



SOLOMON ISLANDS PORTS AUTHORITY
ANNUAL REPORT **2018**



Vision

To become the South Pacific Strategic Gateway to the World.

Mission

We will endeavour to achieve our goal by delivering the highest value to customers and the community through optimal performance and efficiency of our services, employees, processes, commercial stewardship and growth of our assets.

To harmoniously participate in building this great nation for its people.

Our Values

- Professionalism
- Progressive leadership
- Commercial stewardship
- Strategic innovation
- Employee wellbeing and diversity
- Corporate citizenship

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Letter to the Ministers

March 03, 2019

Hon. Manasseh Damukana Sogavare

Ministry of Finance and Treasury

P O Box 26

Honiara

Hon. Stanley Festus Sofu

Ministry of Infrastructure Development

PO Box G1

Honiara

Dear Honourable Ministers,

SOLOMON ISLANDS PORTS AUTHORITY ANNUAL REPORT for 2018

On behalf of the Directors of the Solomon Islands Ports Authority, I am pleased to present the organisation's Annual Report for the Financial Year of 2018.

The Report incorporates the Solomon Islands Ports Authority's operational achievements and the audited accounts for the 2018 Financial Year.

I am pleased to report that the Authority has recorded a profit before tax of \$88,092,780 year under review.

Yours sincerely,



Billy Titiulu

Chairman

Solomon Islands Ports Authority



Highlights 2017 - 2018

- \$77,304,529 Net Profit Before Tax recorded for 2017
- \$88,092,780 Net Profit Before Tax recorded for 2018
- Cargo handling increased by in excess of 30%
- Over 500 vessels handled
- In excess of 31,000 Twenty-foot Equivalent Units (TEU) handled
- A steady 5% increase of vessels annually
- Over 1000 motor vehicles landed annually
- Implementation of the new Terminal Operating System (TOS)
- New PRONTO Accounting Software System
- Installation of the new Weigh in Motion (WIM) system
- New LED Lighting System for international and domestic facilities
- New Solar Powered Lights for ISPS perimeter
- New Optical Fiber connected CCTV surveillance system for Honiara and Noro
- New Reefer Facility for the Noro Port

Chairman's Message



Billy Titiulu
Chairman

At the outset, let me as Chairman of the Solomon Islands Ports Authority (SIPA) Board thank and congratulate each and every individual and organisation that, in one way or another, contributed in a small or large way towards the success of SIPA during the 2017/18 Financial Year.

The SIPA Board, under my Chairmanship, started in early 2016, which already was the second quarter of the 2015/16 Financial Year. Upon taking office, the immediate task was to ensure that SIPA, being a State Owned Enterprise, lives up to its statutory mandates as stated in the Ports Act and State Owned Enterprises (SOE) Act.

Under the SOE Act, SIPA, apart from other statutory bodies, became an enterprise owned by the State and the Ports Act was subjected to the new SOE Act and SOE Regulations 2010. Section 4 and part of section 5 of the SOE Act states:

4. The purpose of this Act is to enhance the performance of State Owned Enterprises so that they provide the best possible service for the people of Solomon Islands and contribute to the long term economic and social development of Solomon Islands.
5. (1) The principal objective of every State Owned Enterprise shall be to operate as a successful business and to this end, to be –
 - (a) As profitable and efficient as comparable businesses that are not owned by the Crown or established as statutory bodies by an Act of Parliament; and
 - (b) A good employer; and
 - (c) An organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates.

Against the above background, the governance of SIPA can be viewed as an activity that must be carried out

by its Board to achieve the principal objective of the SOE Act, which is “to operate as a successful business” and always bearing in mind the mandates as stated in both the Ports Act and SOE Act and the Regulations.

The first priority task of my Board was, therefore, to ensure that an external auditor be engaged to audit the SIPA accounts going back to year 2011. This the SIPA Board did and by December 2017 the Annual Reports for Financial Years 2011/12; 2012/13; 2013/14; 2014/15; 2015/16 were audited by KPMG (Fiji).

The Financial Year for SIPA starts on 1st October and ends on 30th October the following year. In the Financial Year 2016/17, my Board embarked on its second priority task and employed a new Chief Executive Officer (CEO) to fulfil the mandates under the Ports Act and SOE Act and Regulations.

During the Financial Year 2016/17, the Board and its Executive Management Team led by the CEO and together with around 500 employees, ensured that SIPA was a “profitable and efficient SOE... a good employer... that exhibits social responsibilities” to its many stakeholders in Solomon Islands.

The exceptional performance by SIPA continued during the Financial Year 2017/18 up to 30th September 2018. At the end of the 2017/18 Financial Year, SIPA's after tax profit was about \$88 million, an increase from \$77 million the previous Financial Year. In short, the SIPA Board and Management achieved its objective of a successful business.

In conclusion, as Chairman of the Board, I believe that SIPA as an SOE has provided, and will continue to provide, the best possible service to the people of Solomon Islands and will continue to contribute to the economic and social development of this nation going forward.

Billy Titiulu
Chairman,
SIPA Board of Directors

CEO's Message



Eranda Kotelawala
CEO

Exceptional years were recorded by Solomon Islands Ports Authority, (SIPA) for 2017 and 2018, flagged by several successful projects and milestone achievements in key functional areas of the Port.

The fiscal year in review also brought outstanding financial results, transforming SIPA as one

of the most profitable State-Owned Enterprises in the country, after several years of low performance.

The two declared international ports of entry, Port of Honiara and Port of Noro, continued to improve their vessel turnaround time, berth planning and allocation and overall quayside productivity, in a way to drive the two ports into being more progressive and competitive in the Pacific region.

Implementation of an effective culture change programme and an effective change management process significantly contributed to the Company's overall performance and the productivity of the workforce.

Amongst significant financial and productivity achievements, noteworthy is the signing of the tripartite MoU with Maersk, the world's largest shipping line, and TriMarine, one of the largest tuna products suppliers to the global markets, to improve the export of frozen tuna from Port of Noro. It is envisioned that this project will provide a wide array of business and economic benefits, by creating better livelihoods in the Western Province, and to Solomon Islands as a whole.

Infrastructure Projects

Sound infrastructure is considered key to the long-term sustainability and performance of any port. During the year, the company implemented several infrastructure upgrade projects, the rehabilitation of existing facilities, and designing new domestic jetties for Honiara and Noro in order to uplift the standards of our infrastructure and provide better facilities to our stakeholders. As infrastructure improvement across

Ports is a comprehensive undertaking, most projects remain ongoing for few years.

Major undertakings during the course of the year, and still ongoing, are:

1. Asian Development Bank (ADB) technical assistance to upgrade the Port of Noro expansion, to facilitate the tripartite MoU signed with Maersk Shipping Line and TriMarine Group to export frozen Tuna to Asian, European and North American markets.
2. Design of 4 new domestic jetties for Honiara, with BECA Engineering Consultants, New Zealand.
3. Port Master Plan Development for the Port of Honiara and the Port of Noro.
4. Port of Noro domestic jetty upgrade.
5. Domestic jetty rehabilitation in Honiara.

Energy Audits

With the support and technical assistance of SPC (Pacific Community), SIPA successfully completed Level 1 and Level 2 Energy Audits to apprehend the current energy consumption, and ways to improve energy efficiency, reduce energy waste and methods to lower our carbon footprint and greenhouse gas emissions. An overarching energy policy was developed for the first time in SIPA to form a framework, to achieve energy efficiency and reduce greenhouse gas emissions and create a set of guidelines to manage energy requirements and use in the future.

Green Port Pilot Project

As a result of the number of initiatives implemented to improve energy efficiency and reduce greenhouse gas emissions, Solomon Ports was selected by SPC to champion the South Pacific's first "Green Port Pilot Project". The company embarked on implementing the South Pacific's largest ever LED fit-out in the Ports of Honiara and Noro, and the installation of solar powered lights along the ISPS perimeter fences at both ports. These initiatives have shone the spotlight on the Company as the most progressive Pacific port, contributing to energy efficiency and carbon foot print reduction in the Pacific region.

Technology to Improve Operational Efficiency

Cutting edge technology and ICT has become the backbone of Port efficiency enhancements in ports around the globe. Following in such footsteps, the company invested in implementing a new Terminal Operating System and Billing System to enhance its efficiency and productivity within the terminal and its back-office functions. With an investment over SBD 6.0 million to implement both systems, the port terminal functions would be fully integrated with the billing system for better invoicing and revenue collection. The current environment has the capability to manage full gate-in, gate-out operations, yard planning and ship planning, while the billing system would provide streamlined invoicing, as well as improved management information reports.

Fleet Upgrade

In the year 2018, the company invested a significant amount of capital, to acquire a new fleet of heavy lifting equipment, terminal tractors and trailers, to provide uninterrupted services to port users. The new fleet not only improved our services, it helped us reduce our maintenance cost by replacing the older fleet. The new equipment also enabled us to significantly improve our quayside productivity and achieve customer satisfaction with our improved and resilient services.

Employee Performance Bonus

As an acknowledgment of relentless efforts to improve our services and achieve profits, all staff were awarded SBD 10,000 as a token of appreciation for their hard

work. This was a higher remuneration than the previous year and it proved to all staff the importance of consistent performance in order to achieve higher financial benefits.

Acknowledgement

Achieving the result of a successful year is a collective effort combining many factors. I would like to acknowledge the support of our Line Ministries, the Ministry of Finance and Treasury and the Ministry of Infrastructure Development and especially, the accountable Ministers, for their unwavering support for the development of our ports. Further, the guidance and direction of the Chairman and the Board of Directors is commendable. A salute to all my fellow staff and the management team for supporting a tremendous change process and for their collective work that brought us to great heights during the financial year. Last, but not least, I would like to acknowledge the support of all businesses, shipping lines and other stakeholders, without which this level of performance couldn't have been achieved.



Eranda Kotelawala

CEO

Solomon Islands Ports Authority



The Solomon Islands Ports Authority

The Solomon Islands Ports Authority (SIPA) is a statutory corporation established by an Act of Parliament and came into being on Monday, June 04, 1956.

It is responsible for the Ports of Honiara and Noro, as declared under the Act.

Functions

SIPA is charged with the duty to:

- Provide, maintain and improve, in the declared ports, such as facilities as appear best calculated to serve the public interest.
- Maintain, improve and regulate the use of declared ports to such extent as appears expedient in the public interest.
- Provide for the declared ports, the approaches thereto and the territorial waters of the Solomon Islands, such as pilotage services and aids as appear best calculated to serve the public interest.

Our Strategic Goals

1. Regional Leadership in Maritime Transport Facilities

Our objective is to become a modern seaport operator and transform the Ports of Honiara and Noro into a strategic “Hub Port” in the South Pacific by 2021.

2. Maximise Shareholder Value for the Government and the Public

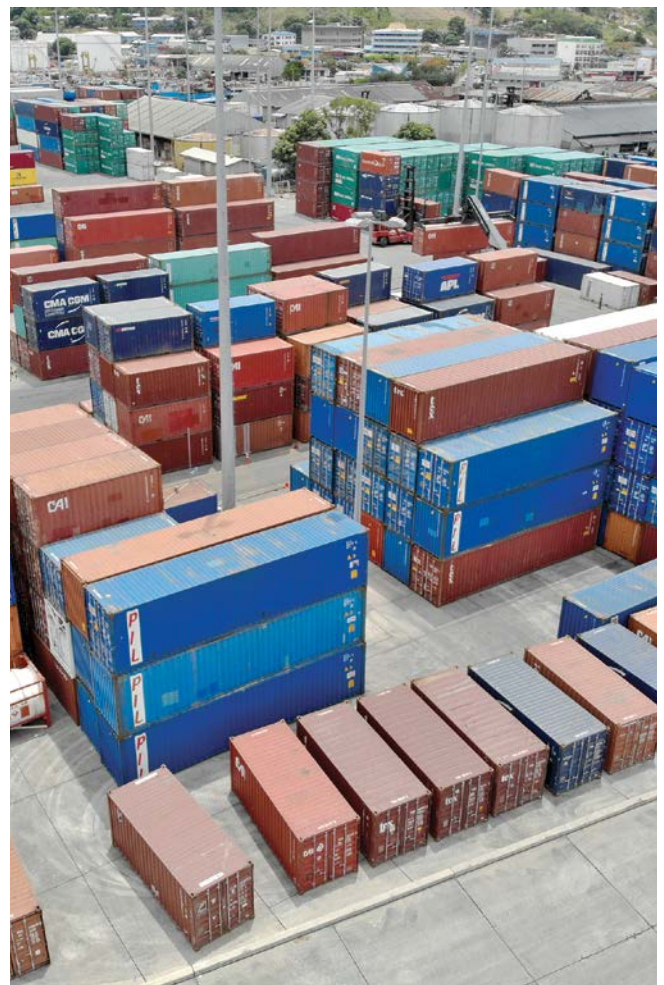
Enhance SIPA’s financial performance and position by improving returns on invested capital, income optimisation and prudent cost management.

3. Environmental Stewardship

To achieve Environmentally Friendly Port status with all Solomon Islands Port Authority facilities.

4. Port Facilities that Operate Safely and Securely

To achieve zero incident status in Occupational Health and Safety (OHS), and International Ship and Port Facility Security (ISPS) compliance in all port facilities.



5. A Port that the Public Understands, Trusts and Values

To build public and stakeholder confidence through enhancing overall value proposition, transparency and accountability.

6. A Port with an Innovative and Motivated Workforce

To ensure that SIPA is an employer of choice with human assets effectively managed to achieve port services.

7. A Customer-Focused Port that continues to improve Operational Efficiency

To enhance operational performance of all business units within SIPA, by optimising the value chain and the effective use of technology.

Board of Directors



Billy Titiulu
Chairman



Humphery Tura
Director



Johnny Sy
Director

Executive Management Team



Benny Legua
Manager Corporate
Services



Judah Kulabule
Manager Harbours



George Rausi
Manager Finance



Hugo Bugoro
Manager Operations



Glyn Joshua
Manager Commercial



Ronald Ivupitu
Manager Engineering

Corporate Governance

Role of the Board

The primary role of the Board is to protect and enhance long-term Company values. It sets the overall strategies for the Company and mandates the Executive management to carry them out. It also ensures that good corporate governance policies and practices are implemented within the Company. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and Government. The Board currently comprises six members.

The day-to-day operation of the business of the Company is a delegated function of the Chief Executive Officer, and the Executive Management Team, who are led by the Chief Executive Officer. They are closely monitored by the Board and are accountable for the performance of the Company as measured against the corporate goals and business targets set by the Board. The Company provides extensive background information about its history, mission and business to the Board.

Board Directors are also invited to visit the Company's operational facilities from time to time and to meet with the management team for gaining better understanding of the business operations of the company. Furthermore, the Board has separate and independent access to the Chief Executive Officer, senior management staff and the Company Secretary

at all times. With prior request to the Company Secretary, the Board is given access to independent professional advice any time that it thinks appropriate.

The posts of the Chairman and the Chief Executive Officer are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The division between the Chairman and the Chief Executive Officer is clearly established and set out in practice and in writing.

Corporate Governance

The Board is committed to maintaining a high standard of corporate governance practices within the Company and devotes considerable effort to identify and formalise best practices. The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to provide a vibrant Port Services at minimal cost to its clients and yet achieving a profit that will be reinjected for capital projects and purchases.

Comprehensive guidelines, policies and procedures are formulated by the Manager Corporate Services, in support of the Company's corporate governance frameworks, including the Directors Manual, Corporate Governance Manual, Guidelines on Internal Control





System, Corporate Policy on Staff Responsibility, Whistleblowing Policy, Disclosure Policy on Inside Information, and the terms of reference for various Board Committees, in such time as these are formulated. These documents are reviewed regularly and updated in line with the amendments of applicable legislations and rules, as well as the current market practice. Currently, no Board Committees have been formulated and, therefore, no sub-committees are in existence at present.

The Company will be fully compliant with all the applicable code provisions in its Corporate Governance Code and objectives.

Corporate Governance Function

The Board is responsible for performing the corporate governance duties. Specific terms of reference were set out in the Corporate Governance Manual of the Company and the relevant duties include the following:

- (a) To develop and review the Company's policies and practices on corporate governance;
- (b) To review and monitor the training and continuous professional development of Directors and senior management staff;
- (c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors;
- (e) To review the Company's compliance with the Company Code and disclosure in the Corporate Governance Report, and
- (f) To look at and improve all Capital Expenditures for all projects in the Company.

The Board strives to keep employees abreast of the latest developments in corporate governance issues through education and promotion. A series of training sessions on corporate governance and internal control practices were also given to the Board and staff members to update and improve their knowledge in these matters. The Board and Executive Management have also attended a course on Corporate Governance, hosted by the Solomon Islands Chamber of Commerce.

Board Meetings

The Board meets regularly, at least three times a year, at quarterly intervals, and holds additional meetings as and when the Board thinks appropriate.

Six Board meetings were held in the 2018 Financial Year. Notice of not less than 14 days was given to the Board of Directors for the regular Board meetings. Draft agenda for the Board meetings were prepared by the Board Secretary and circulated to all Directors for

comments before each meeting. Board members were given an opportunity to include any other matters in the agenda. The agenda, together with Board papers, are sent in full to the Board Directors not less than three business days before the intended date of the Board meeting. Minutes of Board meetings are prepared by the Company Secretary with details of any decisions reached, any concerns raised and dissenting views expressed. The draft minutes are sent to all Board Directors within a reasonable time after each meeting for their comments before being formally signed by the chairman of the meeting. Copies of the final version of minutes of the Board meeting are sent to the Board of Directors for information and record. At each regular Board meeting, Executive management of the Company makes presentations to the Board on various aspects, including the business performance, financial performance, corporate governance and outlook, etc. A written report reviewing all the key operational aspects of the Company is provided to the Board Directors before each regular Board meeting to enable them to make informed decisions for the benefit of the Company.

Throughout the 2018 Financial Year, the Board of Directors also participated in the consideration and approval of matters of the Company, by way of written resolutions circulated to them. Supporting written materials were provided and verbal briefings were

given by the Board Directors or the Board Secretary, when required.

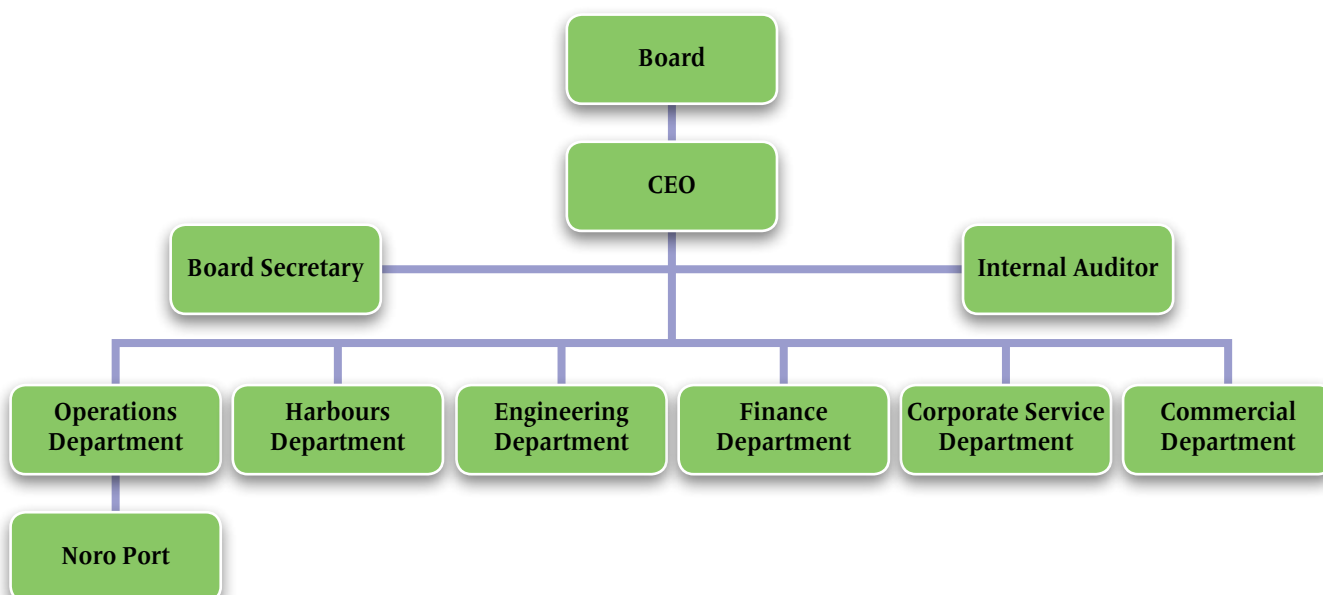
Declaration of Interest

Pursuant to the by-laws of the Company, a Board Director, interested in a contract or arrangement or proposed contract or arrangement with the Company, whether directly or indirectly, shall declare the nature of his interest at the Board meeting at which the question of entering into the contract or arrangement is first considered. A Board Director shall not vote (nor be counted in the quorum) on any resolution of the Board Directors in respect of any contract, arrangement or proposal in which he, or any of his associate(s), is to his knowledge, materially interested. Matters to be decided at Board meetings are decided by a majority of votes from the Board Directors allowed to vote. These by-laws were strictly observed throughout the 2018 Financial Year.

Attendance

Directors play an active part in the Company's meetings through the contribution of their professional opinions and active participation in discussions. The attendance record of each Director at the Board meetings and the general meeting held in the 2018 Financial Year is minuted in the Meetings register.

Solomon Islands Ports Authority Organisational Structure



The Year in Review

Going Green at SIPA

The Solomon Islands Ports Authority (SIPA) is proud to be implementing quality energy and environmental management systems for the Authority's port operations, in support of the Pacific Community's (SPC) Green Port Initiative.

SIPA is championing the Green Pacific Port Initiative and has targeted making the Authority a Green Pacific Port by 2030. This requires an integrated approach to reducing SIPA's carbon and environmental footprints, while improving the efficiency and resilience of the Authority's operations.

Our efforts have resulted in an overall energy saving of 8% in 2018, representing a total of \$17,000 per month, or 15 tonnes of greenhouse gas emissions.

Incinerators

In support of this, SIPA has invested in a Model CA65 Waste Incinerator, which is compliant with Solomon Islands Biosecurity requirements for the proper disposal of ships' waste. Port waste was previously disposed of at a landfill site.

SIPA technicians assembled and installed the incinerator, and testing, operations training and commissioning was conducted by an engineer from Advanced Combustion Pty Limited, an Australian based company.



Solar Powered Lights

The Noro Port now has a 100% solar lighting system around its perimeter and SIPA is in the process of implementing the same for the Honiara Port.

The new solar powered light system is part of the Green Initiative launched by the South Pacific Community (SPC) in 2017, where SIPA and the Port of Tonga were selected to champion this new initiative in the region.

The Noro Port has a total of 45 solar light poles around its perimeter. A total of 54 solar light poles will soon be installed around the Honiara Port perimeter. These will complement the 59 new LED lights at the Honiara Port have been installed on 30 new light poles inside the Port facility.

The new LED lights produce better luminance that will assist operations at the Port at night. As the new lights require greater energy consumption, a new Lighting Management Control System (LMCS) has to be installed before they are commissioned. This is to ensure that the greater energy consumption occurs only when necessary during nighttime operations.

The new lighting system has been installed only at the Honiara Port. Installation works for the Noro Port will take place sometime in 2019.

SIPA uses the Solomon Islands Electricity Authority's (SIEA) power grid, with two backup generators on standby at the Port.





Port Operations

The Solomon Islands Ports Authority (SIPA) is responsible for the two principal declared ports of Honiara and Noro.

There is also a designated facility, declared by the Solomon Islands Customs and Excise Division (SICED) to deal specifically with yachts and smaller vessels that travel through or within the country's borders.

Other Sovereign ports exist for the exclusive export of logs and timber, and usually close once the specific logging activities are completed. Also, local vessels use the numerous landings available throughout all the islands of the Solomons.

Honiara Port

The Port of Honiara is located at latitude 09° 26.0' South, Longitude 159° 57.0' East, with the location of pilot boarding grounds at Latitude 09° 25.0' South, Longitude 159° 58.0' East, and there is a distance of 0.5 nautical miles from pilot station to anchorage, with a minimum depth of 11 metres and a diameter of 300 metres at the turning basin. On average, the tidal range on average is 0.9 metres, with weak and variable tidal streams within the vicinity of the wharf.

There are two international berthing wharves, named

Berth No.1 and Berth No. 2

Berth No. 1 is 110 metres long, with a depth of 10.5 metres, while Berth No. 2 is 150 metres long, with a depth of 11.5 metres. Both berths are tabular, with concrete surfaces and rubber fenders.

The Honiara Port has a minimum depth of anchorage at 20 metres with variable wind currents mostly at North Easterly winds.

Total Import and Export containers in Twenty-Foot Equivalent Units (TEU) for 2017 and 2018

Honiara Port	Import	Export
Full Containers	15,107 TEU	3,060 TEU
Empty Containers	401 TEU	11,538 TEU
Total	15,508 TEU	14,598 TEU

Noro Port

Noro Port is a multi-purpose wharf for all shipping vessels, international and domestic. There is no designated wharf for a landing craft. However, there are two boarding grounds at the Noro Port.

- Outer: Latitude 08° 4' South, Longitude 157° 12.1' East
- Inner: Latitude 08° 4' South, Longitude 157° 11.8' East



The preference for which boarding ground to choose is dependent on the Captain. Traffic in the channel can sometimes be heavy, so navigating in the direction of the leading lights at an angle of 190°T is recommended.

The deep-water berth is 62metres in length with 14metres depth, alongside a concrete deck and steel pile structure. Pilotage is compulsory for vessels exceeding 40metres overall in length.

Total Import and Export containers for Noro Port

Noro Port	Import	Export
Full Containers	1,803 TEU	1,379 TEU
Empty Containers	1,061 TEU	1,102 TEU
Total	2,864 TEU	2,481 TEU

The Port of Noro is a ISPS controlled area.

Security Department

ISPS Code

SIPA is operating under the International Ship and Port Facility Security (ISPS) Code, the set of measures to enhance the security of ships and port facilities around the world. In addition to adhering to the ISPS Code, under the State Owned Enterprises Act, reports on security matters to the Solomon Islands Maritime Safety Administration (SIMSA), the Government body that deals with maritime issues in Solomon Islands.

Three Security Levels

SIPA observes three security levels;

Level 1 – Normal business operations, with normal security measures observed.

Level 2 – A specific threat observed. Targeted security measures implemented.

Level 3 – High security risk. Normal business operations cease.

CCTV Cameras

Port security will be further enhanced, with the installation of the 30 CCTV cameras and equipment, purchased at the end of 2018. These will be installed at the Honiara and Noro international and domestic wharves. This will allow for the recording, monitoring and review of all operations and procedures, and in the case of any incident or accident.



Registration

For security reasons, all Port users, customers, and anyone entering the International Wharf areas for any reason, are required to fulfil the compulsory registration process.

Ground Access

The only authorised, restricted access points through the perimeter fence enclosing SIPA Ports are at the gatehouse for walk-in port users and at the front entry gate for vehicles. ID card checks, gatehouse signage, vehicle passes and the use of CCTV are the security measures in place at these access points. For port users' convenience, on-line applications can be made for ID and vehicle passes, and the ISPS office can be contacted by phone.

Any vehicle passing through the gate to the wharf area is required to pay a parking fee/access fee in accordance with the type of vehicle being driven in. Passengers and other pedestrians visiting the area are not charged an entry fee. This is also a controlled area, meaning it is a betel nut and alcohol-free zone. People caught breaching this rule are usually fined on the spot.



Waterside Access

There is a restricted buffer zone of 50metres from the wharf, or 50metres from a vessel berthed at the wharf. All wharves, whether domestic or international, are fishing-free zones. The public is strictly prohibited from fishing or diving in these areas, with penalties applied for non-compliance.

Photography

In accordance with the ISPS code and the Port Rules and Regulations, photography within the international wharf area is prohibited, unless authorised by the Ports Facility Security Officer (PFSO). Photography is permitted along Commonwealth Street, through to the Yacht Club and in the domestic wharf area.

Main Shipping Agents

The shipping agents operating out of the Honiara, Noro and other designated ports include:

1. Trade Co Shipping, agent for all Swire Shipping vessels, Sofrana Vessels, cruise ships and mining vessels.
2. Express Freight Management, agent for Pacific International Shipping (PIL) vessels.
3. Carpenters Shipping, agent for Kyowa Line & NYK shipping vessels.

4. Sullivans Shipping, agent for Neptune Shipping Line vessels.
5. BJS Shipping, agent for New Pac Shipping.
6. GS Shipping, agent for all chartered vessels and pleasure vessels.
7. Pacific Shipping, agent for logging vessels, loading round logs within Solomon Islands.
8. Genesis Shipping Agent, agent for logging vessels, loading round logs within Solomon Islands.

Pilots and Navigation

The SIPA Harbour Department has experienced pilots on standby 24/7 for both international and domestic vessels, as pilotage is compulsory for vessels measuring greater than 40metres.

Pilotage requests are to be made to the Harbour Master's Office, two to three weeks in advance, through shipping agents for international vessels and through shipping companies for domestic vessels.

SIPA currently employs six pilots, five of whom are Honiara-based, with the sixth based at Noro. They all have the necessary licenses to operate all vessel types, and are available for both in and out port pilotage.

Towage

Tugboats are privately operated but are always on standby for use, if requested. There are five boats operating in the Port of Honiara and two in the Port of Noro, which are sufficient to handle all vessel calls, all year round. All boats are Z-Pellar, capable of various manoeuvres. Bollard pull is at 45tonnes maximum.

Terminal Operating System

The introduction of the new Terminal Operating System (TOS) has improved efficiency by providing reports about the status of goods, and their location, as well as information about the container handling equipment and the layout of the container terminal, the loading process and procedures, billing, and the exact recording of operational data.

The system is integrated with other systems within SIPA, to make better use of the Authority's assets, labour and equipment, plan the workload, and get up-to-minute information that allows for more timely and cost-effective decision making. The system also supports a streamlined operation, from high-level vessel/berth planning, down to equipment and work instruction execution. SIPA started using the new

system in August 2018. On-site capacity building and staff training is ongoing, to ensure that staff members are familiar with the new system.

Implementation of the new Terminal Operating System at SIPA comes with a proper recording system that allows shipping agents access, to keep track of their cargo or container stock at the Port.

Weigh in Motion System

SIPA is the first Ports Authority in the region to install the hi-tech, Weigh in Motion system (WIM). The system weighs the truck and the container while in motion as they drive through the Port entry gate. This is in line with the International Maritime Organization's (IMO) requirement that all containers loaded onto a ship have a Verifiable Gross Mass (VGM). The system records container weight, accurate to decimals, but rounded to a whole number for convenience. As well as increasing the accuracy of weighed containers, the system reduces weighing time by more than 90%.

Stevedores

Stevedores are available on two, twelve-hour shifts daily.

Cargo Handling Equipment

1. Kalmar Fleet

Description	Type	No.
Full Container Handler	Kalmar Reach Stacker	4
Empty Container Handler	Kalmar Reach Stacker	1
	Twin Pick	2
	16T Fork	1
	8T Fork	1

2. Omega Fleet

Description	Type	No.
Full Container Handler	Reach Stacker	1
	Top Lift	3
Empty Container Handler	ECH	1
	16T Fork	1

3. Terminal Tractors and Trailers

Description	Type	No.
Terminal Tractor and Trailer	Terberg Tractors and 80T Low Bed Trailers	6



Storage

The port yard occupies an area of 225 square metres (m²). In addition, our machines can stack containers up to five stacks, if empty. Therefore, the yard can accommodate around 2,000 containers at any one time. Break bulks can be stored in either of our two warehouses situated within the port area. Each warehouse covers over 20 square metres with a height of 15 metres.

The total warehouse space for transit cargo storage is approximately 58,000 square feet. With our security personnel on patrol 24/7, containers or break bulks stored within the port area are safe and secure.

Reefers

Reefers or refrigerated containers are accommodated by the port infrastructure, with six reefer points (30 plugs) that can cater for refrigerated containers, 24/7.

Noro Reefer facility

An additional reefer facility has been constructed

at Noro Port, with a proper pavement for the refrigeration area, an upgraded power supply and a backup generator. With a 100 plug-in points for reefers, the new facility is in response to the increasing demand for Solomon Islands' fish exports.

Container Fumigation

Fumigators are employed to ensure the removal of any microbes potentially dangerous to Solomon Islands' food security or otherwise detrimental to our flora and fauna.

Refueling

There is a designated refueling jetty situated at the Honiara domestic wharf, parallel to the exit gate.

Freshwater

SIPA provides freshwater for domestic and international ships, delivered by quadrants stationed at each jetty or wharf. For international ships, especially, a standby water pressure pump is available, and can also be requested at the domestic jetties, if necessary.





Our Team

A total of 447 staff members are employed by SIPA. Of these 447 staff members, 46 are based at the Noro Port while the rest are based at the Honiara Port.

New Accounting System Software

SIPA is currently implementing the Pronto Accounting Software system, which replaces the previous system, the Zero Accounting Software that is usually used to operate small businesses.

The Pronto Accounting Software system is a very comprehensive system that will easily integrate and synchronise well with the new Terminal Operating System (TOS).

The new software system consists of Accounts Receivable, Accounts Payable, the General Ledger, Purchasing, Payroll, Human Resources, Project

Management, and Maintenance Management modules.

With the Pronto Software system, invoicing processes are more accurate, as the software itself is integrated to the TOS system. The TOS system, after capturing all operational data, will then feed data to the Pronto Accounting Software system where invoices are issued in a timely fashion to customers, with minimal to no errors.

Safeguarding Data

SIPA is now focusing on a new data recovery system to safely back up operational data. With the new system in place; the focus now is on its installation. This will increase data storage efficiency. The Authority is also working to incorporate fibre-optic networks with underwater cables that may help the Authority safely store and back up data even in times of a natural disaster such as a cyclone or tsunami.

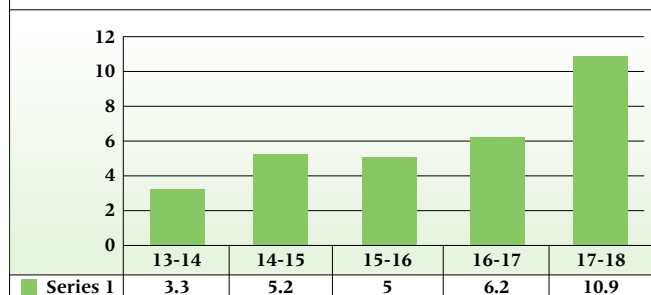
Financial Performance Indicators

In addition to the key performance indicators provided, the following financial performance indicators, which are not subjected to audit, are provided to assist users to assess the financial management performance of Solomon Ports. The indicators selected are considered appropriate for use in evaluating the performance of SIPA as a State Owned Enterprise.

Current Ratio

This ratio is used to ascertain the extent to which current assets may be realised to meet current liabilities.

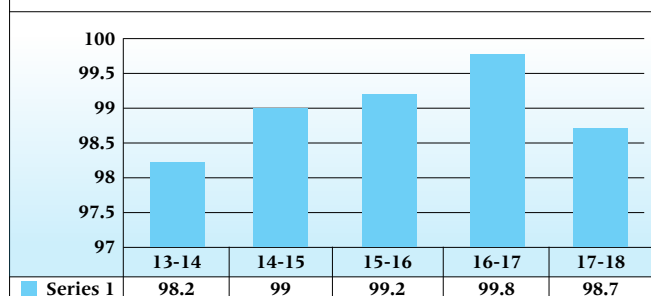
	2017	2018
Total Current Assets	253,470,736	292,267,746
Total Current Liabilities	40,603,424	26,756,311
	=6.20	=10.90



Free Cash Flow

Measures the net cash flow available as a source of funds from operations after meeting interest costs.

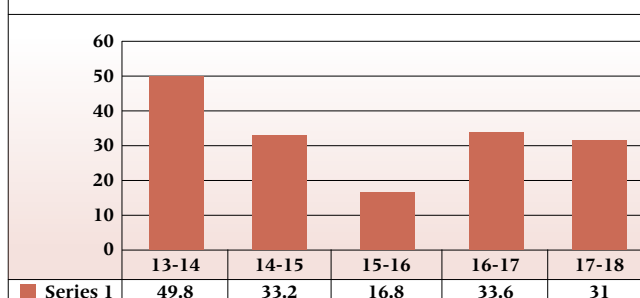
	2017	2018
Net Cashflow from Operations (after interest)	101,597,208	81,451,746
Net Cashflow from operations (before interest)	101,806,644	82,495,870
	=99.80%	=98.70%



Operating Ratio

Measures the coverage of operating expenses by operating revenues.

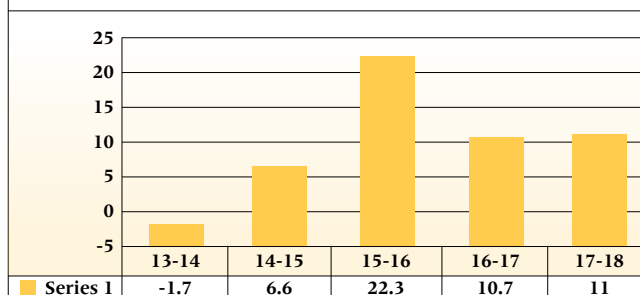
	2017	2018
Total Operating Expenses + Depreciation and Tax	65,527,067	63,821,715
Total Operating Revenue	195,275,908	205,932,973
	=33.60%	=31.0%



Return on Assets

This measures the rate of return earned through operating total assets provided by SIPA.

	2017	2018
Earnings Before Interest and Tax	77,366,202	88,190,172
Average total Assets	724,675,897	799,879,452
	=10.70%	=11.0%





Solomon Islands Ports Authority

Financial Statements

For the year ended 30 September 2018

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Directors' Report

For the year ended 30 September 2018

The Board of Directors present their report together with the financial statements of the Solomon Islands Ports Authority ("the Authority") for the year ended 30 September 2018 and the auditors' report thereon.

Directors

The Board of Directors in office during the financial year and at the date of this report were:

Name

Mr. Billy Titiulu (Chairman)
Mr. Henry Murray (Vice Chairman)
Mr. Michael Aihikau (Deceased 14/06/2018) Mr. Humphrey Tura
Mr. Johnny Sy

State of affairs

In the opinion of the Directors:

- there were no significant changes in the state of affairs of the Authority during the financial year under review not otherwise disclosed in this report or the financial statements;
- the accompanying statement of financial position gives a true and fair view of the state of affairs of the Authority as at 30 September 2018 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, changes in equity and cash flow, of the Authority for the year then ended.

Principal activities

The principal activities of the Authority is providing and managing the port infrastructure and services in the declared ports.

Results

The net profit of the Authority for the year ended 30 September 2018 was \$88,092, 780 (2017: \$77,304,529).

Going Concern

The Directors believe that the authority will be able to continue to operate for atleast 12 months from the date of this report.

Reserves

There were no transfers of reserves in the statement of changes in equity during the year.

Dividends

No dividends have been paid or declared since the end of the previous financial year, and the Directors do not recommend the declaration of a dividend.

Assets

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that the assets of the Authority were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors were not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

Directors' Report *Continued*

For the year ended 30 September 2018

Bad and Doubtful debts

The Board members took reasonable steps before the Authority's financial statements were made out to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts.

At the date of this report, the Board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

Directors' benefit

No Director of the Authority has, since the last financial year, received or become entitled to receive any benefit (other than benefits included in the amount of emoluments or shown in the financial statements under related party note) by reason of a contract made with the Authority or a related corporation with the Director or with a firm of which he is a member or with a company in which a Director has a substantial financial interest.

Unusual transactions

The results of the Authority's operations during the financial period have not, in the opinion of the Directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Events subsequent to balance date

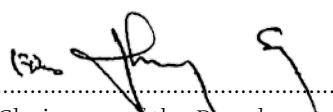
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Authority, to affect significantly the operations of the Authority, the results of those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

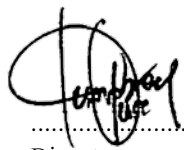
Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Dated at Honiara this ^{13th} of ^{March} 2019.

Signed in accordance with a resolution of the Board of Directors:


Chairman of the Board


Director



Statement by Directors

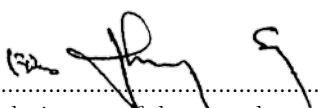
For the year ended 30 September 2018

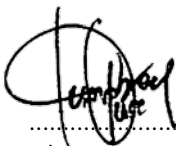
In the opinion of the Directors:

- (a) the accompanying statement of profit or loss and other comprehensive income is drawn up so as to give a true and fair view of the results of the Authority for the year ended 30 September 2018;
- (b) the accompanying statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 30 September 2018;
- (c) the accompanying statement of changes in equity is drawn up so as to give a true and fair view of the changes in equity of the Authority for the year ended 30 September 2018;
- (d) the accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 30 September 2018;
- (e) at the date of this statement there are reasonable grounds to believe the Authority will be able to pay its debts as and when they fall due;
- (f) all related party transactions have been adequately recorded in the books of the Authority, and
- (g) the financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRS").

Dated at Honiara this 13th of March 2019.

Signed in accordance with a resolution of the Board of Directors:


.....
Chairman of the Board


.....
Director

Solomon Islands Office of the Auditor-General



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOLOMON ISLANDS PORTS AUTHORITY.

Opinion

I have in joint consultation with the Board of the Solomon Islands Ports Authority ("the Authority") pursuant to Section 23(3) of the Ports Act (Cap. 161) contracted KPMG Fiji which is part of the KPMG International network to assist me to audit the accompanying financial statements of Solomon Islands Ports Authority, which comprise the statements of financial position as at 30 September 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes 1 to 24 comprising of a summary of significant accounting policies and information.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 30 September 2018, and of its financial performance, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted the audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Directors for the Financial Statement

Management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 the Authority'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 the Authority or to cease operations, or has no realistic alternative but to do so.

The Directors of the Authority are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Authority'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 the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report; and
- 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.

I communicate with the Directors of the Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

Report on Other Legal and Regulatory Requirements

I have obtained all the information and explanations which, to the best of my knowledge and belief, are necessary for the purposes of my audit.

In my opinion:

- i.) proper books of account have been kept by the Authority, sufficient to enable financial statements to be prepared, so far as it appears from my examination of those books; and
- ii) to the best of my knowledge and according to the information and explanations given to us the financial statements give the information required by the Section 23(3) of the Ports Act (Cap 161), in the manner so required.
- iii) the Authority has not complied with the requirements of the Public Finance and Audit Act (Cap 120) and the State Owned Enterprises Act 2007 which requires the audited financial statements to be submitted to the Minister before 31 December of the same year to which the financial statements relate. The signed statements were not presented to me until 22 March 2019.

Peter Lokay
Auditor-General
29 March 2019

Office of the Auditor-General
Honiara, Solomon Islands

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2018

	Note	2018 \$	2017 (Restated)¹ \$
Revenue	5	205,932,973	195,275,908
Other income	6	20,968,817	15,263,032
Change in fair value of investment properties	14	1,583,407	-
Release of deferred revenue	18	3,510,258	3,510,258
Operational expenses	7	(63,821,715)	(65,527,067)
Administrative and other operating expenses	8	(81,363,0472)	(72,129,808)
Profit from operations		86,810,693	76,392,323
Finance income		1,379,479	973,879
Finance cost		(97,3922)	(61,6732)
Net finance cost		1,282,087	912,206
Net profit before tax		88,092,780	77,304,529
Income tax	3(g)	-	-
Net profit for the year		88,092,780	77,304,529
Other comprehensive income		-	-
Total comprehensive income for the year		88,092,780	77,304,529

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes set out on pages 11-26.

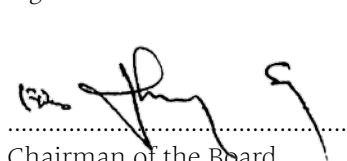
¹ Refer to note 23

Statement of Financial Position

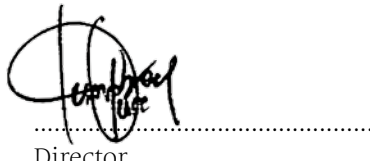
For the year ended 30 September 2018

		2018	2017	2016
	Note	\$	(Restated) ¹	(Restated) ¹
		\$	\$	\$
ASSETS				
Current assets				
Cash and cash equivalents	10	180,255,739	180,350,948	138,902,849
Trade and other receivables	11	60,311,905	51,108,952	37,777,951
Inventories	12	715,987	1,026,721	2,338,135
Investments	13	50,984,115	20,984,115	984,115
Total current assets		292,267,746	253,470,736	180,003,050
Non-current assets				
Investment property	14	35,054,383	31,668,476	31,668,476
Property, plant and equipment	15	508,118,215	479,179,347	473,361,709
Total non-current assets		543,172,598	510,847,823	505,030,185
Total assets		835,440,344	764,318,559	685,033,235
LIABILITIES				
Current liabilities				
Trade and other payables	16	14,056,354	28,992,888	26,215,302
Employee benefits	17	9,189,699	8,100,278	6,200,512
Deferred revenue	18	3,510,258	3,510,258	3,510,258
Total current liabilities		26,756,311	40,603,424	35,926,072
Non-current liabilities				
Employee benefits	17	1,316,814	930,438	116,736
Deferred revenue	18	164,689,586	168,199,844	171,710,102
Total non-current liabilities		166,006,400	169,130,282	171,826,838
Total liabilities		192,762,711	209,733,706	207,752,910
Net assets		642,677,633	554,584,853	477,280,325
EQUITY				
SIG equity contribution		402,824	402,824	402,824
Retained earnings		393,451,594	305,358,814	228,054,286
Asset revaluation reserves		248,823,215	248,823,215	248,823,215
Total equity		642,677,633	554,584,853	477,280,325

Signed in accordance with a resolution of the Board of Directors:



Chairman of the Board



Director

The above statement of financial position should be read in conjunction with the accompanying notes set out on pages 11-26.

¹ Refer to note 23

Statement of Changes in Equity

For the year ended 30 September 2018

	Solomon Island Government contribution \$	Asset revaluation reserve \$	Retained earnings \$	Total \$
Balance as at 1 October 2016 (as previously reported)	402,824	248,823,215	259,899,902	509,125,941
Adjustment (refer note 23)	-	-	(31,845,616)	(31,845,616)
Restated balance as at 1 October 2016	402,824	248,823,215	228,054,286	477,280,325
Total comprehensive income for the year				
Net profit for the year(restated)	-	-	77,304,529	77,304,529
Other comprehensive income	-	-	-	-
Restated balance as at 30 September 2017	402,824	248,823,215	305,358,815	554,584,854
Restated balance as at 1 October 2017	402,824	248,823,215	305,358,815	554,584,854
Total comprehensive income for the year				
Net profit for the year	-	-	88,092,779	88,092,779
Other comprehensive income	-	-	-	-
Balance as at 30 September 2018	402,824	248,823,215	393,451,594	642,677,633

The above statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 11-26.



Statement of Cash Flows

For the year ended 30 September 2018

	Note	2018 \$	2017 \$
Cash flow from operating activities			
Receipts from customers		210,594,098	197,063,682
Payments to suppliers and employees		(130,089,084)	(95,614,237)
Bank fees paid		(97,392)	(61,673)
Interest received		1,044,124	209,436
Net cash flows from operating activities		<u>81,451,746</u>	<u>101,597,208</u>
Cash flow used in investing activities			
Acquisition of investment securities		(30,000,000)	(20,000,000)
Acquisition of property, plant and equipment		(51,561,887)	(40,149,109)
Proceeds from disposal of property, plant and equipment		14,932	-
Net cash flows (used in) investing activities		<u>(81,546,955)</u>	<u>(60,149,109)</u>
Cash flow from financing activities			
Dividend paid		-	-
Borrowings repayment		-	-
Cash flows from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		<u>(95,209)</u>	<u>41,448,099</u>
Cash and cash equivalents at the beginning of the year		180,350,948	138,902,849
Cash and cash equivalents at the end of the financial year	10	<u>180,255,739</u>	<u>180,350,948</u>

The above statement of cash flows should be read in conjunction with the accompanying notes set out on pages 11-26.

Notes to and Forming Part of the Financial Statements

For the year ended 30 September 2018

1. General information

The Solomon Islands Ports Authority ("the Authority") is domiciled in the Solomon Islands.

The principal activities of the Authority is providing and managing the port infrastructure and services in the declared ports. The Authority's principal place of operations is located at Dowling Drive, Honiara, Solomon Islands.

The financial statements were authorised for issue by the Board of Directors on 13th March 2019.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the provisions of the Ports Act (CAP. 161).

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis and do not take into account changes on money values except for investment property and land & buildings in property, plant and equipment which is matured at fair value. Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

(c) New standards and interpretations not yet adopted

The following standards, amendments and interpretations to existing standards have been published which are relevant to the Authority and are mandatory for accounting periods beginning on and after 1 October 2018, but the Authority does not plan to early adopt them. The impact of these standards and interpretations on the financial statements of the Authority has not yet been fully determined.

IFRS 16 'Leases', removes the classification of leases as either operating leases or finance leases - for the lessee - effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of the lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessor accounting remains similar to current practice - i.e. lessors continue to classify leases as finance and operating leases. The standard is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

IFRS 15 'Revenue from contracts with customers', replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes' and establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9, published in July 2014 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.



Notes to and Forming Part of the Financial Statements *(Cont'd)*

For the year ended 30 September 2018

2. Basis of preparation *(continued)*

(d) Use of estimates and judgment

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 (h) - Investment properties revaluation
- Note 3 (e)- Trade and other receivables
- Note 3 (I) - Employee benefits

(e) Changes in accounting policy and disclosures

During the financial year, the directors and management resolved to change the accounting policy adopted for long-term benefit such as long-service and early retirement leave.

Prior to May 2018, liabilities for these long-term employees entitlements were accrued in respect of all employees at the present value of the future amounts expected to be paid but these were not expected to be settled or paid until an employee had served 25 years of continuous employment service. In May 2018, the Directors and management resolved that employees can utilize their long-service leave that have been accrued once the employee has served at least 5 years of employment.

The effects of the changes in accounting policy is noted in 23.

3. Statement of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

(a) Foreign currency translation

(i) Functional and presentation currency

The functional currency adopted in the preparation of the financial statements is the Solomon Islands currency, the Solomon Islands dollar which is also the Authority's presentation currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

(ii) Foreign Currency Translation

Transactions in foreign currencies are translated to Solomon Islands dollar at the exchange rates prevailing at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing at balance date. Resulting exchange differences are recognised in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate prevailing at the date of the transaction.

Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

3. Statement of significant accounting policies (continued)

(b) Property plant and equipment

Items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are initially recognised at cost less accumulated depreciation and subsequently revalued to fair value.

Costs includes expenditures that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset at the time of disposal) is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Authority. Routine ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use. Depreciation is charged on a straight line basis over the estimated useful lives of the assets.

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

Leasehold land and properties	Over the period of lease
Land and buildings	10 to 50 years
Wharves and jetties	5 to 50 years
Vehicles	5 to 15 years
Plant and equipment	5 to 15 years

Deferred income

Property, plant and equipment acquired with the aid of specific grants are capitalised and depreciated in accordance with the above policy, with the related grant being credited to the deferred income as a liability and released to profit or loss over the expected useful economic life of the related property, plant and equipment.

(c) Impairment

The carrying amounts of all assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss, unless an asset has previously been devalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

(d) Inventory

Inventory are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventory is based on the first-in-first-out basis.



Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

3. Statement of significant accounting policies (continued)

(e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to other income in profit or loss.

(f) Revenue recognition

i. Rendering of port services

Revenue from providing all port services and managing port infrastructure is recognised on an accrual basis as services were rendered. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and revenue can be reliability measured.

(g) Tax expense

The Authority is exempt from income tax pursuant to Schedule 3 of the Solomon Islands Income Tax Act, which states that the Authority is exempt from tax on the condition that income is not derived from haulage, sea transport or from the provision of warehousing in a warehouse appointed as a private warehouse under Section 2 of the Customs and Excise Act.

(h) Investment properties revaluation

Investment property is initially recorded at cost and subsequently at fair value with any change therein recognised in profit and loss. When investment property previously was classified as property, plant and equipment is sold any related amount included in the asset revaluation reserve is transferred to retained earnings.

Any gain or loss on disposal of investment property (calculated as the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Investment property rental income

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(i) Trade and other payables

Liabilities for trade payable and other amounts are credited at the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Authority. A provision is recognized in the statement of financial position when the Authority has legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(j) Investments

Investments are non derivate assets with a fixed or determinable payments fixed maturity that the Authority has a positive intent and ability to hold to maturity. Investments are carried at amortised cost using the effective interest method. Investments comprise of term deposits and since they are not quoted in an active market they are classified as loans and receivables.

Notes to and Forming Part of the Financial Statements *(Cont'd)*

For the year ended 30 September 2018

3. Statement of significant accounting policies *(continued)*

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and term deposits with the original maturity of less than three months. Bank overdrafts that are repayable on demand and form an integral part of SIPA's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(l) Employee benefit

Short-term employee benefits

Short-term employee benefits comprising of accrued wages and salaries, bonus, annual leave and entitlement to Solomon Islands National Provident Fund are measured on an undiscounted basis and are expensed as the related service is provided.

Liabilities recognised in respect of short-term employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Long-term employee benefits

Long-term employee benefits comprises of long service leave and early retirement benefit.

The Authority's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.



Notes to and Forming Part of the Financial Statements *(Cont'd)*

For the year ended 30 September 2018

3. Statement of significant accounting policies *(continued)*

(m) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term

(n) Net financial costs

Finance income comprises of interest earned on investments and operating bank accounts. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Financial costs comprise of bank charges and interest paid on overdraft accounts.

(o) Goods and sales tax

Revenue, expenses and assets are recognised net of the amount of goods and sales tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable is included as a current asset or liability in the statement of financial position.

(p) Comparative figures

Where necessary, comparative figures have been changed to conform to changes in presentation in the current year.

4. Financial risk management

Overview

The Authority has exposure to the following risks:

- (i) credit risk;
- (ii) liquidity risk; and
- (iii) market risk.

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Authority's risk management framework. The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's cash at bank and receivables.

The carrying amount of financial assets represents the maximum credit exposure.

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Authority's customer base, including the default risk of the industry as these factors may have an influence on credit risk.

Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

4. Financial Risk Management (continued)

(i) Credit risk (continued)

Trade and other receivables

In monitoring customer credit risk, customers are grouped according to their credit characteristics, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Authority's corporate customers. The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The Authority does not require collateral in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Authority has credit risk arising from credit exposure to customers, including outstanding receivables. The level of credit granted is regularly monitored.

	Note	2018 \$	2017 \$
Cash and cash equivalents		180,248,645	180,350,730
Trade and other receivables	11	60,311,905	51,108,952
Investments	13	50,984,115	20,984,115
		<u>291,544,665</u>	<u>252,443,797</u>

As at 30 September 2018, the aging of gross trade receivables was as follows:

Neither past due nor impaired	571,928	1,018,925
Past due 1-30 days	13,587,661	8,307,412
Past due 31-60 days	13,166,012	7,699,375
Past due 61-90 days	3,788,492	2,353,222
Past due greater than 90 days	19,375,288	14,533,343
	<u>50,489,381</u>	<u>33,912,277</u>

The movement in the allowance for doubtful debts in respect of trade receivables during the year was as follows:

Balance at 1 October	7,107,899	5,928,723
Allowance for doubtful debt recognised	2,521,649	1,179,176
Balance as 30 September	<u>9,629,548</u>	<u>7,107,899</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation. Liquidity risk is considered minimal as all liabilities of the Authority are payable within 12 months.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk is considered minimal for the Authority.



Notes to and Forming Part of the Financial Statements *(Cont'd)*

For the year ended 30 September 2018

4. Financial Risk Management *(continued)*

(iii) Market risk (continued)

Currency risk

The Authority is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases, and borrowings are denominated and the respective functional currencies. The Authority does not have significant exposure to currency risk.

(iv) Capital management

The Authority's capital includes Solomon Islands Government contribution, asset revaluation reserves and retained earnings.

The Authority's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Authority is not subject to any externally imposed capital requirements. There have been no material changes in the Authority's management of capital during the year.

The Authority's adjusted net debt to equity ratio as at 30 September was as follows:

	2018 \$	2017 \$ (Restated)
Total liabilities	192,359,512	209,733,706
Less: cash and cash equivalents I0	(180,255,739)	(180,350,948)
Adjusted net debt	12,103,773	29,382,758
Total equity	660,220,290	569,016,630
Adjusted net debt to equity ratio	1.8%	5.1%

Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

	Note	2018 \$	2017 \$ (Restated)
5. Revenue			
Anchorage		361,698	390,198
Berthage - overseas ship		13,653,182	13,567,541
Container cleaning		3,533,317	3,931,602
Handling		15,307,976	12,441,203
Port machinery hire		12,333,833	11,971,065
Pilotage and mooring line fees		22,317,484	23,846,985
Port dues		1,037,377	1,208,988
Stevedoring		55,783,436	51,866,794
Storage		21,593,475	19,803,290
Tonnage dues		42,062,836	39,991,513
Wharfage		11,500,971	10,113,269
Port utilisation		6,447,388	621432460
		<u>205,932,973</u>	<u>195,275,908</u>
6. Other income			
Environment fee - overseas ships		337,262	239,199
Investment property rental income		6,110,495	6,382,468
Overtime recovery and rations		8,169,519	2,686,739
Power and water sales		1,933,378	1,152,370
Wharf entry fees		4,286,079	4,802,256
Other income		132,084	-
		<u>20,968,817</u>	<u>15,263,032</u>
7. Operational expenses			
Depreciation		21,044,394	19,705,735
Electricity and water		3,113,270	2,979,687
Employees amenities		94,378	877,396
Fuel		3,427,929	3,760,422
Insurance		1,036,200	1,862,563
Personnel expenses		33,462,984	29,253,648
Repair and maintenance		472,878	188,708
Uniforms		5,040	3,579,640
Other costs of sales		1,164,642	3,319,268
		<u>63,821,715</u>	<u>65,527,067</u>



Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

	Note	2018 \$	2017 \$ (Restated)
8. Administrative and other operating expenses			
Auditors remuneration		300,000	850,164
Bad and doubtful debts		3,131,919	1,179,176
Computer consumables		1,962,450	278,893
Consultancy services		374,492	7,285,912
Depreciation		2,338,266	2,323,577
Board of director's expenses	20	2,735,732	2,127,959
Electricity and water		3,367,980	4,225,166
Land rents and rates		3,022,548	3,089,904
Legal expenses		127,759	(1,529,032)
Personnel expenses		45,883,399	33,183,673
Postage, telephone and fax		1,691,941	1,751,341
Printing and stationeries		946,753	1,090,837
Repairs and maintenance		4,671,457	3,691,226
Travel allowances		5,046,982	4,669,672
Entertainment		613,677	587,152
Donation		825,507	538,332
Write-off of work in progress		-	4,958,978
Write-off deposit on asset		2,535,996	-
Other operating expenses		1,786,189	1,826,878
		<u>81,363,047</u>	<u>72,129,808</u>
9. Personnel expenses			
Salaries and wages		39,621,910	32,129,947
National Provident Fund		4,053,554	2,527,316
Other staff benefits and costs		35,670,919	27,780,058
		<u>79,346,383</u>	<u>62,437,321</u>
The average total number of employees during the year ended 30 September 2018 was 471 (2017: 498).			
10. Cash and cash equivalents			
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:			
Cash at bank		169,882,078	170,150,472
Short term deposit with original maturity less than 3 months		10,366,567	10,200,258
Cash on hand		7,094	218
		<u>180,255,739</u>	<u>180,350,948</u>
Short term deposits are held with Pacific Oceanic Bank at an interest rate of 2% maturing in October 2018.			
11. Trade and other receivables			
Trade receivables		50,489,381	33,912,277
Less allowance for doubtful debts	4 (i)	(9,629,548)	(7,107,899)
		<u>40,859,833</u>	<u>26,804,378</u>
Prepayments		9,139,321	14,057,766
Other receivables		8,729,656	8,663,713
Over-payment ADB loan		1,583,095	1,583,095
		<u>60,311,905</u>	<u>51,108,952</u>
12. Inventories		<u>715,987</u>	<u>1,026,721</u>

Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

	2018 \$	2017 \$
13. Investments		
Short term deposit	50,984,115	20,984,115
The Authority has term deposits with Bank of South Pacific and Pan Oceanic Bank at an interest rate ranging from 0.75% to 4% per annum maturing in December 2018.		
14. Investment properties		
Balance at the beginning of the financial year - at fair value	31,668,476	31,668,476
Changes in fair value	1,583,407	-
Reclass from Property, plant and equipment	1,802,500	-
Balance at the ending of the financial year - at fair value	35,054,383	31,668,476

Investment property comprises of commercial and residential property that are leased to third parties. Each lease contains a lease period of 3 and 50 years respectively with annual rental subject to increase upon renewal indexed to the Honiara retail price index. Subsequent renewals are negotiated with the lessee.

Rental income from investment properties of \$6,110,495 (2017: \$6,382,468) has been recognised in other income (Note 6).

Fair value hierarchy

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provide the fair value of the Authority's investment property portfolio every 12 months.

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Replacement cost method: where the improvements are valued using current replacement cost and an allowance for depreciation and obsolescence plus the freehold value of the land (notable sales of comparable vacant sites within Honiara are noted).	<ul style="list-style-type: none"> • Depreciation rate applied. • Locality of the property • Proximity to civic amenities • Topography/geographical feature of the land Demand for the land 	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> • depreciation rate were lower (higher); • the property located in urban locality; • closer to civic amenities; • the higher the demand for the land.



Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

15. Property, plant and equipment						
	Land and Buildings	Wharves and Jetties	Plant and Equipment	Vehicles	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
<i>Cost</i>						
Balance at 1 October 2016	168,469,829	288,050,098	77,219,451	6,669,359	10,917,032	551,325,769
Acquisitions	-	-	12,947,072	4,472,634	15,697,532	33,117,238
Disposals	-	(202,918)	(1,600,295)	-	(4,958,978)	(6,762,191)
Transfers (In)/(Out)	6,175,183	-	-	-	(6,175,183)	-
Balance at 30 September 2017	174,645,012	287,847,180	88,566,228	11,141,993	15,480,403	577,680,816
Acquisitions	150,839	-	21,539,621	12,007,402	20,522,574	54,220,436
Disposals	-	-	(1,860,207)	(432,000)	(52,137)	(2,344,344)
Transfer to investment properties	(1,802,500)	-	-	-	-	(1,802,500)
Transfers (In)/(Out)	16,250,650	-	-	-	(16,250,650)	-
Balance at 30 September 2018	189,244,001	287,847,180	108,245,642	22,717,395	19,700,190	627,754,408
<i>Accumulated depreciation</i>						
Balance at 1 October 2016 - restated	22,878,329	20,890,761	32,195,417	1,999,553	-	-77,964,060
Depreciation charge for the year - restated	5,665,501	8,559,402	6,913,695	890,713	-	22,029,311
Disposals	-	-	(1,491,902)	-	-	(1,491,902)
Balance at 30 September 2017	28,543,830	29,450,163	37,617,210	2,890,266	-	98,501,469
Depreciation charge for the year	5,859,644	8,381,143	7,582,973	1,558,901	-	23,382,661
Disposals	-	-	(1,815,937)	(432,000)	-	(2,247,937)
Balance at 30 September 2018	34,403,474	37,831,306	43,384,246	4,017,167	-	119,636,193
<i>Carrying amount</i>						
At 30 September 2016	145,591,500	267,159,337	45,024,034	4,669,806	10,917,032	473,361,709
At 30 September 2017	146,101,182	258,397,017	50,949,018	8,125,1727	15,148,1403	479,179,347
At 30 September 2018	154,840,527	250,015,874	64,861,396	18,700,228	19,700,190	508,118,215

Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

	2018 \$	2017 (Restated) \$	2016 (Restated) \$
16. Trade and other payables			
Trade payables	4,442,670	4,800,970	1,736,115
Other payables and accrued expenses	9,613,684	24,191,918	24,479,187
	<u>14,056,354</u>	<u>28,992,888</u>	<u>26,215,302</u>
17. Employee entitlements			
Current	9,189,699	8,100,278	6,200,512
Non current	1,316,814	930,438	116,736
	<u>10,506,513</u>	<u>9,030,716</u>	<u>6,317,248</u>
Movement is made up of the following:			
Opening balance	9,030,716	6,317,248	5,782,725
Provisions made during the year	8,300,725	9,587,400	3,845,082
Provisions utilised during the year	(6,824,928)	(6,873,932)	(3,310,559)
Closing balance	<u>10,506,513</u>	<u>9,030,716</u>	<u>6,317,248</u>
18. Deferred revenue			
Current	3,510,258	3,510,258	
Non-current	164,689,586	168,199,844	
	<u>168,199,844</u>	<u>171,710,102</u>	
Opening balance	171,710,102	175,220,360	
Less: Depreciation charge for the year	(3,510,258)	(3,510,258)	
Closing balance	<u>168,199,844</u>	<u>171,710,102</u>	

The deferred revenue relates to the international wharf which was funded by the Government of Japan. The grant was initially recognised as deferred revenue and subsequently amortized to profit or loss as income on a straight-line basis over the useful life of the acquired asset.

There were no unfulfilled conditions and other contingencies.

19. Equity

Equity comprises of Solomon Island Government contribution, retained earnings and asset revaluation reserves.

Solomon Islands Government equity contribution comprises of initial contribution by the Solomon Islands Government at the inception of the Authority.



Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

20. Related parties

(a) Identity of related parties

The following were Board of Directors of the Authority during the period:

Name

Mr. Billy Titulu - Chairman
 Mr. Henry Murray - Deputy Chairman
 Mr. Humphery Tura
 Mr. Michael Ahikau (Deceased 14/06/2018)
 Mr. Johnny Sy

Director's fees and related expenses amounting to \$2,735,732 were incurred and paid during the period (2017: \$2,127,959).

(b) Key management personnel

In addition to the Board of Directors, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity.

During the period, the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the Authority.

Name	Designation
Mr. Eranda Kotelawala	Chief Executive Officer
Mr. George Rausi	Manager Finance
Mr. Glyn Joshua	Manager Commercial
Mr. Judah Kulabule	Manager Harbour Master
Mr. Ronald Ivupitu	Manager Engineering
Mr. John Hugo Bugoro	Manager Operations
Mr. Benny Legua	Manager Corporate Services

The aggregate compensation of the key management personnel for the Authority comprises of short term benefits and is set out below:

	2018 \$	2017 \$
Short term benefits	4,344,307	3,086,283
(c) Amounts receivable related parties		
Overpayment of ADB loan by the Authority to SIG	1,583,095	1,583,095

Notes to and Forming Part of the Financial Statements (Cont'd)

For the year ended 30 September 2018

21. Capital commitments

Capital commitments as at 30 September 2018 was \$Nil (2017: \$0).

22. Contingent liabilities

The Authority is not aware of any contingent liabilities as at 30 September 2018(2017: \$Nil).

23. Correction of errors

During the financial year, the Authority was subject to a pay-as-you-earn (PA YE) tax audit by the Inland Revenue Division of Solomon Islands whereby it was discovered that PAYE taxes had been erroneously deducted which resulted in SOB \$17,188,255 reported to be under-deductions by the Authority from the employee's wages and salaries since 2012 of which SBD \$560,113 related to the current period under audit. The final settlement was approved by the Inland Revenue Division of Solomon Islands and agreed by the Authority. The Authority also discovered that the land rates on properties occupied by the Authority had not been accrued since 2014. The amount invoiced by the commission for the periods 2014 - 2017 was SBD \$4,997,500. Additoinally, the leasehold land acquired by the Authority in prior years and included in the Authority's property, plant and equipment in note 15 had erroneously not been depreciated over the term of the lease.

The prior period errors highlighted above have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summaries the impacts on the Authority's financial statements.

Statement of financial position

	As previously reported		Impact of restatement			
			Adjustments		Restated	
	2017	2016	2017	2016	2017	2016
Property, plant and equipment	493,611,124	484,908,711	(2,884,775)	(11,547,002)	479,179,347	473,361,709
Total non-current assets	525,279,600	516,577,187	(2,884,775)	(11,547,002)	510,847,823	505,030,185
Total assets	778,750,336	696,580,237	(2,884,775)	(11,547,002)	764,318,559	685,033,235
Trade and other payables	7,367,245	7,599,993	3,010,334	18,615,309	28,992,888	26,215,302
Employee benefits (current)	2,633,052	1,050,940	317,654	5,149,572	8,100,278	6,200,512
Employee benefit (non current)	3,172,716	3,583,003	1,223,989	(3,466,267)	930,438	116,736
Total current liabilities	13,510,555	12,161,191	3,327,988	23,764,881	40,603,424	35,926,072
Total non current liabilities	171,372,560	175,293,105	1,223,989	(3,466,267)	169,130,282	171,826,838
Total liabilities	184,883,115	187,454,296	4,551,977	20,298,614	209,733,706	207,752,910
Net assets	593,867,221	509,125,941	(7,436,752)	(31,845,616)	554,584,853	477,280,325
Retained earnings	344,641,182	259,899,902	(7,436,752)	(31,845,616)	305,358,814	228,054,286
Total equity	593,867,221	509,125,941	(7,436,752)	(31,845,616)	554,584,853	477,280,325



Notes to and Forming Part of the Financial Statements *(Cont'd)*

For the year ended 30 September 2018

23. Correction of errors *(continued)*

Statement of profit or loss and other comprehensive Income

	As oreviously reported 2017	Impact of restatement	
		Adjustment	Restated 2017
Operational expenses	(61,501.52	(4,025.546)	(65,527.067)
Administrative and other operating expenses	(68,718,602)	(3,411,206)	(72,129,808)
Profit from operations	83,829,075	(7,436,752)	76,392,323
Net profit before tax	84,741,281	(7,436,752)	77,304,529
Net profit for the year	84,741,281	(7,436,752)	77,304,529
Total comDrehensive income for the year	84,741,281	(7,436,752)	77,304,529

24. Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature, in the opinion of the directors, to affect significantly the operations of the Authority in subsequent financial years.



SOLOMON ISLANDS PORTS AUTHORITY
ANNUAL REPORT **2017-2018**