



SPRFMO

**4th Meeting of the Finance and Administration Committee
Adelaide, Australia, 18 to 22 January 2017**

FAC 4 – Doc 03

**Annual Financial Statement
for the year ending 30 June 2016 and Auditor Report**

Secretariat

**SOUTH PACIFIC REGIONAL FISHERIES
MANAGEMENT ORGANISATION**

SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Special Purpose Financial Statements For the Year Ended 30 June 2016

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SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Directory

MEMBERS OF THE COMMISSION

Australia
Chile
China
Cook Islands
Cuba
Ecuador
European Union
The Kingdom of Denmark in respect of Faroe Islands
Korea
New Zealand
Peru
Russia
Chinese Taipei
Vanuatu

EXECUTIVE SECRETARY

Johanne Fischer

CHAIRPERSON

Gordon Neil

VICE-CHAIRPERSON

Osvaldo Urrutia

BANKERS

BNZ

NATURE OF BUSINESS

Inter-Governmental organisation for conservation and sustainable use of fishery resources

CHARTERED ACCOUNTANTS

BDO Wellington Limited

AUDITORS

KPMG



Independent auditor's report

To the Finance and Administration Committee of South Pacific Regional Fisheries Management Organisation

We have audited the accompanying special purpose financial statements of South Pacific Regional Fisheries Management Organisation ("the organisation") on pages 3 to 12. The special purpose financial statements comprise the statement of financial position as at 30 June 2016, the statement of income and expenditure, and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared based on the Financial Regulations of the Commission.

Management's responsibility for the special purpose financial statements

Management are responsible for the preparation of these special purpose financial statements, in accordance with the Financial Regulations of the Commission, for determining the acceptability of the basis of accounting, and for such internal control as the management determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organisation's preparation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the organisation.

Opinion

In our opinion the special purpose financial statements of South Pacific Regional Fisheries Management Organisation on pages 3 to 12 for the year ended 30 June 2016 are prepared, in all material respects, in accordance with the Financial Regulations of the Commission.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to comply with the Financial Regulations of the Commission. As a result, the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for South Pacific Regional Fisheries Management Organisation and should not be distributed to or used by any parties other than South Pacific Regional Fisheries Management Organisation.

11 November
Wellington

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Statement of Income and Expenditure For the Year Ended 30 June 2016

	Note	Actual 2016	Budget (unaudited) \$	Actual 2015 \$
Income				
Member Contributions	8	677,924	668,000	822,246
Voluntary Contributions	9	-	-	51,581
Interest Received		12,534	-	32,399
Total Income		<u>690,458</u>	<u>668,000</u>	<u>906,226</u>
Less Expenses				
Contracted Services	11	87,407	103,000	77,055
Developing States	11	10,529	18,000	3,622
GST Refund	11	(29,430)	-	-
Historical Retirement Contributions	11	38,718	-	-
Other	11	17,785	18,000	23,989
Personnel Costs	11	470,936	480,000	464,184
Plant and Equipment	11	-	10,000	2,562
Rent and Associated Services	11	49,327	50,000	43,296
Scientific Experts	11	463	20,000	264
Telephone, Internet and Website Hosting	11	25,530	31,000	25,534
Travel and Accommodation	11	84,165	88,000	62,840
Depreciation and Amortisation	11	21,972	-	11,834
Bad debts		27,823	-	-
Total Expenses		<u>805,225</u>	<u>818,000</u>	<u>715,180</u>
Commission's Surplus/(Deficit) for the Period	3	<u>(114,767)</u>	<u>(150,000)</u>	<u>191,046</u>

This statement should be read in conjunction with the Notes to the Special Purpose Financial Statements

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Statement of Financial Position As at 30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Accounts Receivable		360,538	181,345
Cash & Cash Equivalents	4	1,160,287	1,314,221
Prepayments		7,421	7,993
GST Receivable		50,796	-
Total Current Assets		1,579,042	1,503,559
Current Liabilities			
Accounts Payable		29,711	73,970
Accruals		51,749	34,140
Cash & Cash Equivalents	4	2,727	22,403
EC Grant for SC meeting		44,814	-
Retirement Contributions		67,414	-
Transitional Retirement Funds Held		47,989	-
Member Contributions Billed in Advance	7	808,194	673,782
Member Payments Received in Advance		61,489	139,475
Voluntary Contributions Received in Advance	10	13,455	-
Total Current Liabilities		1,127,542	943,770
Working Capital		451,500	559,789
Non Current Assets			
Intangible Assets	6	44,610	51,914
Fixed Assets	5	32,830	31,913
Total Non Current Assets		77,440	83,827
Net Assets		<u>\$528,940</u>	<u>\$643,616</u>

REPRESENTED BY:

Equity

Accumulated Surplus	3	528,940	643,616
Total Equity		<u>\$528,940</u>	<u>\$643,616</u>

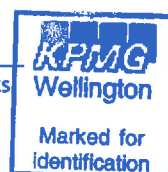
Executive Secretary



Date

11 November 2016

This statement should be read in conjunction with the Notes to the Special Purpose Financial Statements



SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements presented here are for the entity South Pacific Regional Fisheries Management Organisation.

Accrual Accounting

Except for the policies listed below these special purpose financial statements are prepared on an accruals basis.

Measurement Base

The measurement base adopted is historical cost.

Accounts Receivable

Accounts receivable are stated at amounts billed inclusive of GST. No provision for doubtful debts are raised while the member country remains part of the Commission.

Income

Member contributions are recognised in the financial statements in the period that they are billed. Amounts billed are classified as income for member contributions relating to the current accounting period, or income billed in advance when relating to future accounting periods. Any surplus income that is required to be returned to the members is expensed in the financial year in which it is paid.

Fixed Assets

Fixed Assets are expensed for budgetary purposes, but capitalised for accounting purposes. Amounts are recorded at cost less accumulated depreciation. Depreciation is provided at rates determined by the IRD for Office Equipment and Executive Secretary based the estimated useful life of Computer Equipment and Database Improvements.

The depreciation rates used are as follows:

Office Equipment	12.0% - 40.0% DV
Computer Equipment	25.0% DV

Intangible Assets

Intangible assets are expensed for budgetary purposes, but capitalised for accounting purposes. Amounts are recorded at cost less accumulated amortisation. Amortisation is provided at rates determined by the Executive Secretary for the estimated useful life of an Intangible asset. The amortisation rates used are as follows:

Database	25.0% DV
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Presentation Currency

All amounts are presented in New Zealand dollars.

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

Foreign Currencies

Foreign currency transactions are converted to New Zealand dollars at the exchange rate ruling at the date of the transaction. No exchange gains or losses are recognised. Amounts payable and receivable at balance date are converted to New Zealand dollars at exchange rate ruling on that date.

Taxation

The Commission is exempt from income tax under Article 28 of the Vienna Convention on Diplomatic Relations.

Goods and Services Tax

In May 2016 the commission registered for GST effective of 1 April 2014. The financial statements have been prepared on a GST inclusive basis, with the 2015 and 2016 GST amounts presented separately in the statement of income and expenses

Rent Expense

Rent is recognised as an expense in the accounting period that an invoice is received. Lease incentives, such as an initial rent-free period, are recognised at the commencement of the lease, rather than being spread across the term of the lease agreement.

2. NATURE OF BUSINESS

The South Pacific Regional Fisheries Management Organisation is an inter-governmental organisation that is committed to the long-term conservation and sustainable use of the fishery resources of the South Pacific Ocean and in so doing safeguarding the marine ecosystems in which the resources occur.

3. ACCUMULATED SURPLUS

	Actual 2016	Actual 2015
Accumulated Surplus		
Opening Retained Earnings	643,616	522,768
Prior period GST adjustment	38,831	-
Retirement fund adjustments	(38,740)	-
Adjusted opening retained earnings	643,707	522,768
Commission's Surplus/(Deficit) for the Year	(114,767)	120,848
Available for Appropriation	528,940	643,616
Closing Retained Earnings	<u>\$528,940</u>	<u>\$643,616</u>

The restatements above relate to:

- The update to the staff regulations that were back dated to January 2015, agreed by the commission at the 4th Commission Meeting in January 2016.
- SPRFMO registering for GST in the 2016 financial year, which has an effective date of 15 April 2014, agreed by the New Zealand Inland Revenue Department.

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

4. CASH & CASH EQUIVALENTS

	Actual 2016	Actual 2015
Current Assets		
Kiwibank - General & Accumulated Surplus Fund	-	6,569
Kiwibank - Special Requirements Fund	-	25,989
Kiwibank - Interest-Bearing Fund	3,389	789,807
BNZ - Main Account	1,108,909	491,856
Retirement Funds (Transitional)	47,989	-
	<u>1,160,287</u>	<u>1,314,221</u>
Current Liabilities		
Kiwibank Credit Card	-	9,313
BNZ - Credit Card	2,727	13,090
	<u>2,727</u>	<u>22,403</u>
Total Cash & Cash Equivalents	<u>\$1,157,560</u>	<u>\$1,291,818</u>

5. FIXED ASSETS

	Actual 2016	Actual 2015
Office Equipment		
At Cost	18,501	14,397
Less Accumulated Depreciation	5,123	1,144
	<u>13,378</u>	<u>13,253</u>
Computer Equipment		
At Cost	34,256	28,571
Less Accumulated Depreciation	14,804	9,911
	<u>19,452</u>	<u>18,660</u>
Total Fixed Assets	<u>\$32,830</u>	<u>\$31,913</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

6. INTANGIBLE ASSETS

	Actual 2016	Actual 2015
Database		
At Cost	65,550	59,754
Less Accumulated Amortisation	20,940	7,840
	<u>44,610</u>	<u>51,914</u>
Total Intangible Assets	<u>\$44,610</u>	<u>\$51,914</u>

7. MEMBER CONTRIBUTIONS BILLED IN ADVANCE

	Actual 2016	Actual 2015
Australia	59,543	47,703
Belize	-	5,428
Chile	77,986	77,986
China	211,659	181,114
Cook Islands	10,959	8,879
Cuba	7,528	6,168
European Union	109,043	83,879
The Kingdom of Denmark in respect of Faroe Islands	23,435	22,610
Korea	48,162	40,892
New Zealand	121,899	102,813
Peru	26,020	-
Russia	24,540	24,540
Chinese Taipei	21,456	20,837
Vanuatu	58,698	45,152
Ecuador	7,266	5,781
Total Member Contributions Billed in Advance	<u>\$808,194</u>	<u>\$673,782</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

8. MEMBER CONTRIBUTIONS

	Actual 2016	Budget (unaudited)	Actual 2015
Australia	47,703	47,703	48,914
Belize	5,428	5,428	8,295
Chile	77,986	77,986	133,123
China	181,114	181,114	152,481
Cook Islands	8,879	8,879	11,078
Cuba	6,168	6,168	7,869
Ecuador	5,782	-	-
European Union	83,878	83,878	153,619
The Kingdom of Denmark in respect of Faroe Islands	22,610	22,610	39,429
Korea	40,892	40,892	38,497
New Zealand	102,813	102,813	124,466
Peru	4,142	-	-
Russia	24,540	24,540	24,317
Chinese Taipei	20,837	20,837	22,724
Vanuatu	45,152	45,152	57,434
Total Member Contributions	<u>\$677,924</u>	<u>668,000</u>	<u>\$822,246</u>

9. VOLUNTARY CONTRIBUTIONS

	Actual 2016	Actual 2015
China	-	51,581
Total Voluntary Contributions	<u>-</u>	<u>\$51,581</u>

10. VOLUNTARY CONTRIBUTIONS RECEIVED IN ADVANCE

	Actual 2016	Actual 2015
Liberia	5,065	-
Panama	8,390	-
Total Voluntary Contributions	<u>\$13,455</u>	<u>-</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

11. EXPENDITURE

	Actual 2016	Actual 2015
Contracted Services		
Computer Expenses and IT Support	15,147	11,708
Consulting Fees	1,150	-
Contractors	12,816	14,515
Database Expenses	-	-
Accounting Fees	50,660	46,748
Audit Fees	7,000	3,623
Subscriptions and Publications	634	461
	<u>87,407</u>	<u>77,055</u>
Database expenses have been capitalised for accounting purposes; refer to Note 7.		
Developing States		
Travel and Accommodation	10,529	3,622
	<u>10,529</u>	<u>3,622</u>
Other		
Insurance	1,319	1,196
ACC Levies	255	2,692
Bank Fees	829	760
Rent - Carpark	3,841	3,386
General Expenses	2,880	278
Printing and Stationery	5,457	12,529
Freight & Courier - National	2,858	2,675
Freight & Courier - International	346	473
Printer Equipment	-	-
	<u>17,785</u>	<u>23,989</u>
Personnel Costs		
Wages and Salaries	413,561	416,673
Recruitment Expenses	190	-
Staff Training Expenses	199	190
Staff Health Insurance	25,888	18,984
Home Leave	-	9,317
Permanent Consultancy Fees	31,098	19,020
	<u>470,936</u>	<u>464,184</u>
Historical Retirement Contributions		
Historical Retirement Contributions	38,718	-
	<u>38,718</u>	<u>-</u>

In January 2016 the commission approved new staff regulations, including retirement fund contributions to match United Nations regulations. This increase in retirement fund contributions was retrospectively applied back to 1 January 2015. The historical retirement contributions expense represents the increase in contributions made from July 2015-January 2016 to apply the commission's decision to the current year expense. The increase in 2015 expenses has been treated as an adjustment to opening retained earnings (refer note 3, accumulated surplus).

Of this increase in retirement fund contributions, \$56,606 have been paid from the 2016 budget, with the remainder to be funded from the 2017 budget. These amounts yet to be paid are recorded in the retirement contributions payable account.

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2016

11. EXPENDITURE (CONTINUED)

	Actual 2016	Actual 2015
GST		
GST Refund	(29,430)	-
	<u>(29,430)</u>	<u>-</u>
Plant and Equipment		
Office Supplies	-	2,562
	<u>-</u>	<u>2,562</u>
Plant & Equipment purchases have been capitalised for accounting purposes; refer to Note 6.		
Rent and Associated Services		
Rent	40,045	38,469
Cleaning	1,796	2,123
Power	3,472	2,704
Repairs and Maintenance	4,014	-
	<u>49,327</u>	<u>43,296</u>
Scientific Experts		
Scientific Experts	463	264
	<u>463</u>	<u>264</u>
Telephone, Internet and Website Hosting		
Telephone and Internet	7,426	7,552
Website Expenses	18,104	17,982
	<u>25,530</u>	<u>25,534</u>
Travel and Accommodation		
Travel and Accommodation - Domestic	3,863	16,458
Travel and Accommodation - International	74,911	40,373
Conference and Seminar Expenses - Domestic	573	-
Conference and Seminar Expenses - International	3,204	2,157
Hospitality	1,614	3,852
	<u>84,165</u>	<u>62,840</u>
Depreciation and Amortisation		
Depreciation	8,872	5,363
Amortisation of Database	13,100	6,471
	<u>21,972</u>	<u>11,834</u>
Bad Debts		
Bad debts	27,823	-
	<u>27,823</u>	<u>-</u>
Total Expenditure	<u>\$805,225</u>	<u>\$715,180</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Schedule of Fixed Assets and Intangible Assets For the Year Ended 30 June 2016

Asset	Cost Price	Book Value 01/07/2015	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ---- Mth Rate \$	Accum Deprec 30/06/2016	Book Value 30/06/2016
FIXED ASSETS								
Office Equipment								
Office Equipment	805	446				12 20.0% DV 89	448	357
Office Equipment	43	25				12 20.0% DV 5	23	20
Work station	1,060	717				12 16.0% DV 115	458	602
Rubbish Bin	70	42				12 20.0% DV 8	36	34
Office Chairs	1,432	1,356				12 16.0% DV 217	293	1,139
2 x Bays of timber Shelving	828	803				12 12.0% DV 96	121	707
Multifunctional Copier	6,773	6,547				12 40.0% DV 2,619	2,845	3,928
Office Chairs x 3	2,014	1,960				12 16.0% DV 314	368	1,646
Adjustable Height Work Station	1,372	1,357				12 13.0% DV 176	191	1,181
Desk and Dividers			3,026			3 40.0% DV 303	303	2,723
Mobile Lockable Drawer			330			3 20.0% DV 17	17	313
Work Station			748			2 16.0% DV 20	20	728
Sub-Total	14,397	13,253	4,104				3,979	13,378
Computer Equipment								
Computer Equipment	3,470	1,789				12 25.0% DV 447	2,128	1,342
Keyboard and Mouse	53	27				12 25.0% DV 7	33	20
Computer Equipment	3,875	2,089				12 25.0% DV 522	2,308	1,567
Server (Replacement)	7,018	4,057				12 25.0% DV 1,014	3,975	3,043
Desktop Computer	2,419	1,474				12 25.0% DV 369	1,314	1,105
Notebook Computer	3,360	2,047				12 25.0% DV 512	1,825	1,535
Desktop Computer	2,226	1,426				12 25.0% DV 357	1,157	1,069
Computer Screen	668	529				12 25.0% DV 132	271	397
Travel Laptop	1,000	833				12 25.0% DV 208	375	625
Meeting Server	4,481	4,388				12 25.0% DV 1,097	1,190	3,291
Computer Equipment			111			6 25.0% DV 14	14	97
Computer Software			249			5 25.0% DV 26	26	223
Computers and related items			3,727			2 25.0% DV 155	155	3,572
Laptop			1,599			1 25.0% DV 33	33	1,566
Sub-Total	28,570	18,659	5,686				4,893	19,452
Total Fixed Assets	42,967	31,912	9,790				8,872	32,830
INTANGIBLE ASSETS								
Database Improvements (March 2014)	16,422	11,290				12 25.0% DV 2,823	7,955	8,467
Database Improvements (April 2015)	43,332	40,624				12 25.0% DV 10,156	12,864	30,468
Database Improvements (June 2016)			5,796			1 25.0% DV 121	121	5,675
Total Intangible Assets	59,754	51,914	5,796				13,100	44,610