Assistance	1,774	30,398	32,172	27,455	4,717	4,717	-
LTA08X	Trade and Agribusiness Programme	11/30/15	CTA Youth leading learning in climate resilient value	27,599	28,040	55,639	18,615	37,025	37,025	-
LSOZ35X	Strategic Comm., Policy & Monitoring Progr.	12/17/14	ACPEU Technical Centre for Agricultural and Rural	1,163	24,662	25,825	18,483	7,342	7,342	-
				26,436	3,378	29,814	132	29,682	29,682	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
GDR507X	Director's Office		Digital Globe	4,791	20,630	25,421	(5,770)	31,191	31,191	-
			Image Date Purchase - Digital Globe	4,791	20,630	25,421	(5,770)	31,191	31,191	-
HPR214X	Pacific Regional Rights Resource Team (RRRT)	7/21/14	Embassy of Netherlands	(21,843)	-	(21,843)	6,123	(27,966)	-	(27,966)
			Universal Periodic Review - Round 2	(21,843)	-	(21,843)	6,123	(27,966)	-	(27,966)
DPCA05X	Climate Change Environmental Sustainability	3/31/16	Green Climate Fund	-	111,784	111,784	153,814	(42,030)	-	(42,030)
			GCF Strengthening Capacities NDA of FSM	-	111,784	111,784	153,814	(42,030)	-	(42,030)
HHZ19X	Human Development	11/1/17	Food & Agriculture Organisation (FAO)	324,207	149,757	473,964	208,970	264,994	268,942	(3,948)
			FAO-Gender Ass. Agriculture and Rural Sector 5xPIC	-	27,315	27,315	16	27,299	27,299	-
FCCA19X	Coastal Fisheries Programme	12/14/17	FAO-MASA-TCP-Micronesia	(5,241)	23,659	18,418	21,498	(3,080)	-	(3,080)
FCFP85X	Coastal Fisheries Programme	11/30/15	FAO Fiji policy work	(6,699)	5,846	(854)	14	(867)	-	(867)
LTHP09X	Trade and Agribusiness Programme	6/30/15	Promotion of indigenous pig and chicken products	25,609	-	25,609	23,910	1,699	1,699	-
LTPH10X	Trade and Agribusiness Programme	3/24/15	Capacity building for the implementation of MEAs	42,648	-	42,648	40,800	1,847	1,847	-
FCCA18X	Coastal Fisheries Programme	7/1/16	FAO - TC WINSTON	1,983	13,889	15,872	2,144	13,728	13,728	-
LTHP08X	Trade and Agribusiness Programme	2/15/15	FAO Vanuatu Animal Disease Surveillance	21,461	-	21,461	2,836	18,625	18,625	-
LFGR13X	Food and Nutritional Security Programme	1/1/15	Indigenous vegetable Contribution to development	32,152	-	32,152	-	32,152	32,152	-
LFCP12X	Food and Nutritional Security Programme	1/1/15	Technical Support to Pacific Atoll Agriculture Res	137,588	-	137,588	55,370	82,218	82,218	-
LRFT08X	Sustainable Resource Management Programme	1/0/00	Forestry-FAO	74,706	79,048	153,755	62,381	91,374	91,374	-
FOF53X	Oceanic Fisheries Programme	Feb 2017	Forum Fisheries Authority (FFA)	17,179	897,011	914,190	461,722	452,467	567,184	(114,716)
FCMG02X	Coastal Fisheries Programme	12/20/16	FFA-Reg. Cost Recovery-Observer Trng/Coordination	(41,804)	217,604	175,800	279,551	(103,751)	-	(103,751)
GOIP04X	Ocean and Islands Programme	11/13/15	Maritime Boundaries data project, SLA FFA/SPC	11,874	(13)	11,861	7,695	4,166	4,166	-
FOF55X	Oceanic Fisheries Programme	Jun 2017	FFA-MFAT-5th Pac.Tuna LL Policy & Mgmt (TK Aggmt)	-	679,420	679,420	116,402	563,017	563,017	-
FOF560X	Oceanic Fisheries Programme	Sep 2016	National Marine Fisheries Service (NMFS)	-	16,524	16,524	28	16,496	16,496	-
			Review of American Samoa Field Station Sampling	-	16,524	16,524	28	16,496	16,496	-
FOF546X	Oceanic Fisheries Programme		Global Environment Facility (GEF)	126,741	873,783	1,000,524	544,607	455,917	455,917	-
			Implement Fisheries Conventions in SIDS/PIOFMP-II	126,741	873,783	1,000,524	544,607	455,917	455,917	-
LFGR07X	Food and Nutritional Security Programme	11/29/13	Global Trust	243,970	-	243,970	65,326	178,644	178,644	-
LFGR08X	Food and Nutritional Security Programme	12/1/09	Global Trust	214,097	-	214,097	50,774	163,324	163,324	-
			Global Trust Regeneration & Safety Duplication	29,872	-	29,872	14,552	15,320	15,320	-
			Trust Long-Term CePaCT Fund	214,097	-	214,097	50,774	163,324	163,324	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
			GIZ	151,587	264,459	416,046	272,991	143,055	207,754	(64,699)
LRFT09X	Sustainable Resource Management Programme	2/1/17	GIZ/SPC - Jalesi	15,158	16,665	31,823	63,002	(31,179)	-	(31,179)
GDRS13X	Director's Office	10/15/16	GIZ Financing project, Readiness preparation phase	18,087	-	18,087	49,237	(31,150)	-	(31,150)
EERZ10X	Energy Programme	7/1/16	1/31/19 Solar Hybrid Sys in Boarding School (ASCE) Kiribat	47,636	-	47,636	50,006	(2,370)	-	(2,370)
EERZ11X	Energy Programme	12/1/16	11/30/18 ASCE/FSM Component II	(50)	39,975	39,925	18,838	21,087	21,087	-
EERZ08X	Energy Programme	7/1/16	8/31/18 Adaptation Climate Sustainable(ASCE)/Small Scale	41,589	-	41,589	9,352	32,238	32,238	-
ODNA02X	Decentralised Offices		GIZ Climate Change	-	42,256	42,256	-	42,256	42,256	-
DPPA24X	Climate Change Environmental Sustainability	11/28/14	GIZ-Streng. SPC Mgmt Mainstreaming Climate Change	(8,089)	55,588	47,499	(132)	47,632	47,632	-
EERZ09X	Energy Programme	8/1/16	Coping with climate changein Pac Regiona -Tuvalu	37,256	109,975	147,231	82,689	64,542	64,542	-
			NIWA	-	61,431	61,431	8,286	53,145	53,145	-
GRDP11X	Disaster Reduction Programme	9/1/16	6/30/19 Partner Pacific Risk Tool, NIWA funded project	-	61,431	61,431	8,286	53,145	53,145	-
			SWEDEN	-	676,019	676,019	141,631	534,388	534,388	-
HPRZ26X	Pacific Regional Rights Resource Team (RRRT)	7/1/17	6/30/21 RRRT Sweden	-	676,019	676,019	141,631	534,388	534,388	-
			IFAD	147,457	322,443	469,901	290,997	178,903	178,903	-
LFCP14X	Food and Nutritional Security Programme	11/1/16	7/31/19 SEARCA & PIRAS MOA 17-016	-	56,111	56,111	26,277	29,834	29,834	-
LTPA06X	Trade and Agribusiness Programme	1/23/15	12/31/18 Capacity-Building for Resilient Agriculture in Pac	147,457	266,333	413,790	264,721	149,069	149,069	-
			IFAN	327,674	278,360	606,034	361,205	244,829	244,829	-
ETMT15X	Transport Programme	4/25/16	7/25/18 Safet of Navigation in Pacific (IFAN)	327,674	278,360	606,034	361,205	244,829	244,829	-
			International Maritime Organisation (IMO)	28,750	378,263	407,012	345,427	61,585	61,585	-
ETMT03X	Transport Programme	6/30/02	IMO-International Maritime Organisation	28,750	221,942	250,692	232,067	18,624	18,624	-
ETMT17X	Transport Programme	5/12/17	12/31/19 MTCC - IMO	-	156,320	156,320	113,360	42,961	42,961	-
			The Nature Conservancy	-	91,071	91,071	4,725	86,346	86,346	-
FOF554X	Oceanic Fisheries Programme	Jul2016	Oct2021 TNC funding - Regional ER Technical Coordinator	-	91,071	91,071	4,725	86,346	86,346	-
			International Renewable Energy Agency (IRENA)	23,884	-	23,884	7,593	16,291	16,291	-
EERZ05X	Energy Programme	2/19/13	6/30/18 IRENA Initiative Pac Is. Deve. States	23,884	-	23,884	7,593	16,291	16,291	-
			Int Union Conservation of Nature & Natural Resources (IUCN)	130,603	124,288	254,891	127,924	126,968	126,968	-
FOF550X	Oceanic Fisheries Programme	Jul2016	Jun2019 BIOPLAGOS - IUCN BEST 2.0 Secretariat	130,603	124,288	254,891	127,924	126,968	126,968	-
			International Seafood Sustainability Foundation (ISSF)	1,042,291	-	1,042,291	319,883	722,407	722,407	-
FOF542X	Oceanic Fisheries Programme	Jan2014	ISSF E-Monitoring Project (2014-2016)	1,042,291	-	1,042,291	319,883	722,407	722,407	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
FCMG04X	Coastal Fisheries Programme	9/1/17	University of Wollongong	-	49,049	49,049	12,230	36,820	36,820	-
		6/30/21	UoW Pathways project (ACIAR Funds)	-	49,049	49,049	12,230	36,820	36,820	-
MULTI	Multiple Divisions	10/1/15	Kreditanstalt für Wiederaufbau (KfW)	530,797	3,676,100	4,206,897	2,923,197	1,283,700	1,283,700	-
		12/31/17	Recovery Activities in response to Cyclone Pam-KfW	530,797	3,676,100	4,206,897	2,923,197	1,283,700	1,283,700	-
FOFS58X	Oceanic Fisheries Programme	Dec'2016	World Wildlife Foundation	-	37,352	37,352	23,071	14,281	14,281	-
		Dec'2016	WWF - ER Technologies in the WCPO (509010)	-	37,352	37,352	23,071	14,281	14,281	-
FOFS44X	Oceanic Fisheries Programme	Jul'2016	PEW	35,177	-	35,177	74,620	(39,443)	-	(39,443)
		Dec'2017	PEW funding - OFF work areas	35,177	-	35,177	74,620	(39,443)	-	(39,443)
LFGR17X	Food and Nutritional Security Programme	5/1/15	Papua New Guinea	177,963	-	177,963	65,970	111,994	111,994	-
DDDA21X	Director-General's Office	12/31/15	SIS Climate Change Adaptation support - PGR 2015	12,081	-	12,081	-	12,081	12,081	-
DDDA16X	Director-General's Office	5/1/15	Research Officer Sustainable Development	181,980	(131,764)	50,216	22,621	27,595	27,595	-
			PNG SIS Funds	(16,098)	131,764	115,666	43,349	72,317	72,317	-
ETMT13X	Transport Programme	4/29/15	PNG Ports	6,529	-	6,529	53	6,476	6,476	-
		9/30/18	Consultancy & Working Group Develop. Maritime Entit	6,529	-	6,529	53	6,476	6,476	-
FOFS47X	Oceanic Fisheries Programme	Jun'2015	SPREP	17,601	103,079	120,680	94,776	25,904	25,904	-
		Jun'2019	Ocean Acidification (SPREP)	17,601	103,079	120,680	94,776	25,904	25,904	-
HPRZ24X	Pacific Regional Rights Resource Team (RRRT)	5/31/17	USAID	543,042	214,002	757,044	712,248	44,796	60,258	(15,462)
DPPA28X	Climate Change Environmental Sustainability	9/29/15	RRRT USAid LGBTI Project	-	-	-	15,462	(15,462)	0	(15,462)
		9/28/20	Institutional Strengthening in PICs	543,042	214,002	757,044	696,786	60,258	60,258	-
EEZ07X	Energy Programme	9/18/14	US Embassy	55,288	-	55,288	24,486	30,801	30,801	-
DDDA13X	Director-General's Office	12/31/18	Renewable Energy PIC Workshop-US Embassy	33,623	-	33,623	18,658	14,964	14,964	-
			Pacific NCD Partnership from SIDS	21,665	-	21,665	5,828	15,837	15,837	-
FOFS51X	Oceanic Fisheries Programme	Jan'2015	Western & Central Pacific Fisheries Commission (WCPFC)	705,783	2,534,817	3,240,600	1,945,100	1,295,500	1,336,297	(40,797)
FOFS59X	Oceanic Fisheries Programme	Nov'2015	ABNJ Tuna Project (scientific services for WCPFC)	(60,768)	233,322	172,554	213,351	(40,797)	-	(40,797)
FOFS21X	Oceanic Fisheries Programme	Renewed annually	WCPFC - P75-Development of Harvest Strategies (EU)	-	175,000	175,000	158,489	16,511	16,511	-
FOFS16X	Oceanic Fisheries Programme	6/24/05	Renewed annually	372,285	823,090	1,195,375	643,248	552,127	552,127	-
		Renewed annually	WCPFC ROP Data Management	394,266	1,303,404	1,697,670	930,012	767,659	767,659	-

Code	Section	Grant Period (MM/DD/YY)	Project Name	Balance as at 31/12/2016	Received from Donor	Total Available	Expenditure	Balance as at 31/12/2017	Funds held on behalf donors	Funds owed by donors
FCFP07P	Coastal Fisheries Programme		New Caledonia	74,983	(40,457)	34,527	34,527	-	-	-
			NC Programme Grant	74,983	(40,457)	34,527	34,527	-	-	-
			Multi-Donor	2,065,686	3,709,469	5,775,155	589,012	5,186,143	5,186,143	-
SDDA24X	Statistic for Development	12/31/17	SDD General Projects	45,895	(1,167)	44,728	43,482	1,246	1,246	-
HHY113X	Human Development		HDP Pacific Youth Council	22,541	-	22,541	12,273	10,268	10,268	-
EDAA06X	Directors Office	12/31/18	Director Office General	49,343	-	49,343	33,150	16,193	16,193	-
GDDA09X	Director's Office		STAR Conference	15,268	9,064	24,332	6,845	17,487	17,487	-
GDRS14X	Director's Office		General Geoinformatics	-	-	-	(22,362)	22,362	22,362	-
FCFP52X	Coastal Fisheries Programme	3/16/15	Tonga demersal line project (Niwa)	20,158	-	20,158	(7,504)	27,663	27,663	-
DEEA36X	Strategic Engagement, Policy and Planning Facility		SEPPF 2016-2020	62,754	-	62,754	32,798	29,955	29,955	-
DDDA20X	Director-General's Office		Pacific Community Emerging Leaders Programme	32,586	-	32,586	(2,112)	34,698	34,698	-
OOPA03X	Other		GF Western Pacific Region Constituency funds	18,763	111,528	130,291	85,420	44,870	44,870	-
DDDA11X	Director-General's Office		Management Advisory Group, Audit & Risk Com	57,433	-	57,433	-	57,433	57,433	-
BACA04X	Educational quality and assessment programme		EQAP Projects	8,202	12,697	20,899	(39,269)	60,168	60,168	-
EEFZ01X	Energy Programme	6/30/11	Energy General	138,418	(62,114)	76,304	9,997	66,307	66,307	-
DCCA08X	Communications & Public Relations		Video/TV/Pacific Way	74,060	-	74,060	(4,015)	78,075	78,075	-
BATA01X	Educational quality and assessment programme		Projects - Pearl Project & ET4D	94,451	99,037	193,488	49,457	144,031	144,031	-
GOZ04X	Ocean and Islands Programme		Ocean & Costal Geoscience Project Activities	210,647	(26)	210,621	30,677	179,944	179,944	-
BAAA04X	Educational quality and assessment programme		Student Fees & Other Misc	101,995	287,558	389,553	187,926	201,627	201,627	-
ETMT07X	Transport Programme	6/30/11	Transport General	77,804	246,201	324,005	28,967	295,038	295,038	-
OSFA25X	Support Services	12/15/16	MFAT2017-19 Organisational Reform-Financial Capab	-	402,824	402,824	95,221	307,604	307,604	-
GOGM05X	Ocean and Islands Programme		Geosurvey & Earth Resources Project Activities	355,043	93,493	448,535	69,514	379,021	379,021	-
OSFA12X	Support Services	5/24/17	FIS Improvements	680,326	512,739	1,193,065	(21,453)	1,214,518	1,214,518	-
IIII01X	Director-General's Office		SPC Innovation Funds	-	1,997,635	1,997,635	-	1,997,635	1,997,635	-
			Miscellaneous	4,626,362	(1,403,382)	3,222,980	3,106,393	116,587	116,587	-
LRF23X	Sustainable Resource Management Programme		ITTO Restoration and Sust. Management of Vuln. For	-	1,829	1,829	-	1,829	1,829	-
OSAA15X	Support Services		Pacific Village Shift - Project	213,018	-	213,018	204,985	8,033	8,033	-
LSOD18X	Strategic Comm., Policy & Monitoring Progr.		Promoting sustainable Agriculture & Agoforestry	21,369	-	21,369	(1,645)	23,014	23,014	-
LTPH04X	Trade and Agribusiness Programme		PPM SPC-FSM Matching	-	104,829	104,829	21,118	83,711	83,711	-
MULT	Multiple Divisions		Miscellaneous (Closed projects)	4,391,975	(1,510,040)	2,881,935	2,881,935	-	-	-
			TOTALS	38,529,291	65,095,135	103,624,426	61,466,973	42,157,453	45,507,243	(3,349,790)

Provident Fund
Financial Statements and
Audit Report for the year
ending 31 December 2017





INDEPENDENT AUDITORS' REPORT

To the Governing Body of Pacific Community Provident Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pacific Community Provident Fund ("Fund"), which comprise the statement of financial position as at 31 December 2017, the statement of financial performance and appropriation account and the movements in members' accounts for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 5.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017, and of its financial performance and appropriation and the movements in members' accounts for the year then ended in accordance with the Pacific Community's Financial Regulation 38.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of fund as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on July 13, 2017.

Director-General Responsibilities for the Financial Statements

The Director-General of the Pacific Community is responsible for the preparation of financial statements that give a true and fair view in accordance with the Community's Financial Regulations, and for such internal control as the Director-General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director-General is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director-General either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Director-General is responsible for overseeing the Fund's financial reporting process.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

To the Governing Body of Pacific Community Provident Fund - Continued

Report on the Audit of the Financial Statements – Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and
- obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the.

- Conclude on the appropriateness of the Director-General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

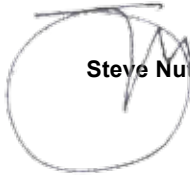


To the Governing Body of Pacific Community Provident Fund - Continued

Report on the Audit of the Financial Statements – Continued

We communicate with the Director-General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG
KPMG
3 May, 2018
Suva, Fiji



Steve Nutley, Partner

Pacific Community Provident Fund

Financial Statements for the year ended 31 December 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 Euro	2016 Euro Restated ¹
Cash and cash equivalents	4	2,402,053	2,475,189
Held to Maturity Term Deposits		5,011,837	4,782,104
Loans to members		167,646	195,479
Loans to SPC		89,726	120,434
Interest and other receivables		55,088	57,952
Total assets		7,726,350	7,631,158
Unearned interest		6,280	4,231
Total Liabilities		6,280	4,231
NET ASSETS		7,720,070	7,626,927
Members' capital accounts - Noumea		5,028,309	4,648,019
Members' capital accounts - Suva		2,691,761	2,978,908
TOTAL MEMBERS' CAPITAL		7,720,070	7,626,927

The accompanying notes form an integral part of these financial statements.

For the Pacific Community Provident Fund



Dr Colin Tukuitonga
Director-General



Martin Van Weerdenburg
Director Finance

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 48 to 50.

¹ Refer to note 3 changes in comparatives.

Pacific Community Provident Fund

Financial Statements for the year ended 31 December 2017

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 Euro	2016 Euro Restated ¹
Interest received	179,729	172,048
Bank charges	(799)	(933)
Total net revenue transferred to appropriation account	178,930	171,115
Appropriation account for the year ended 31 December 2017		
6 months ended 30 June	33,934	83,453
6 months ended 31 December	144,996	87,662
Total interest distributed to members' accounts	178,930	171,115

MOVEMENT IN MEMBERS' ACCOUNTS

	2017 Euro	2016 Euro Restated ¹
Members' contributions and interest	3,951,369	3,949,522
SPC contributions	3,675,558	3,674,689
Opening balance 1 January	7,626,927	7,624,210
Members' contributions	1,055,567	1,209,743
SPC contributions	972,739	1,096,878
	2,028,306	2,306,621
Interest credited members	178,930	171,115
Exchange adjustment - Suva	(326,834)	148,151
Total additions	1,880,402	2,625,887
Total members' balances before investments paid out	9,507,329	10,250,097
Payouts upon termination and withdrawals	(1,787,259)	(2,623,170)
Closing balance 31 December	7,720,070	7,626,927
Members' contributions	4,002,630	3,953,485
SPC contributions	3,719,425	3,677,674
Exchange adjustment - Suva	(1,985)	(4,232)
Closing balance 31 December	7,720,070	7,626,927

This statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 48 to 50.

¹ Refer to note 3 changes in comparatives.



Pacific Community Provident Fund

NOTES TO THE FINANCIAL STATEMENTS SFOR THE YEAR ENDED 31 DECEMBER 2017

Note 1

Reporting entity

1. The Provident Fund of the Pacific Community (SPC) ('the Fund') was established on 1 January 1953, for its officers and employees, for the purpose of discharging the liability and/or responsibility (if any) of the Pacific Community to the members in respect of provision for superannuation.
2. In accordance with the Rules of the Provident Fund ('the Rules'), the Fund is vested in and administered by SPC on the trusts declared therein.
3. Subject to these Rules, and to any direction by SPC in accordance therewith, the Director-General shall have and may exercise the powers and functions of SPC under the Rules, with the exception of Rule 26, which covers amendments.
4. Any member may appeal to the Joint Appeals Board against any decision of the Director-General, as provided for in Chapter XIII of the Staff Rules.

Note 2

Significant accounting policies

1. The accounting period used in the preparation of these accounts is the calendar year 1 January 2017 to 31 December 2017.
2. Items included in the financial statements of the organisation are measured using the currency of the primary economic environment in which the organisation operates ('the functional currency'). The Provident Fund of all Noumea members, comprising both members' and employer's contributions, is invested in Noumea in CFP, while the Provident Fund of all Suva members is invested in Suva in Fiji dollars.
3. For the purpose of consolidating the Suva Provident Fund investment with the Noumea Provident Fund investment at year end, the Suva Provident Fund interest and investment have been converted to euro at the bank buying rate as at 31 December 2017 of FJD 1.00 = EUR 0.40534.
4. Loans to members consist of short-term loans borrowed against their holdings in the Provident Fund. In accordance with SPC policy, a member can borrow an amount up to 90% of the member's holdings in the Fund, provided that arrangements are made to repay the loan over a period of no longer than 12 months. The interest rate charged for such borrowings is a compound rate of 3.90% (which is 2% higher than the weighted average rate of interest earned on Provident Fund investments) as at 31 December 2017.
5. SPC borrowed money from the Fund to purchase accommodation for its staff in New Caledonia. This loan less capital repayments received is recognised as an asset by the Fund at amortised cost using the straight line method.
6. **Member contributions**
Staff will contribute to the Fund an amount of 8% of basic salary, or a greater percentage as decided by the employee. However, there will be no matching by SPC for contributions greater than 8%.
7. **SPC contributions**
The Secretariat shall pay to the Fund only 8% of the basic salary for each member irrespective of the amounts contributed by individual members each month.

8. Interest on investment

The Fund earns interest through investment on fixed term deposits, which the fund intends to hold and loan to members and SPC. Interest income is recognised in the statement of financial performance as it accrues using the effective interest method.

9. Interest distribution

At interest calculation date the Director-General shall determine:

- a) what income has been earned by the Fund during the immediately preceding half-year;
- b) what expenses have been paid or shall be paid from the Fund; and
- c) what rate of interest shall be credited to the accounts of members.

Interest at such a rate on the balance of each member's account at such interest calculation date shall be credited to the accounts of members as at that date. Where a member has contributed for less than the full half-year, the interest credited shall be adjusted proportionately to the number of months during which contributions have been paid.

10. Cash and cash equivalents

Cash and cash equivalents include cash and short-term, highly liquid assets, including term deposits with original maturity less than three months that are readily convertible to known amounts of cash and are subject to insignificant changes in value. These are held with banks and other reputable financial institutions.

11. Held-to-maturity term deposits

Financial assets that the Fund has intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortised cost. This relates to SPC's investments in term deposits with an original maturity of more than three months.

Note 3

Changes to comparatives

To improve presentation and/or to account for new operating developments, the comparative figures were restated to euro from CFP. The exchange rate was 119.3317422, which is a pegged rate between CFP units and the euro.

Note 4

Cash and cash equivalents

	31/12/2017	31/12/2016
Cash held in bank accounts	2,402,053	2,475,189
Held to Maturity Term Deposits	5,011,837	4,782,104
Total cash & cash equivalents and Held to Maturity Term Deposits	7,413,890	7,257,293
Aging analysis of held to maturity term deposits:		
> than 3 months		
3 to 6 months	1,084,932	864,405
6 to 12 months	3,926,905	3,917,699
Total held to maturity term deposits	5,011,837	4,782,104

Note 5

Related party disclosure

The related parties of SPC Provident Fund ('the Fund') are:

- i) Pacific Community (SPC).

SPC undertakes transaction with the Fund. These transactions arise out of the superannuation contribution made by SPC to the Fund and repayment of the loan from the Fund. Transactions with the Fund are on an arm's-length basis, and are transacted or recorded on normal organisational terms and conditions.

a) Amount owed to SPC Provident Fund

	<u>12/31/2017</u>	<u>12/31/2016</u>
Loan to SPC	EUR 89,726	EUR 120,434

b) Transaction with SPC Provident Fund

	<u>12/31/2017</u>	<u>12/31/2016</u>
Loan repayment	EUR 30,708	EUR 29,798
Superannuation contribution	EUR 2,028,306	EUR 2,306,621

