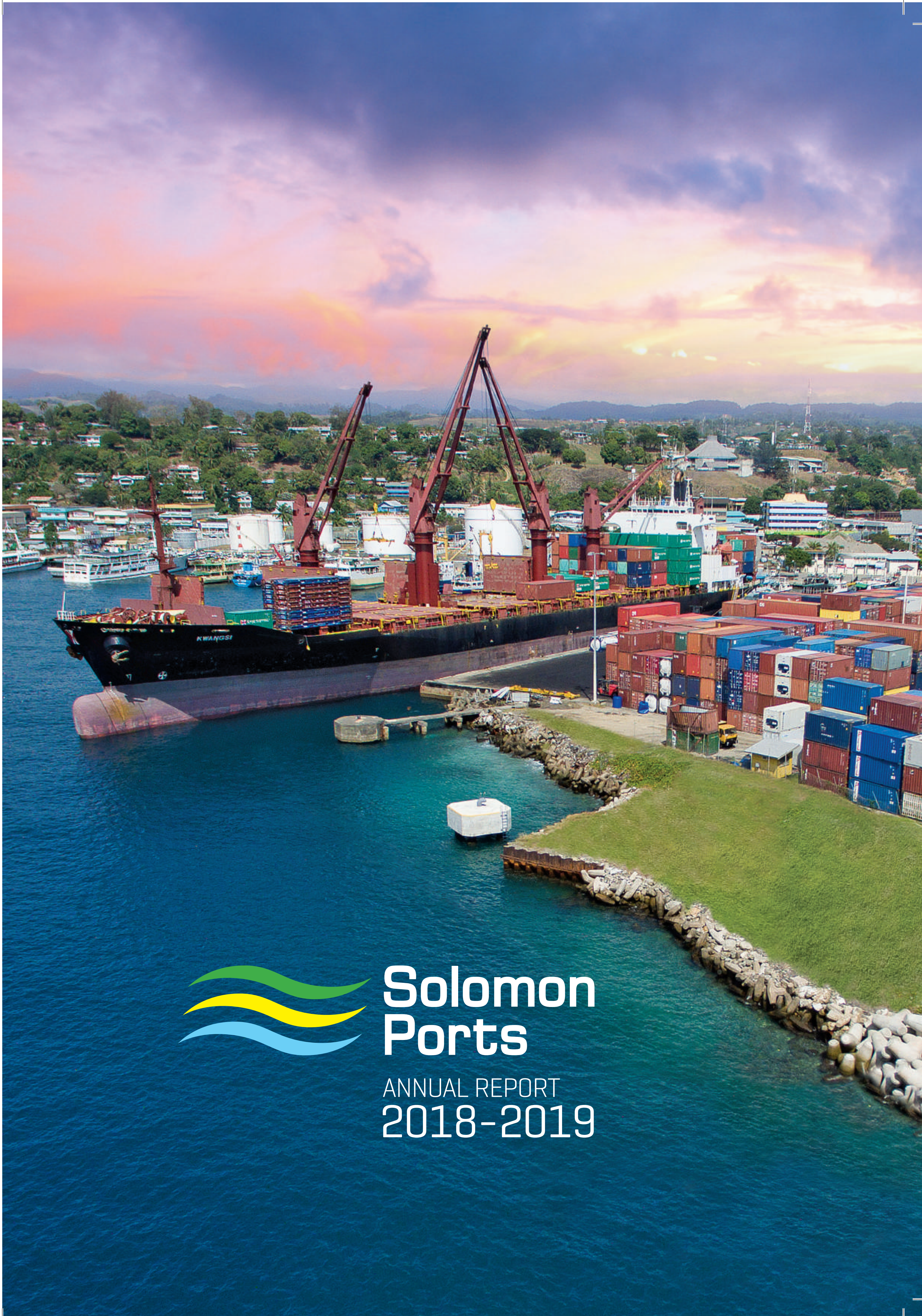


Solomon Ports

ANNUAL REPORT
2018-2019

Solomon Ports

Vision

To become South Pacific's Strategic Gateway to the World.

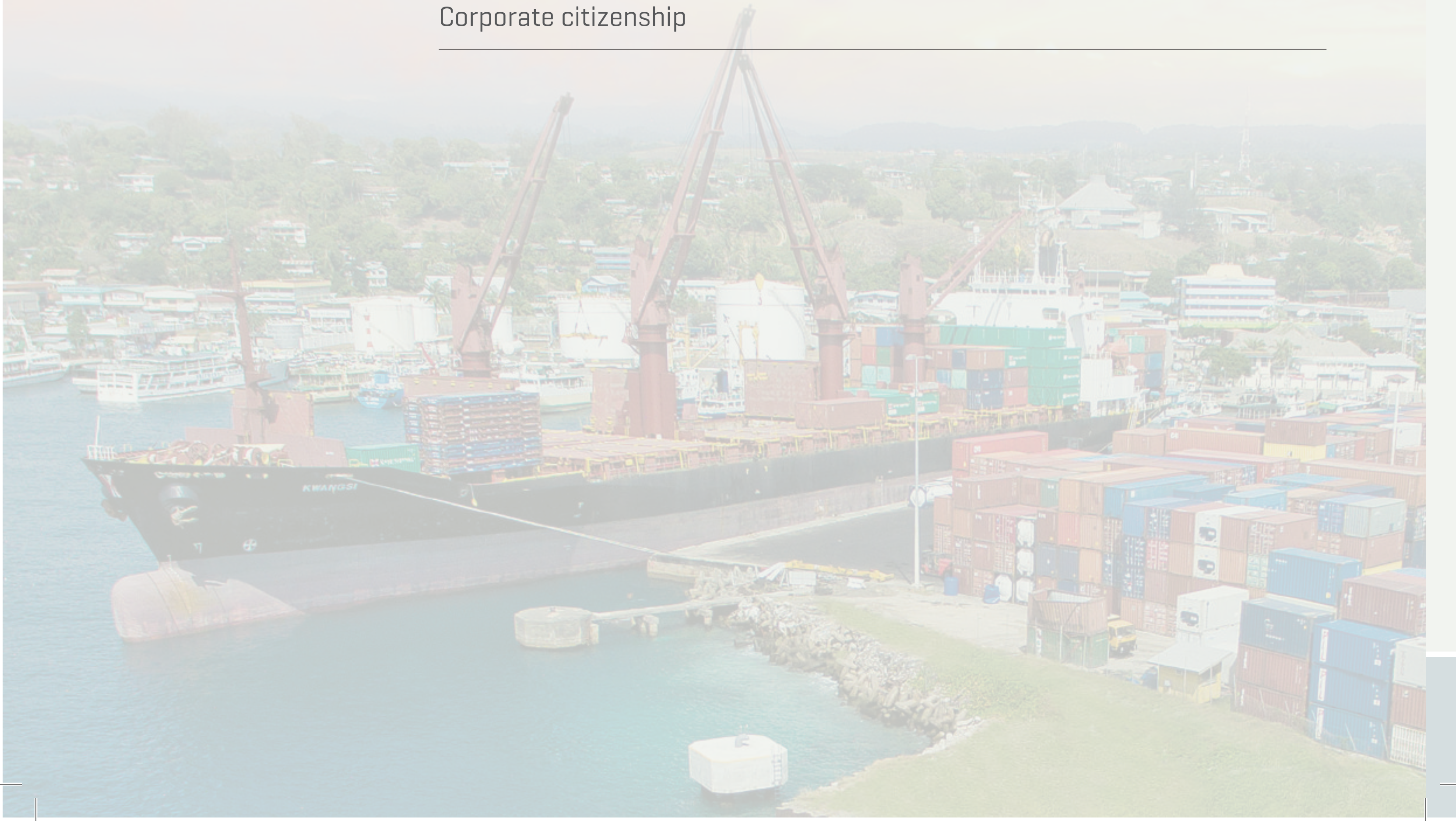
Mission

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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About the Cover:
As the gateway into the Solomon Islands, Port Honiara is of major importance to the economic well-being of the nation.

Letter to the Ministers

Solomon Ports

28/12/2020

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 2018-2019

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 2018-2019.

The Report incorporates the Solomon Islands Ports Authority's operational achievements and the audited accounts for the year 2018-2019.

I am pleased to report that the Authority has recorded a profit before tax of $73,748,830 for the period under review.

Yours sincerely,

Billy Titiulu
Chairman
Solomon Islands Ports Authority

Highlights 2018-2019

- $88,092,779 Net Profit Before Tax recorded for 2018
- $73,748,830 Net Profit Before Tax recorded for 2019
- Distributed SBD 1.1 million in Corporate Social Responsibility (CSR) projects
- 265 International vessel calls in 2019
- 5569 Domestic vessels served in 2019
- Rehabilitation Assessments at Honiara and Noro Ports with ADB assistance
- Tender for the proposed Honiara domestic jetties
- Ongoing Port Master Plan Development for Port Honiara and Port Noro with GHD Australia
- Commission of region's largest LED project at Port of Honiara
- Ongoing Port of Noro Jetty upgrade with ADB and AIFFP
- Honiara Port precinct facelift
- Honiara container terminal rehabilitation
- Expansion of container fumigation site
- Port of Noro ISPS perimeter upgrade and Solar light implementation
- Introduction of Terminal Operating System
- Enhanced Weigh In Motion system
- Installation of Mobile X-Ray Scanner
- Purchase of Lane Marking equipment
- Purchase of Terminal Sweeping Machine

Message from the Chairman

Billy Titiulu
Chairman

This year Solomon Ports Board and senior management continued with their commitment to deliver solid financial outcomes to the Government of Solomon Islands while providing services that bring benefits to the people of Solomon Islands and the broader regional community. With respect to financial performance, the operating profit for the year was $73,748,830 compared to the previous year of $88,092,779. Compared to operating profit of FY 17/18, the operating profit for Solomon Ports for the year 18/19 decreased by $14,343,949 (16%). This was considered a reasonable growth amidst several global and regional challenges impacted on the maritime trade.

15-Year Solomon Ports Master Plan

A major focus for the Company's executives this year was to develop a the proposed 15-Year Solomon Ports Master Plan. The urgency for such a Plan becomes more critical with each passing year owing to the need for a comprehensive investment strategy aimed specifically to address a number of issues primarily to do with the Port of Honiara. We remain convinced that implementation of a sustainable master planning exercise encompassing all our Ports will bring positive long-term benefits and enhanced financial returns to the Company and, therefore, to Government as its shareholders, the Public. An upgrade to more modern infrastructure will assist SIPA meet its aim of becoming a world class regional 'Hub'. By close of year, discussions with the ADB, originally initiated by the CEO in 2017 for financial and technical support, had resumed and we remain hopeful that positive outcomes are on the horizon during the months ahead.

Beyond ensuring plans for national infrastructure upgrades, this year SIPA prioritised furthering the promotion, and associated development of domestic port operations, principally the plans to upgrade domestic infrastructure facilities in Honiara and Noro. This would be further extended to provide more support to the emerging sectors of ferries, cruise ships, recreation, and other harbour-based services and activities.

Critical Infrastructure Development/ Rehabilitation

In response to Government's National Transport Strategy, the Board and senior management were provided more scope to focus on the role of rehabilitation and development of critical infrastructure for the long-term sustainability of the business of Solomon Ports.

Owing to the importance of resilience of Solomon Islands economy as a maritime based nation, improving port-related infrastructure is considered key to the continuation of development of port services. Whilst the master plan development was signed with GHD Engineering (Australia), SIPA completed construction-ready design drawings of four (4) new domestic jetties with BECA Engineering, New Zealand, for Honiara. Several discussions were carried out with ADB on the reconstruction/rehabilitation of Honiara international Berth #1 under different funding schemes and was able to make good progress so far during the year. Similar discussion has also been carried out with ADB on the rehabilitation and extension of Noro International Port.

Solomon Ports' Vision for the Future

FY18/19 saw management and staff at Solomon Islands Port Authority continue to work through their specific goals as set out in the Company's Strategic Plan developed during the previous year. The Company's strategic plans relate principally to those associated with modernising infrastructure and capacity building within its specialised workforce in Honiara and Noro. Objectives set forth in the plan also extended to identifying new ways to generate revenue by expanding SIPA's current services and be a responsible corporate citizen for the community.

In response to the need to introduce 'best practice' for environmental standards, this year Solomon Ports staff and management pursued options to supply energy efficient refits, and introduced initiatives aimed at improving the overall energy efficiency in the ports. Educating staff members - and facility users - on the need to be more environmentally aware is an ongoing commitment. In the year ahead SIPA aims to develop and implement a long-term Business Development Plan that will provide the organisation with a clear way forward. In the meantime, management will continue to identify ways to generate greater returns for our shareholder, the Government of Solomon Islands and improve on its service delivery.

Looking Ahead

Solomon Ports will continue to play its role in achieving efficiency in line with the policies and procedures set for State Owned Enterprises by the Government. As we move into the future, we are confident that we are well placed to identify opportunities for generating effective asset management and utilisation, and ensuring our role as a landlord port operator remains effective and continues to meet industry expectations and requirements. We fully understand our statutory obligations in our role as a Landlord port operator and look forward to continuing to improve on our performance.

Appreciation

In closing, I would like to acknowledge the support of my fellow Board members for their continued dedication and valuable input during yet another year of achievement for Solomon Ports. On their behalf, I would like to express our thanks to the Government of Solomon Islands, CEO and the management and our valued stakeholders. Further, I would like to acknowledge the support from the two responsible ministries, Ministry of Finance & Treasury and Ministry of Infrastructure Development, in our journey of success. Last but not the least, to our many stakeholders for their assistance, feedback and support during the year, your engagement is always appreciated.

Billy Titiulu
Chairman

Message from the Chief Executive Officer

Eranda Kotelawala
CEO

Another successful year was recorded by Solomon Islands Ports Authority during the Financial Year 2018-2019, flagged by several successful projects and milestone achievements in key functional areas of the Port.

We have been able to gain strength in continuous improvement of our service delivery during the last two financial years in a row. Moreover, the financial year in review brought outstanding financial results, transforming Solomon Ports as one of the most profitable State-Owned Enterprises in the Solomon Islands.

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 towards being more progressive and competitive in the Pacific region.

Continuous investment in human capital development started to show a demonstrated success, with the performance of many employees in both ports more improved than ever before. This included the result of a major culture change programme started during last financial year and continued towards the current financial year. It can be recognised as one of the major transformational training programmes for Solomon Ports during the financial year under review.

Capital Infrastructure Projects

Solomon Ports continuously strives to maintain and build critical infrastructure for international and domestic port services, to provide consistent services to all stakeholders. During the Financial Year, Solomon Ports embarked on several key projects while continuing discussions, negotiations, further studies on, and the implementation of, projects started last year and beyond. The Board and the management envisage that sound port infrastructure is the key to long-term sustainability of ports and vital services to the country.

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

1. Asian Development Bank (ADB) technical assistance to conduct rehabilitation assessment of Berth No: 1 in Port of Honiara and International berth in Port of Noro;
2. Design of the embankment for proposed Honiara domestic jetty and tender process for construction;
3. Port Master Plan Development for Port of Honiara and Port of Noro – on going with GHD Australia;
4. Port of Noro domestic jetty upgrade – ongoing with ADB and AIFFP;

5. Container fumigation site expansion;
6. Honiara Port precinct facelift;
7. Honiara container terminal rehabilitation,
8. Port of Noro ISPS perimeter upgrade and implementation of Solar lights.

Green Port Initiatives and LED Lights

During the Financial Year 2018-2019, Solomon Ports commissioned the region's largest LED project in the Port of Honiara, consisting of 32 light poles and 68 high power, energy efficient, LED lights for international and domestic facilities. This initiative immediately resulted in lowering the monthly electricity costs and reducing the port's carbon foot print in a significant way, as LEDs consumes a lot less power compared to metal halide or Sodium vapor lights.

Furthermore, Solomon Ports installed 125 solar powered lights along the ISPS perimeter in the Ports of Honiara and Noro and port residential areas in Guadalcanal and Western provinces. With the ambition to transform the Port of Noro into a carbon neutral port by 2025, Solomon Ports is further looking forward to build a 1Mw solar farm in Noro to fulfill all its energy needs through renewable sources.

CCTV Surveillance System

As part of improving overall surveillance related to ISPS requirements, Port of Honiara implemented 46 PTZ (pan, tilt, zoom) cameras around the port facility, covering both international berths. Parallel to this, a full CCTV surveillance system will be implemented in Port of Noro. Currently works are in progress to commission the project during the next financial year.

In order to make the CCTV streaming more robust, the network is fully linked through a six (6) kilometre-long, high-speed fibre optics network around the port. Use of fibre optics has helped to stream fast and non-pixelated, blur-free, high-resolution images, available to security officers 24/7, 365 days a year.

Public Address System

To further strengthen ISPS compliance and as part of OHS policy, a new PA (Public System) has been installed, covering both international and domestic facilities in Honiara. The PA system enables security officers to address all visitors inside the port area during an emergency situation and convey important announcements when needed. This has improved efficiency of the security personnel and added another dimension to the overall safety and security of the port, precluding the need to reach the target audience in an individual basis.

This initiative would be further extended to Port of Noro as part of ongoing improvements for Noro.

Implementation of New Finance and Billing System

The implementation of Pronto, a more robust billing and accounting system, has changed the way Solomon Ports serves its customers, and assists the management in running the business more prudently through access to better information and efficient revenue collection. The system has now been implemented successfully in both ports. This new system possesses scalable modules to cater to future requirements of financial reporting and a comprehensive dashboard function to assist better management decision-making.

Employee Performance Bonus

As an acknowledgment of relentless efforts to improve our services and achieve profits, all staff were awarded SBD 10,000, again as a token of appreciation for their hard work done during the Financial Year 2018-2019.

Acknowledgement

A result of achieving a successful year is a collective effort with many factors. I would like to acknowledge the support of our line ministries, Ministry of Finance and Treasury and 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 was commendable. A salute to all my fellow staff and the management team for supporting a tremendous change process during the year under review, and the collective work that brought us to great heights during the Financial Year.

Last, not but the 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

Brief Introduction

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, Trust and Values

   To build public and stakeholder confidence through enhancing overall value preposition, 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 of 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 a 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 Expeditors 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 2019 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 2019 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 contact 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 2019 Financial Year is minuted in the Meetings register.

Solomon Islands Ports Authority

Organisational Structure

- Board
  - CEO
    - Board Secretary
    - Internal Auditor
    - Operations Department
      - Noro Port
    - Harbours Department
    - Engineering Department
    - Finance Department
    - Corporate Service Department
    - Commercial Department

The Year in Review

Solomon Port completed another successful financial year with completion of several new projects and continued to excel in existing initiatives setting a up benchmark for success within the Pacific region. Among those successful projects the order for a new mobile X-ray machine, new lifting equipment and progress, made on Green Ports initiatives are noteworthy. Whilst achieving an exemplary progress it was also a challenging year with multiple unprecedented global activities affecting the global maritime industry.

Green Port Initiative

With the goal of making the Port of Noro a Green Pacific Port by 2030 and become a champion of green initiatives in the region, Solomon Ports continued to invest and explore avenues to use green energy in port operations. While making attempts to realise this ambition which requires a meticulously planned and integrated approach to reduce carbon and environmental footprints and improve its operational efficiency, Solomon Ports was also determined to be resilient from any natural disasters.

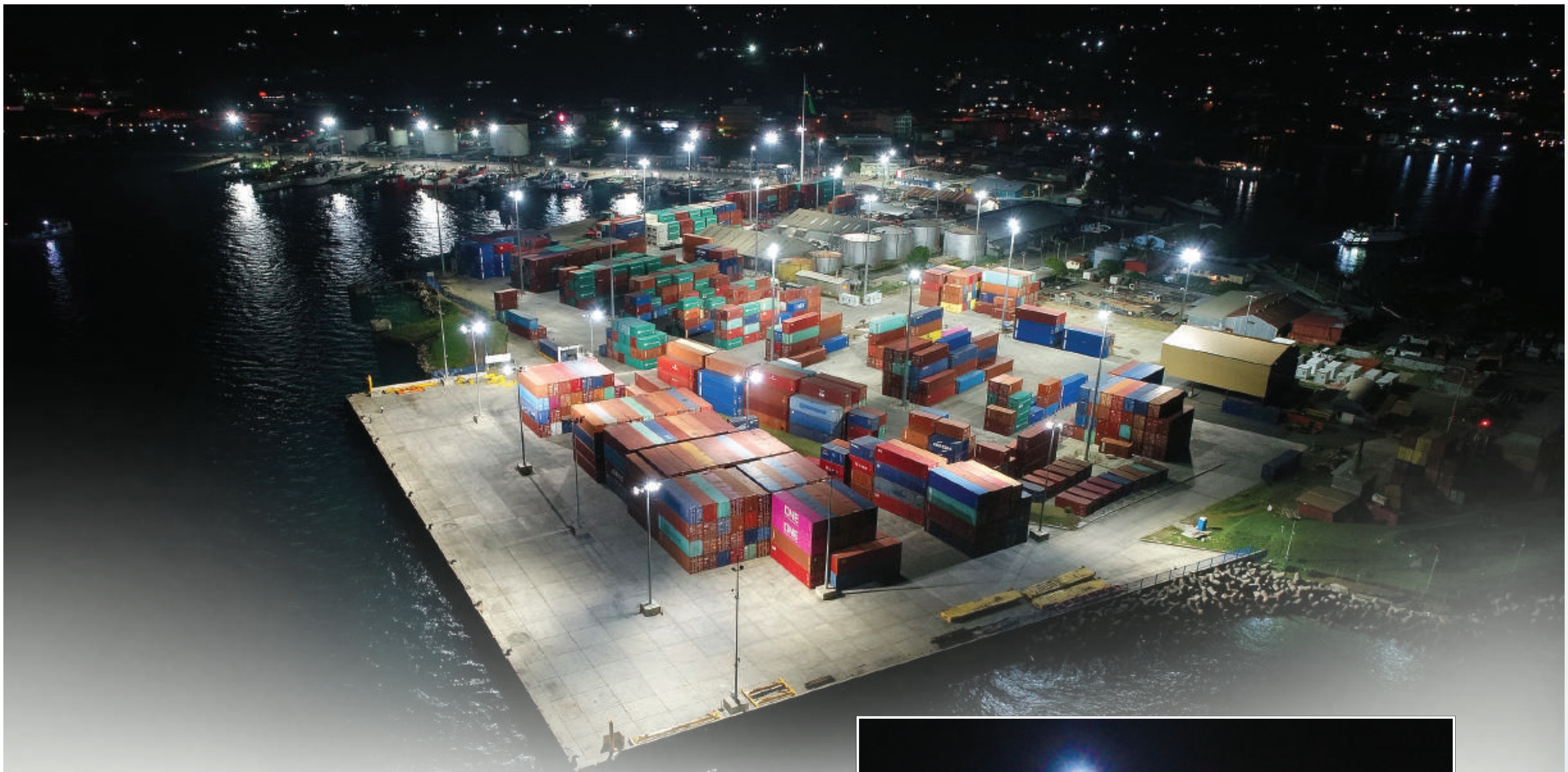
Green Port Progress

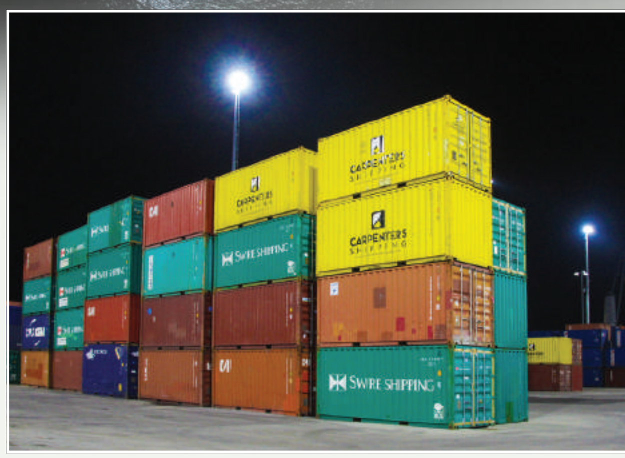
Commitment to our mandate in reducing energy and greenhouse gases from our operation, Solomon Ports commissioned the region's largest ever LED project, with the installation of 32 light poles and 68 high power energy efficient LED lights for international and domestic facilities at the Port of Honiara. This was a one of the major achievements for the year resulting in reducing the electricity cost by 40% within the first quarter following installation. This new outfit transformed ports' operations in terms of safety of operation and efficiency enabling the domestic terminal to work 24/7 uninterruptedly. New energy efficient LED lights also contributed to reducing SIPA's carbon footprint by reducing the usage of grid power predominantly being powered by fossil fuel in Solomon Islands.

Extending this footprint further to reduce energy and GHG emissions, Solomon Ports installed 125 Solar lights along the ISPS perimeter fence in Honiara and Noro to enhance security and surveillance within the two ports. This was also a major achievement as the only Pacific port to invest and implement such a large array of solar powered lights within a maritime facility.

Moving forward, Solomon Ports anticipates fulfilling its energy needs through renewable sources in the future and looks forward to building a 1Mw solar farm in Noro, with the ambition of transforming the Port of Noro into a "Carbon Neutral" port by 2025.

Relevant United Nations Sustainable Goals





Solar Lighting for SIPA Staff Compounds

Through a programme called "From the darkness to the light of life", sixty (60) solar powered lights were installed in all staff compounds making these facilities secure, safe and more livable than before. The staff, their families and neighboring communities benefited from these Green Energy whilst making it possible to move safelt at night with no additional cost of electricity from the grid.

Energy Efficient LED Lights in Administration Offices

Moving another step forward, all SIPA administration offices including workshops and warehouses have been upgraded with new, environmentally friendly LED light bulbs, for greater energy efficiency. In comparison to incandescent lights, LED saves about 70% of energy, whilst contributing to substantial savings over time and helping to achieve the goal towards reducing GHG emissions and carbon foot print. The management is committed to invest more and extend energy saving to many other operational areas in both ports to contribute to this worthy cause and transform Solomon Ports to a much greener port.

Solar Powered Directional Lights for Terminal Safety

Honiara port terminal installed 15 solar powered directional lights as a measure to improve safety for vehicles entering into the terminal and guide them along the correct route, day or night. These high visibility, innovative directional signals are fully powered by solar energy and makes it a convenient tool that can be moved to any corner in the terminal. Its portability and versatile features coupled with green energy that makes the lights the newest, welcome addition to terminal safety in Port of Honiara.

Port Operations

By statute, Solomon Islands Port Authority is responsible for the two major declared ports of entry into Solomon Islands, namely Honiara and Noro. With its humble beginnings in 1956 with a simple modus operandi based on situational requirements of that time, it has today evolved as one of the thriving gateway ports in the Pacific region with continuous improvement on efficiency, productivity and technology. During the Fiscal Year 18/19, Solomon Ports invested more than SBD 10million on implementing cutting edge technology to improve port operations through new container handling machines, terminal operating systems, billing system and staff training and development.

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 harbour fenders.

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

Terminal Operating System (TOS)

The introduction of the TOS to both ports of entry (Honiara/Noro) made a significant transformation in terms of efficiency and productivity of the ports by way of providing a diversity of features for customers, shipping agents and operations staff. Following notable improvements have been achieved during the year under review:

- Reduction of truck turnaround time in yard, from 40 to 15minutes.
- Minimising of container drop off and waiting time in the drop-off/pick-up zone.
- Accurate details and information of both empties and full containers for export.

- Accurate monitoring and updating of ships' operations/ container movements, for cargo discharge and loading, and container locations within the yard zones.
- Direct billing of Container washing charges through the system
- Accurate information for container movements, gate-in/ gate-out
- Realtime container throughputs information
- Implementation of PRS - Pre-Receivable Advice (PRA) notes sent by shipping agents for incoming hinterland containers can now be received and accessed through the Port Manager System.
- Break Bulk, LCL Un-stuffing, information input by Warehouse staff uploaded via Tablets.

Container Booking System

In addition, and further to complement TOS, Solomon Ports Terminal introduced a new Container Booking system to improve efficient container delivery to customers. This new system was highly appreciated by customers (both importers and exporters) as the process enables customers to complete container booking at a time convenient to them and faster than before.

The new system caters for booking for 'gate-out delivery' to be completed at the Counter Service centre, provided all necessary documents are ready to be uploaded to the system. The process has already reduced truck queues at the entrance gate, waiting to collect customers' documentation and reduced wastage of fuel to a greater extent.

Introduction of Export Timeframes

A 48 hour cut-off time before the departure of the intended vessels was introduced and enforced for all exporters in order to prevent sailing delays of vessels and reduce the burden on pre-departure planning and documentation to be fulfilled by the operations department. This measure was taken as result of streamlining services for shipping agents and shipping principals as a result of number of complaints received for vessel departure delay due to continuous late delivery of export containers.

Weigh in Motion (WIM)

The WIM (Weigh In Motion) system which was implemented in FY 17/18 has been enhanced with several additional modules to cater to several operational requirements of the terminal. The number of cameras has been increased to five (5) to allow the system to capture different positions of the container number and vehicle registration plate. Further, the system is fully RFID enabled in order to trace the vehicle entry and its movements within the terminal. Permanent RFID cards

were issued to all trucks entering into the ports, fixed to their windscreens. This system, once again, has been the first Weigh In Motion to be implemented in a Pacific Port to comply with IMO SOLAS VGM (Verified Gross Mass) requirement.

Mobile X-Ray Scanner

At the request of the Government of Solomon Islands to assist the Customs and Excise division to scan import and export containers arriving into the country, Solomon Ports placed an order for a state of the art mobile X-Ray unit worth SBD 16 million from NUCTECH China. The machine is scheduled to arrive in Solomon Islands early December 2019.

The Mobile X-Ray Scanner will be a useful tool for the Customs and Ports to detect many contraband items, narcotics, organic and inorganic substances arriving into the country illegally. This machine will also be a deterrent for perpetrators attempting to smuggle goods into the country.

Throughput Summary Table

Total Vessels Worked	Total Containers Handles	Total Throughput in TEU's
127 Vessels	24,819	30,629

Container Throughput from October 2018-September 2019

Month	Year	Total Vessel worked	Total Handled	Total TEU's
October	2018	9	2044	2430
November	2018	9	1960	2442
December	2018	12	2985	3538
January	2019	10	1674	2009
February	2019	9	1749	2094
March	2019	10	1903	2319
April	2019	11	2009	2530
May	2019	12	2164	2588
June	2019	11	2004	2553
July	2019	11	2146	2579
August	2019	11	2044	2726
September	2019	12	2137	2821
TOTAL THROUGHPUT IN TEU's				**30,629**

Lane Marker for Terminal Layout Marking

Solomon Ports has invested on a new lane marking machine from Australia to mark the container terminal layout, drive paths and drop-off/pick-up points for easy identification and as part of streamlining the container terminal. With proper bay marking, machine operators and terminal clerks have been able to easily identify the location of containers when moving, stacking and shifting within the yard. Bay plans have been fed to the terminal operating system (TOS). This has resulted in machine operator efficiency and better customer satisfaction as customer waiting time has been reduced significantly.

Terminal Sweeping Machine

Setting the standard in the maritime industry within the Pacific has been the hallmark of success of Solomon ports in the recent years. To mark another region's first, Solomon Ports commissioned a new yard sweeping machine to maintain the cleanliness of the wharf, terminal, and all common areas of the port. While being the region's first port to make use of such machine, it has helped ports to improve workplace cleanliness, reduce health hazards, and provide a better working environment for its employees.

The new sweeping machine has improved the efficiency of cleaning than what it was before with manual labor.

New Warehouse Management System

Ports warehouses have also been facilitated with a new warehouse management system connected to the TOS (Terminal Operating System) to streamline the outdated warehouse system and improve its efficiency and provide better customer satisfaction.

The upgraded system installed in the Warehouse Department has resulted in the following positive outcomes:

- Increased speed of data collection for cargo reporting
- Easily accessed statistical data such as tonnage, commodities
- All cargo and records traceable
- Ease of access to cargo information by management and clerical staff
- Faster and streamlined billing improving cashflow.

Monthly International Vessel Calls

Type of Ships	October 2018	November 2018	December 2018	January 2019	February 2019	March 2019	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
Container	10	10	12	10	9	10	11	11	11	13	12	12
Fuel tanker	5	2	5	5	1	3	3	3	4	2	4	2
Palm oil tanker	1	1	1	-	-	-	1	1	-	1	-	1
Cruise ship	-	2	-	-	1	1	-	1	-	-	1	2
LPG Gas	-	1	1	1	-	1	-	1	1	1	-	2
Landing craft	2	-	1	1	-	-	-	-	-	-	-	1
Tugboat/ DB	-	-	1	1	-	-	-	-	-	1	-	4
Navy ships	-	2	1	1	1	2	1	5	-	-	-	-
General cargo	2	5	1	2	4	1	-	-	-	4	-	-
Survey	1	3	1		1		-	-	-	1	1	-
Fishing/ fish carrier	-	2	14	6	-	3	3	-	-	-	2	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	21	28	38	27	17	21	19	22	17	23	20	24

For Financial Year 2019, a monthly average of 23 vessels calling at Honiara Port was recorded.

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

1. Terminal Tractors and Trailers

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

Noro Reefer Facility Enhancement

In addition to the current reefer plug-in facility in Port of Noro, the number of plug-in points have been increased to a total of 150 with a 1000kVA new transformer fitted by Solomon Islands Electricity Authority (SIEA). These additional plugs enabled more reefer containers to be plugged in for SolTuna Cannery and exported from Noro via Maersk Shipping Line. The facility is also powered by a back-up generator for any power outage.

Container Fumigation and Sea Container Hygiene System

Solomon Ports Fumigation Division was established in 2016, to better facilitate Solomon Islands' exports to New Zealand, Australia, and other international markets that require stringent Bio-Security adherence before reaching such destinations via sea. All containers exported to Australia and New Zealand have been fumigated and certified to Australian Bio-Security standard by Solomon Ports fumigation division.

Further, incoming containers to Solomon Islands are fumigated at the request of Solomon Islands Bio-Security Department to protect country's agriculture, flora and fauna.

Solomon Ports is fully licensed under the AFAS Australian Quarantine Standard and the Solomon Islands Quarantine Standards. Our container washing facility is also certified to Australian Quarantine Standard and our container washing facilities at the port of Honiara, the only compliant container washing provider in the Solomon Islands.

Currently, expansion plans are underway to increase the capacity of the facility to cater to growing exports market and requirements by many countries in the region and worldwide.

Freshwater Supply to Vessels

As part of providing port reception and facilities and provision of additional services to shipping lines calling our ports, Solomon ports has already invested in a water storage and supply facility for Port of Honiara. The storage facility and water purification system will be commissioned towards early 2021.

Following commissioning, the facility would have the capacity to provide 350,000 litres of fresh water to vessels requiring fresh water supply. The unit will also be coupled to a state of the at reverse osmosis water purification system.

Port of Noro

The year under review has seen significant developments in Port of Noro.

ISPS Code compliance has been strengthened with the employment of seven new maritime security guards. Having a robust security system ensures that the port meets international security standards and codes, while ensuring the safe, efficient operation of the port itself. The addition of perimeter solar lighting and the newly constructed perimeter fencing has greatly enhanced security as well as the safety of those working at night at Noro Port.

With the installation of the new incinerator at Noro Port during 2019, waste management has been improved and brought into line with Solomon Islands Biosecurity requirements.

The introduction of the fish star loader system is increasing revenue streams, as the efficiencies of this system attract more fishing vessels to the port. The system allows for the speedy and efficient transfer of fish from the fishing vessel to directly into reefer (refrigerated) containers for export to international markets.

Following the success of the Terminal Operating System (TOS), installed at Honiara Port in 2018, we anticipate similar positive results at Noro Port when the system is introduced there, in the very near future.

Noro Port is a multi-purpose berth, serving international and domestic shipping vessels. 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 62 metres in length with 14 metres depth, alongside a concrete deck and steel pile structure. Pilotage is compulsory for vessels exceeding 40 metres overall in length.

The Port of Noro is an ISPS controlled area.

CCTV Cameras

Port security has been further enhanced in both ports with 65 fibre optic connected CCTV installations. CCTV surveillance has also ben extended to Solomon Ports domestic terminals. All CCTV footage is securely saved into a digitally encrypted drive enabling recording up to 180 days.

Public Address System

Solomon Ports has invested in the latest New Public Internet Protocol Public Address System, (PIPPA) which has been installed in all SIPA offices and the International and Domestic wharf ports terminals

Connected to the IP system, the PIPPA System will be used for paging and high-quality streaming of audio content to any one, or simultaneously to all, of the connected locations.

The system is will be especially useful for making public announcement, during emergencies, and for addressing safety issues for those employed at ports.

Road Reflectors – Cats Eyes

Cats-eye road reflectors have been installed in all port facilities, to separate vehicle lanes and ensure traffic remains in the designated carriage-way and to prevent lane departures.

Human Resources Development

A total of 447 staff members are employed under the Solomon Islands Ports Authority (SIPA). Of these 447 staff members, 46 are based at the Noro Port while the rest are based at the Honiara Port.

The 2018-2019 Financial Year saw the Human Resources Department move into their newly refurbished office. The new, spacious work environment provides an atmosphere conducive to dealing with matters concerning SIPA employees.

The year also saw the review of the SIPA Company Handbook (Manual) and Human Resources Policy completed by the H.R. Department. This important review is vital to ensure a harmonious workplace, where corporate governance is properly observed and any current workplace issues can be resolved.

The installation of the HR Information System (HRIS), as part of the Pronto financial system, has enhanced the efficiency and effectiveness of work performance of the H.R. team.

Training

The Human Resources Department facilitated a comprehensive training programme that included:

Leadership Training for senior managers and female middle managers, supervisors, and team leaders, with the aim of helping participants understand their roles as leaders, to develop strong leadership traits, sound decision making capabilities, leadership behaviour and attitude, inspiring commitment, and passion. The training sessions were conducted by Mr Chris Elphick of Breadfruit Consulting.

Performance Appraisal Refresher Training, conducted by the H.R. department, supervisors, middle managers and senior managers, in order to prepare for staff performance appraisal in the current financial period.

Building and Sustaining Winning Team Culture Training

The training sessions, organised by SIPA on building and sustaining a winning team culture, aimed to change employees' attitudes and encourage working together toward a high level of productivity and development.

Conducted by Mr. Chris Elphick of Breadfruit Consulting, the training sessions involved all staff levels, from senior to general staff, with the aim of achieving the following outcomes:

- Productivity improvement champions
- Productivity improvement teams
- Living the vision, mission, and values
- Remove waste
- Enhance customer experience
- One team ethos – team SIPA

OHS Training

More than 40 SIPA staff are now Australian OHS Certified, having completed a weeklong OHS training, facilitated by an Australian based firm.

The comprehensive training included First Aid, Fire Warden Training, and Dangerous Goods Class Identification.

New Transport Division for Light Vehicles

A new division has been created within the SIPA to manage all light vehicles in the transport pool. This new division has created new job opportunities for 12 newly recruited personnel headed by a supervisor. The main objectives of the transport division is to assist the organisation to better manage its light vehicles and obtain optimum usage and benefit for all employees and other functions of the organisation.

The new division with designated roles and responsibilities has resulted in an improvement in the cost management of light vehicle fuel consumption and maintenance, and better work attendance in general.

New Accounting System Software

Solomon Ports successfully implemented the Pronto Accounting Software system, replacing the previous Zero Accounting Software.

The new, comprehensive system was integrated and synchronised with the Terminal Operating System (TOS) to streamline invoicing to be more accurate and faster. The TOS, after capturing all operational data, feeds data to the Pronto Accounting Software system where invoices are issued to customers in a timely fashion, with minimal to no errors. The new billing system has improved customer satisfaction with error free and fast invoicing.

Data Security and Resilience

The organisation is now focusing on a new data recovery and backup system to safely back up operational and financial data. As part of the data risk management and proactive measure to mitigate any business risk that may arise in future, Solomon Ports will be creating its own Disaster Recovery Centre during the next financial year to mitigate any such risks.

Solomon Ports is also working to incorporate fibre optic networks with underwater cables that may help the Authority safely store and back up data at the Data Recovery Centre even in difficult times of natural disasters such as a cyclone or tsunami.

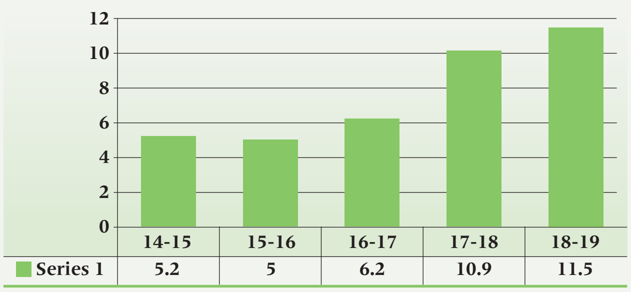
Financial Performance Indicators

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 Solomon Ports 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.

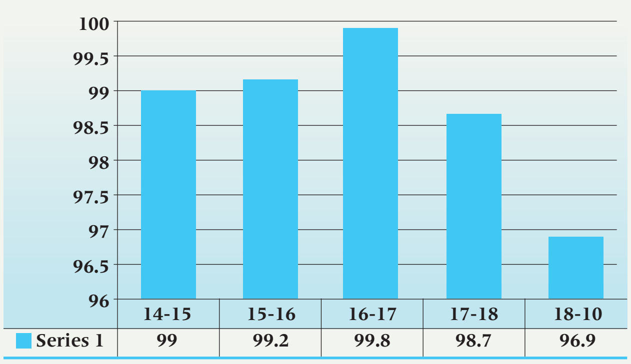
	2018	2019
Total Current Assets	292,267,746	336,806,803
Total Current Liabilities	26,756,311	29,249,753
	=10.90	=11.50



Free Cash Flow

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

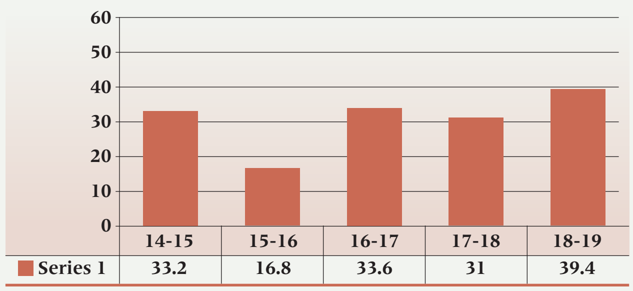
	2018	2019
Net Cashflow from Operations (after interest)	81,451,746	57,779,436
Net Cashflow from Operations (before interest)	82,495,870	59,644,399
	=98.70%	=96.90%



Operating Ratio

Measures the coverage of operating expenses by operating revenues.

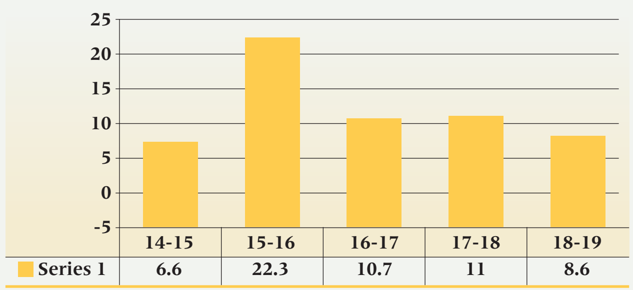
	2018	2019
Total Operating Expenses +Depreciation and Tax	63,821,715	78,832,328
Total Operating Revenue	205,932,973	200,177,310
	=31.0%	=39.40%



Return on Assets

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

	2018	2019
Earnings Before Interest and Tax	88,190,172	74,518,458
Average total Assets	799,879,452	866,272,128
	=11.0%	=8.60%



Solomon Ports

Solomon Islands Ports Authority
Financial Statements

For the year ended 30 September 2019

Contents

Directors' Report

For the year ended 30 September 2019

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 2019 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	Position	Date Appointed	
Billy Titiulu	Chairman	01/10/18	Resigned on 31/12/18
HanyKuma	Chairman	31/12/18	Resigned on 30/04/19
Johnny Sy	Chairman	01/05/19	
Michael Wate	Vice Chairman	01/12/19	
Humphrey Tura	Board Member	01/10/18	Resigned on 31/01/19
Steven Maesiola	Board Member	01/12/19	
Donald Kudu	Board Member	10/02/20	
Moses Virivolomo	Board Member	10/02/20	

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 2019 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 2019 was $73,748,830 (2018: $88,092,779).

Going Concern

The directors believe that the Authority will be able to continue to operate for at least 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 reconunend 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.

Bad and Doubtful debts

The directors 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 directors 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

World Health Organisation announced the spread of COVID-19 virus to be a pandemic on 11 March 2020. The impact of the spread of this virus is disrupting travel and businesses in Solomon Island and throughout the world. It is not clear at the time of finalising these financial statements, the impact this will have on services provide by the Authority during 2020. Management and the Board are monitoring developments on an ongoing basis. Other than this, there has not arisen in the interval between the end of the financial period 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 subsequent 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 22nd day of December 2020.

Signed in accordance with a resolution of the Board ofDirectors:

Vice Chairman of the Board   Director

Statement by Directors

For the year ended 30 September 2019

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 2019;

(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 3 0 September 2019;

(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 2019;

(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 2019;

(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").

For and on behalf of the Board of Directors by authority of a resolution of the Directors this 22nd day of December 2020.

Vice Chairman of the Board   Director

Independent Auditor's Report

For the year ended 30 September 2019

Independent auditor's report to the Members of the Solomon Islands Ports Authority

Solomon Islands Office of the Auditor-General

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 contracted KPMG Fiji which is part of the KPMG International network to assist me to audit the accompanying financial statements of the Solomon Islands Ports Authority, which comprise the statement of financial position as at 30 September 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flow statements 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 2019, 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 of Supreme Audit Institutions (ISSAls). 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 the International Ethics Standards Board for Accountants code of Ethics for Professional Accountants (including International Independence Standards) (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 and the IESBA code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwiseappears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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 the directors and 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 auditor's 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 of Supreme Audit Institutions (ISSAls) 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 ISSAls, 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 expressingan opinion on the effectiveness of the Authority's internal control;
- Evaluatethe appropriateness of accounting policies used and the reasonablenessof 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 auditor's 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, were necessaryfor 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 me the financial statements give the information required by the Section 23(3) of the Ports Act {Cap 16lt 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 December 2020.

Peter Lokay
Auditor-General
22 December 2020

Office of Auditor-General
Honiara, Solomon Islands

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 September 2019

	Note	2019 $	2018 $
Revenue	5	200,177,310	205,932,973
Other income	6	17,918,887	20,968,817
Change in fair value of investment properties	15	1,487,023	1,583,407
Release of deferred revenue	19	3,510,257	3,510,257
Operational expenses	7	(78,832,328)	(63,821,715)
Administrative and other operating expenses	8	(71,759,790)	{81,363,047)
Profit from operations		72,501,359	86,810,692
Finance income	10(a)	2,017,099	1,379,479
Finance cost	10(b)	(769,628)	(97,392)
Net finance cost		1,247,471	1,282,087
Net profit before tax		73,748,830	88,092,779
Income tax	3(h)		
Net profit for the year		**73,748,830**	**88,092,779**
Other comprehensive income			
Total comprehensive income for the year		**73,748,830**	**88,092,779**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes set out on pages 11-36.

Solomon Islands Port Authority

Statement of Financial Position

As at 30 September 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	11	195,176,790	180,255,739
Trade and other receivables	12	90,610,595	60,311,905
Inventories	13	701,000	715,987
Investments	14	50,318,418	50,984,115
Total current assets		336,806,803	292,267,746
Non-current assets			
Investment property	15	36,541,406	35,054,383
Property, plant and equipment	16	523,755,703	508,118,215
Total non-current assets		560,297,109	543,172,598
Total assets		897,103,912	835,440,344
LIABILITIES			
Current liabilities			
Trade and other payables	17	17,192,306	14,056,354
Employee benefits	18	8,547,190	9,189,699
Deferred revenue	19	3,510,257	3,510,258
Total current liabilities		29,249,753	26,756,311
Non-current liabilities			
Employee benefits	18	1,894,419	1,316,814
Deferred revenue	19	161,179,331	164,689,586
Total non-current liabilities		163,073,750	166,006,400
Total liabilities		192,323,503	192,762,711
Net assets		704,780,409	642,677,633
EQUITY			
SIG equity contribution		402,824	402,824
Asset revaluation reserves		248,823,215	248,823,215
Retained earnings		455,554,370	393,451,594
Total equity		704,780,409	642,677,633

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

Vice Chairman of the Board Director

The above statement of financial position should be read in conjunction with the accompanying notes set out on pages 11-36.

Statement of Changes in Equity

For the year ended 30 September 2019

	Solomon Island Government contribution $	Asset revaluation reserve $	Retained earnings $	Total $
Restated balance as at 1 October 2017	402,824	24-8,823,215	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**
Balance at 1 October 2018, as previously reported	402,824	248,823,215	393,451,594	642,677,633
Adjustment on initial application of IFRS 9 Note 2e(iii)	-	-	(11,646,054}	(11,646,054)
Restated balance as at 1 October 2018	**402,824**	**248,823,215**	**381,805,540**	**631,031,579**
Total comprehensive income for the year				
Net profit for the year	-	-	73,748,830	73,748,830
Other comprehensive income	-	-	-	-
Balance as at 30 September 2019	**402,824**	**248,823,215**	**455,554,370**	**704,780,409**

The above statement of changes in equity should be read in conjunction with the accompanying notes set out on pages 11-36.

Statement of Cash Flows

For the year ended 30 September 2019

	Note	2019 $	2018 $
Cash flow from operating activities			
Receipts from customers		184,855,540	210,594,098
Payments to suppliers and employees		(128,883,198)	(130,089,084)
Bank fees paid		(57,869)	(97,392)
Interest received		1,864,963	1,044,124
Net cash flows from operating activities		57,779,436	81,451,746
Cash flow used in investing activities			
Acquisition of investment securities		(18,872)	(30,000,000)
Acquisition of property, plant and equipment	16	(41,932,386)	(51,561,887)
Proceeds from disposal of property, plant and equipment			14,932
Net cash flows (used in) investing activities		(41,951,258)	(81,546,955)
Cash flow from financing activities			
Dividend paid		-	-
Borrowings repayment		-	-
Cash flows from financing activities		-	-
Net increase I (decrease) in cash and cash equivalents		15,828,178	(95,209)
Cash and cash equivalents at the beginning of the year		180,255,739	180,350,948
Cash and cash equivalents at the end of the financial year	11	196,083,917	180,255,739

The above statement of cash flows should be read in conjunction with the accompanying notes set out on pages 11-36.

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 ________________ 2020.

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 l October 2019, 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 oflow-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, organisations 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 October 2019, with early adoption permitted.

(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 (i) - Investment properties revaluation
• Note 3 (g) - Trade and other receivables
• Note 3 G)- Employee benefits

2. Basis of preparation *(continued)*

(e) Changes in accounting policy and disclosures

Except for the changes below, the Authority has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 15 Revenue from Contracts with Customers

SIPA has adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1October 2018. As a result, the Authority has changed its accounting policy for revenue recognition as detailed below.

The Authority has applied IFRS 15 using the cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 October 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

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.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time- can require judgement. Given the nature of the business, the Authority does not have significant long-term contractual agreements in place with its customers as the majority of the Authority's revenues are derived from a short-term set of activites performed whilst a ship is docked in the ports. These fees are agreed at the time based on the applicable port tariff and are charged based on the actual services performed. Revenue is then recognised when the invoice is issued as the ship departs the port, after all services have been provided. The only potentially longer services performed by the Authority are the land services in relation to storing of cargo, and rental income, when performance obligations might be performed over a period greater than a few weeks.

There is however, no impact as at 1 October 2018 as a result of changes in accounting for port revenue. This is because as at 1 October 2018, there were no contracts that were determined to be not complete.

IFRS 9-Financial Instruments

SIPA has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1October 2018. The requirements of IFRS 9 represents a significant change from IAS 3 9 Financial Instruments: recognition and measurement.

The nature and effects of the key changes to the Authority's accounting policies resulting from its adoption ofIFRS 9 are summarised below.

As a result of the adoption of IFRS 9, the Authority adopted consequential amendments to IAS I "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit and loss and other comprehensive income. The Authority's approach was to present impairment losses on trade receivables as "allowance for uncollectability". No change is required for this approach under IFRS 9. Impairment losses relating to other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit and loss and other comprehensive income due to materiality considerations.

Additionally, the Authority adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but generally have not been applied to comparative information.

2. Basis of preparation *(continued)*

(e) Changes in accounting policy and disclosures *(continued)*

IFRS 9-Financial Instruments (continued)

i: Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

For an explanation of how the Authority classifies and measures financial assets and accounts for related gains and losses under IFRS 9, see Note 3(f).

The adoption ofIFRS 9 has not had a significant effect on the Authority's accounting policies for financial liabilities.

ii. Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 October 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2019 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
- The determination of the business model within which a financial asset is held; and

The following table summarises the impact, net of tax, of transition to IFRS 9 on retained earnings at I October 2018.

	Impact of adopting IFRS 9 on opening balances **$**
Retained Earnings	
Closing balance under IAS 39 (31 September 2018)	393,451,594
Impact of expected credit losses under IFRS 9	(11,646,054)
Opening balance under IFRS 9 (I O~tober 2018)	381,805,540

2. Basis of preparation *(continued)*

(e) Changes in accounting policy and disclosures *(continued)*

IFRS 9-Financial Instruments (continued)

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Authority's financial assets and financial liabilities as at 1 October 2018.

	Original Classification underIAS 39	New Classification underIAS 39	Original carrying amount underIAS 39 $	New carrying amount underIFRS 9 $
Financial Assets				
Cash and cash equivalents	Loans and receivables	Amortised cost	180,255,739	179,402,089
Receivables	Loans and receivables	Amortised cost	60,311,905	49,703,883
Term deposit investments	Held-to-maturity	Amortised cost	50,984,115	50,799,734
Total financial assets			291,551,759	279,905,706
Financial Liabilities				
Trade and other payable	Other financial liabilities	Other financial liabilities	14,056,354	14,056,354
Total financial liabilities			14,056,354	14,056,354

The authority's accounting policies on the classification of financial instruments under IFRS 9 are set out in Note 3(f). The application of these policies resulted in the reclassifications set out in the table above and further explained below.

1. Investment that were previously classified as held-to-maturity are now classified at amortised cost. The Authority intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. An allowance for impairment of $184,381 was recognised in opening retained earnings at 1 October 2018 on transition to IFRS 9.
2. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of $10,608,02·2 in the allowance for impairment was recognised in opening retained earnings at 1 October 2018 on transition to IFRS 9.
3. Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An allowance for impairment of $853,650 was recognised in opening retained earnings at 1 October 2018 on transition to IFRS 9.

2. Basis of preparation *(continued)*

(e) Changes in accounting policy and disclosures *(continued)*

IFRS 9-Financial Instruments (continued)

iv. Classification of financial assets and financial liabilities on the date of initial application of IFRS 9 (continued)

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to JFRS 9 on 1 October 2018.

	IAS 39 carrying amount at 30 September 2018 $	Re-measurement $	IFRS 9 carrying amount at 1 October 2018 $
Financial Assets			
Amortised cost			
Cash and cash equivalents:			
Brought forward: Cash and cash equivalents	180,225,739		
Re-measurement		853,650	
Carried forward: Amortised cost			179,372,089
Trade and other receivables:			
Brought forward: Trade and other receivables	60,311,905		
Re-measurement		10,608,022	
Carried forward: Amortised cost			49,703,883
Term deposit investment			
Brought forward: Term deposits	50,984,115		
Re-measurement		184,381	
Carried forward: Amortised cost			50,799,734

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.

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.

e) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from the provision of ports services comprises rates and dues, cargo handling charges, infrastructure charges, marine operations, utilities and fuel, service fees, port related rental income and other sundry income. Port related rental income comprises property rental income and rental premiums, which is recognised on a straight-line basis over the lease term unless another systematic basis of recognition is more appropriate. SIPA recognises revenue when it transfers control over a product or service to a customer.

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

f) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets-policv applicable from 1 October 2018

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost ifit meets both of the following conditions and is not designated asatFVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows;

and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Authority may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment - Policy applicable from 1 October 2018

The Authority makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

how the performance of the portfolio is evaluated and reported to the Authority's management;

the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and, the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

f) Financial instruments *(continued)*

ii. Classification and subsequent measurement (continued)

Financial assets-policv applicable from 1 October 2018 (continued)

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Authority's recognition of the assets,.

Financial assets: Assessment whether contractual cash flows are solely pavments of principal and interest - Policv applicable from 1 October 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets: Assessment whether contractual casb flows are solely payments of p1incipal and interest- Policy applicable from 1 October 2018 (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Authority considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Authority considers:

contingent events that would change the amount or timing of cash flows;
terms that may adjust the contractual coupon rate, including variable rate features;
prepayment and extension features; and,
terms that limit the Authority's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Reclassifications-Policy applicable from 1 October 2018

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the

Authority changes its business model for managing financial assets.

Financial assets: Subsequent measurement and gains and losses -Policy applicable from 1 October 2018

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial instruments- Policy applicable before 1 October 2018

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

f) Financial instruments *(continued)*

ii. Classification and subsequent measurement (continued)

Financial assets-policv applicable from 1 October 2018 (continued)

i. Non-derivative financial assets

The Authority initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Authority becomes a party to the contractual provisions of the instruments.

The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the authority is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the authority has a legal right to offset the amounts and intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Authority include loan and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and other assets excluding prepayments.

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 the Authority cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Accounts receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Authority 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.

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.

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

f) Financial instruments *(continued)*

ii. Classification and subsequent measurement (continued)

Financial assets-policv applicable from 1 October 2018 (continued)

ii. Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Authority becomes a party to the contractual provisions of the instrument, The Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Authority classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise trade and other payables.

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.

Derecognition

Financial assets

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

The Authority enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Modification of financial assets

If the terms of a financial asset are modified, the Authority evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case the original financial assets is derecognized and a new financial assets is recognized at fair value.

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

f) **Financial instruments** *(continued)*

ii. Classification and subsequent measurement (continued)

Financial assets-policv applicable from 1 October 2018 (continued)

ii. Non-derivative financial liabilities *(continued)*

Policy applicable from 1 October 2018

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial assets. In this case, the Authority recalculates the gross carrying amount of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

g) **Impairment**

Policy applicable from 1 October 2018

Financial instruments:

The Authority recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

The Authority measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

Cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECL as it does not include significant financing component.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessment and including forward-looking information.

The Authority assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due depending on the terms and conditions with respective customers.

The Authority considers a financial asset to be in default when:

the borrower is unlikely to pay its credit obligations to the authority in full, without recourse by the Authority to actions such as realising security (if any is held); or
the financial asset is more than 90 days past due.

The Authority considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Authority considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standards & Poor's.

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

g) Impairment *(continued)*

Policy applicable from 1 October 2018 (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the authority is exposed to credit risk.

Measurement of ECLs:

Trade receivables

The Authority uses a provision matrix to determine the lifetime expected credit losses. It is based on the Authority's historical observed default rates, and is adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year. At each reporting date, the Authority updates the observed default history and forward-looking estimates.

Debt securities including cash at bank and term deposit investments

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that SIPA expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. Credit-impaired financial assets:

At each reporting date, the Authority assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

significant financial difficulty of the borrower or issuer;
a breach of contract such as a default or being more than 90 days past due;
it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Authority determines that the debtor does not have assets or sources of income or adequate customer deposits that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Authority's procedures for recovery of amounts due.

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

g) Impairment *(continued)*

Policy applicable from 1 October 2018 (continued)

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Authority on terms that the Authority would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Authority considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment,

In assessing impairment the Authority uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

h) 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.

i) 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.

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

j) 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. 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.

k) 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.

l) 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. Ffinancial costs comprise of bank charges and interest paid on overdraft accounts.

m) Goods and sales tax

Revenue, expenses and assets are recognised net of the amount of goods and sales tax (GST), except where the amount ofGST 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.

n) 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.

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	2019 $	2018 $
Cash and cash equivalents		195,764,025	180,248,645
Trade and other receivables	12	90,610,596	60,311,905
Investments	14	50,318,418	50,984,115
		336,693,039	291,544,665
As at 30 September 2019, the aging of gross trade receivables was as follows:			
Neither past due nor impaired		15,780,220	571,928
Past due 1-30 days		10,004,906	13,587,661
Past due 31-60 days		4,284,558	13,166,012
Past due 61-90 days		4,874,833	3,788,492
Past due greater than 90 days		19,563,813	19,375,288
		54,508,330	50,489,381

4. Financial risk management *(continued)*

(i) Credit risk (continued)

The Authority uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for other receivables and contract assets from individual customers as at 30 September 2019:

	Weighted-average loss rate	Gross carrying amount $	Loss allowance $	Credit impaired
30 September 2019				
Not past due	3.13%	15,780,220	(494,163)	15,286,057
1 - 30 days past due	2.12%	10,004,906	(212,192)	9,792,714
31 - 60 days past due	3.69%	4,284,558	(157,916)	4,126,642
60 - 90 days past due	100%	4,874,833	(4,874,833)	
More than 90 days past due	100%	19,563,813	{19,563,813}	
		54,508,330	{25,302,917)	29,205,413

Loss rates are based on actual credit loss experience over the past few years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Authority's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast inflation.

The calculation of impairment based on expected credit loss experience was $25,302,917.

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

	Note	2019 $	2018 $
Balance at 1 October		9,629,548	7,107,899
Allowance for doubtful debt recognised		5,065,347	2,521,649
Adjustment on initial application ofIFRS 9		10,608,022	
Balance as 30 September	12	25,302,917	9,629,548

Cash and cash equivalents

The Authority held cash of $195,176,790 at 30 September 2019 (2018: $180,255,739). Cash are held with banks, which are rated A, B+, B-, based on Standard and Poor ratings.

Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Authority considers that its cash have low credit risk based on the external credit ratings of the counterparties.

On initial application of IFRS 9, the Authority recognised $853,650 impairment allowance as at 1 October 2018. The amount of the allowance as at 30 September 2019 was $724,760.

4. Financial risk management *(continued)*

(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.

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:

	Note	2019 $	2018 $
Total liabilities		192,323,503	192,762,711
Less: cash and cash equivalents	11	(195,176,790)	(180,255,739)
Adjusted net debt		(2,853,287)	12,506,972
Total equity		704,780,409	642,677,633
Adjusted net debt to equity ratio		0.40%	1.95%

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

For the year ended 30 September 2019

	2019 $	2018 $
5. Revenue		
Anchorage	306,884	361,698
Berthage - overseas ship	13,216,083	13,653,182
Container cleaning	4,405,925	3,533,317
Handling	8,422,993	15,307,976
Port machinery hire	12,906,385	12,333,833
Pilotage and mooring line fees	18,929,083	22,317,484
Port dues	2,084,758	1,037,377
Stevedoring	49,445,086	55,783,436
Storage	37,939,120	21,593,475
Tonnage dues	35,154,339	42,062,836
Wharfage	11,027,758	11,500,971
Port utilisation	6,338,896	6,447,388
	200, 177,310	205,932,973
6. Other income		
Environment fee - overseas ships	109,276	337,262
Investment property rental income	7,051,631	6, 110,495
Overtime recovery and rations	6,761,554	8, 169,519
Power and water sales	1,029,829	1,933,378
Wharf entry fees	2,652,246	4,286,079
Other income	314,351	132,084
	17,918,887	20,968,817
7. Operational expenses		
Depreciation	24,549,920	21,044,394
Electricity and water	2,616,364	3,113,270
Employees amenities	30,000	94,378
Fuel	2,519,093	3,427,929
Insurance	1,027,118	1,036,200
Personnel expenses	40,762,928	33,462,984
Repair and maintenance	3,091,919	472,878
Uniforms	49,149	5,040
Other costs of sales	4,185,837	1,164,642
	78,832,328	63,821,715

		Note	2019 $	2018 $
8.	**Administrative and other operating expenses**			
	Auditors remuneration		334,240	300,000
	Bad and doubtful debts		5,065,347	3,131,919
	Computer consumables		483,360	1,962,450
	Consultancy services		3,247,727	374,492
	Depreciation		1,580,144	2,338,266
	Board of director's expenses	20	1,398,333	2,735,732
	Electricity and water		2,268,283	3,367,980
	Land rents and rates		2,266,243	3,022,548
	Legal expenses		245,841	127,759
	Personnel expenses		39,506,833	45,883,399
	Postage, telephone and fax		1,574,687	1,691,941
	Printing and stationeries		1,112,389	946,753
	Repairs and maintenance		1,809,921	4,671,457
	Travel allowances		4,127,382	5,046,982
	Entertainment		557,716	613,677
	Donation		1,199,159	825,507
	Write-off deposit on asset			2,535,996
	Other operating expenses		4,982,185	1,786,189
			71,759,790	81,363,047
9.	**Personnel expenses**			
	Salaries and wages		46,267,573	39,621,910
	National Provident Fund		4,315,056	4,053,554
	Other staff benefits and costs		29,687,132	35,670,919
			80,269,761	79,346,383

The average total number of employees during the year ended 30 September 2019 was 494 (2018: 471).

		Note	2019 $	2018 $
10.	**(a) Finance Income**			
	Interest Income		2,017,099	1,379,808
			2,017,099	1,379,808
	(b) Finance Cost			
	Bank charges		57,869	97,392
	Currency exchange loss		158,094	329
	Impairment expenses on application of IFRS 9		553,665	-
			769,628	97,721

11. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2019 $	2018 $
Cash at bank	165,134,813	169,882,078
Short term deposit with original maturity less than 3 months	30,629,212	10,366,567
Cash on hand	319,892	7,094
	196,083,917	180,255,739
Provision for impairment through application of IRFS 9	(907,127)	
	195,176,790	180,255,739

Short term deposits are held with Bred Bank at an interest rate of 2.25% maturing in October 2019.

		2019 $	2018 $
12. Trade and other receivables			
Trade receivables		54,508,330	50,489,381
Less allowance for doubtful debts	4 (i)	(25,302,917)	(9,629,5482)
		29,205,413	40,859,833
Prepayments		24,248,125	9,139,321
Other receivables		35,573,963	8,729,656
Over-payment ADB loan		1,583,095	1,583,095
		90,610,596	60,311,905
13. Inventories		701,000	715,987
14. Investments			
Short term deposit		51,002,987	50,984,115
Provision for impairment through application of IRFS 9		(684,569)	-
		50,318,418	50,984,115

The Authority has term deposits with BRED Bank, Bank of South Pacific and Pan Oceanic Bank at an interest rate ranging from 0. 75% to 4% per annum maturing in March 2020.

	2019 $	2018 $
15. Investment properties		
Balance at the beginning of the financial year - at fair value	35,054,383	31,668,476
Changes in fair value	1,487,023	1,583,407
Reclass from Property, plant and equipment		1,802,500
Balance at the ending of the financial year - at fair value	36,541,406	35,054,383

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 $7 ,051,631 (2018: $6, 110,495) 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).	• Depreciation rate applied. • Locality of the property • Proximity to civic amenities • Topography/geographical feature of the land • Demand for the land	The estimated fair value would increase (decrease) if: • depreciation rate were lower (higher); • the property located in urban locality; • closer to civic amenities; • the higher the demand for the land.

	Land and buildings $	Wharves and jetties $	Plant and equipment $	Vehicles $	Work in Progress $	Total $
16. Properly, plant and equipment						
Cost						
Balance at 1 October 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 (ln/(Out))	16,250,650				(16,250,650)	
Balance at 30 September 2018	189,244,001	287,847,180	I 08,245,642	22,717,395	19,700,190	627,754,408
Acquisitions	6,148,686		12,214,952	812,435	22,756,313	41,932,386
Disposals	(8,950)		(2,989,830)	(3,742,417)		(6,741,197)
Transfer to investment properties						
Transfers (In/(Out))	1,154,871		24,574,583		(25,729,454)	
Balance at 30 September 2019	196,538,608	287,847,180	142,045,347	19,787,413	16,727,049	662,945,597
Accumulated depreciation						
Balance at 1 October 2017 - restated	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
Depreciation charge for the year	5,445,533	8,381, 143	10,322,718	1,980,951		26,130,345
Disposals	(8,950)		(2,625,309)	(3,942,3852		(6,576,644)
Balance at 30 September 2019	39,840,057	46,212,449	51,081,655	2,055,733		139,189,894
Carrying amount						
At 30 September 2017	146,101,182	258,397,017	50,949,018	8,251,727	15,480,403	479, 179,347
At 30 September 2018	1542840:527	25020152874	64286t396	18:700:228	19,7002190	508,118,215
At 30 September 2019	156,698,551	241,634,731	90,963,692	17,731,680	16:7272049	523.7552703

	2019 $	2018 $
17. Trade and other payables		
Trade payables	9,698,402	4,442,670
Other payables and accrued expenses	7,493,904	9,613,684
	17,192,306	14,056,354
18. Employee entitlements		
Current	8,547,190	9,189,699
Non current	1,894,419	1,316,814
	10,441,609	10,506,513
Movement is made up of the following:		
Opening balance	10,506,513	9,030,716
Provisions made during the year	11,428,642	8,300,725
Provisions utilised during the year	(11,493,546)	(6,824,928)
Closing balance	10,441,609	10,506,513
19. Deferred revenue		
Current	3,510,257	3,510,258
Non-current	161,179,331	164,689,588
	164,689,588	168,199,844
Opening balance	168,199,844	171,710,102
Less: Depreciation charge for the year	3,510,257	3,510,258
Closing balance	164,689,586	168,199,844

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.

20. 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.

21. Related parties

(a) Identity of related parties

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

Name	Position	Date Appointed
Billy Titiulu	Chairman	01/10/18 Resigned on 31/12/18
Hany Kuma	Chairman	31/12/18 Resigned on 30/04/19
Johny Isy	Chairman	01/05/19
	Vice Chairman	01/01/19
Michael Water	Board Member	01/12/18
Humphrey Tura	Board Member	01/10/18 Resigned on 31/01/ 19
Steven Maesiola	Board Member	01/12/19
Henry Murray	Deputy Chairman	01/12/19

Director's fees and related expenses amounting to $1,398,333 were incurred and paid during the period (2018: $2,735,732).

(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	
Branda Kotelawala	Chief Executive Officer	
George Rausi	Chief Financial Officer	
Benny Legua	Director Corporate services	Resigned on 01/08/2019
Glyn Joshua	Director Commercial	Resigned on 01/08/2019
Judah Kulabule	Director Harbour Master	Resigned on 01/08/2019
John Hugo	Bugoro Director Operations	Resigned on 01/08/2019
Ronald Ivupitu	Director Engineering	
Christopher Sade	Noro Port Manager	Appointed on 1st October 2019
Percy Biliki	Director Harbour Master	Appointed on I st October 2019
James Kabini	Assistant Manager Operations	Appointed on I st October 2019
John Irofaalu	Assistant Manager Operations	Appointed on 1st October 2019
Maefiri	Assistant Manager Operations	Appointed on 1st October 2019
James Gerea	Head of Human Resources	Appointed on 1st October 2019
Ellison Pade	Chief Information Systems Officer	Appointed on 12th February 2020

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

	2019 $	2018 $
Short term benefits	4,548,200	4,344,307

	2019 $	2018 $
21. Related parties		
(c) Amounts receivable related parties		
Overpayment of ADB loan by the Authority to SIG	1,583,095	1,583,095

22. Capital commitments

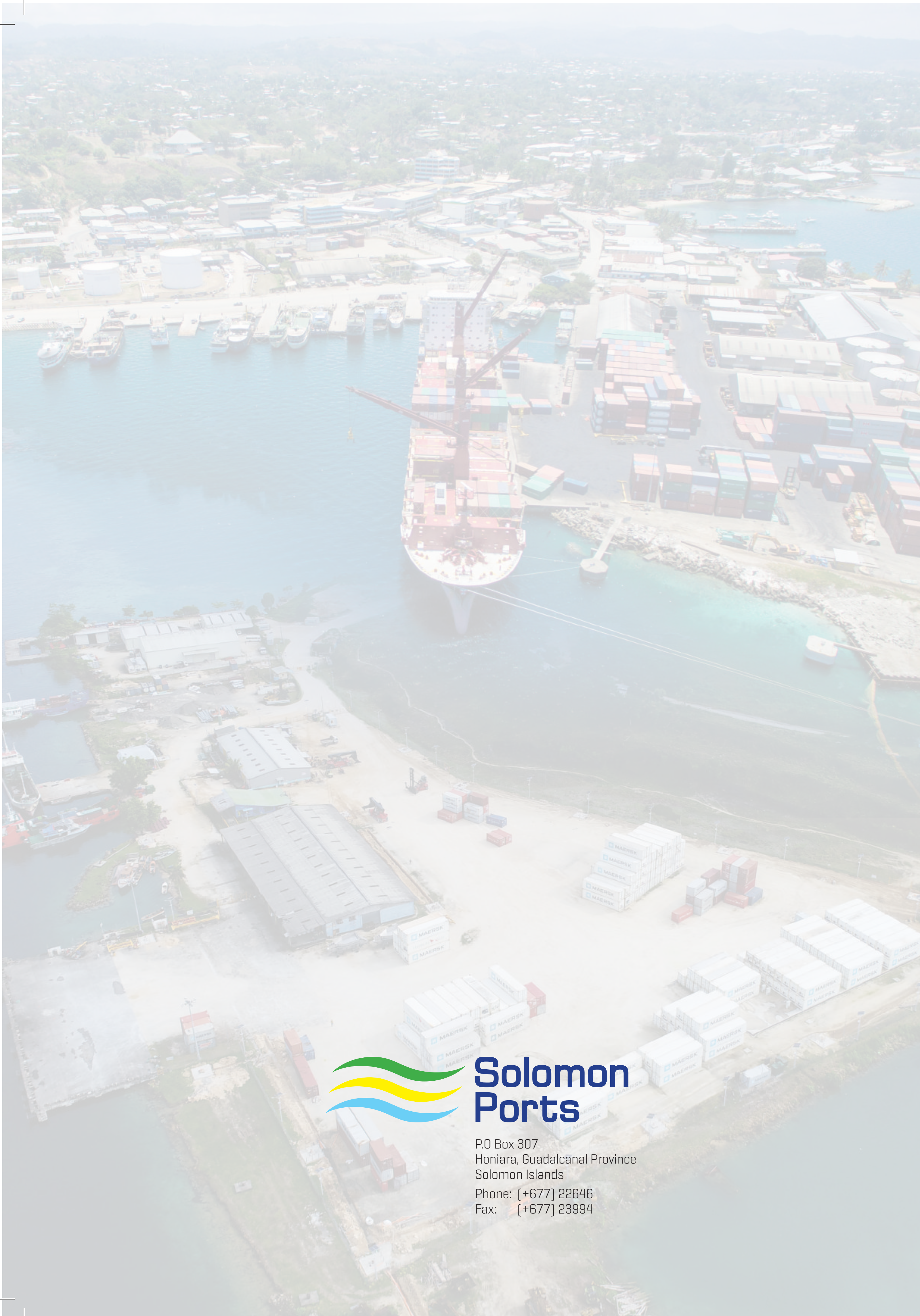
Capital commitments as at 30 September 2019 was $Nil (2018: $0).

23. Contingent liabilities

The Authority is not aware of any contingent liabilities as at 30 September 2019 (2018: $Nil).

24. Events subsequent to balance date

World Health Organisation announced the spread ofCOVID-19 virus to be a pandemic on 11 March 2020. The impact of the spread of this virus is disrupting travel and businesses in Solomon Island and throughout the world. It is not clear at the time of finalising these financial statements, the impact this will have on services provide by the Authority during 2020. Management and the Board are monitoring developments on an ongoing basis. Other than this, there has not arisen in the interval between the end of the financial period 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 subsequent financial years.



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