

The logo features a blue rectangular background with a pattern of small, stylized fish swimming in various directions. Overlaid on this background is the text "South Pacific Regional Fisheries Management Organisation" in a white, sans-serif font.

South Pacific Regional Fisheries Management Organisation

2nd Meeting of the Finance and Administration Committee

Auckland, New Zealand, 2-6 February 2015

FAC-02-02

Financial statement for the period ended 30 June 2014

**SOUTH PACIFIC REGIONAL FISHERIES
MANAGEMENT ORGANISATION**

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Annual Report For the Year Ended 30 June 2014

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SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Directory

MEMBERS OF THE COMMISSION

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

EXECUTIVE SECRETARY

Johanne Fischer

CHAIRPERSON

Bill Mansfield

VICE-CHAIRPERSON

Isauro Torres-Negri

BANKERS

Kiwibank

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

We have audited the accompanying special purpose financial statements of South Pacific Regional Fisheries Management ("the Organisation"), on pages 3 to 12. The special purpose financial statements comprise the statements of financial position as at 30 June 2014, the statement of income and expenditure for the year then ended, 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, 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 financial statements of South Pacific Regional Fisheries Management on pages 3 to 12 for the year ended 30 June 2014 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 of the accounting policies within 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.

30 October 2014

KPMG Wellington

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Statement of Income and Expenditure For the Year Ended 30 June 2014

	Note	Actual 2014 \$	Budget (unaudited) \$	Actual 2013 \$
Income				
Member Contributions	9	1,091,247	918,069	153,599
Voluntary Contributions	10	1,883	-	-
Interest Received		7,409	-	-
Interim Secretariat Transfer	12	-	-	125,430
Total Income		<u>1,100,539</u>	<u>918,069</u>	<u>279,029</u>
Less Expenses				
Contracted Services	11	74,610	83,000	66,478
Developing States	11	11,206	10,000	-
Other	11	5,950	20,000	4,352
Personnel Costs	11	385,685	499,069	89,286
Plant and Equipment	11	5,351	10,000	615
Recruitment	11	24,376	150,000	9,826
Rent and Associated Services	11	26,156	20,000	726
Scientific Experts	11	1,694	20,000	-
Telephone, Internet and Website Hosting	11	11,758	21,000	11,270
Travel and Accommodation	11	85,721	85,000	41,740
Total Expenses		<u>632,507</u>	<u>918,069</u>	<u>224,293</u>
Commission's Surplus for the Year	4	<u>\$468,032</u>	<u>-</u>	<u>\$54,736</u>

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

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Statement of Financial Position As at 30 June 2014

	Note	Actual 2014 \$	Actual 2013 \$
Current Assets			
Accounts Receivable		535,154	588,341
Cash & Cash Equivalents	5	800,282	551,084
Prepayments		7,718	15,848
Total Current Assets		<u>1,343,154</u>	<u>1,155,273</u>
Current Liabilities			
Accounts Payable		9,249	17,039
Accruals		21,604	17,924
Cash & Cash Equivalents	5	1,047	9,403
Member Contributions Billed in Advance	8	822,246	1,064,932
Total Current Liabilities		<u>854,146</u>	<u>1,109,298</u>
Working Capital		<u>489,008</u>	<u>45,975</u>
Non-Current Assets			
Intangible Assets	7	15,053	-
Plant and Equipment	6	18,707	8,761
Total Non-Current Assets		<u>33,760</u>	<u>8,761</u>
Net Assets		<u><u>\$522,768</u></u>	<u><u>\$54,736</u></u>

REPRESENTED BY:

Equity

Accumulated Surplus	4	522,768	54,736
Total Equity		<u><u>\$522,768</u></u>	<u><u>\$54,736</u></u>

Executive Secretary



Date

28/10/2014

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

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

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.

Plant and Equipment

Plant & Equipment 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 Executive Secretary for the estimated useful life of Plant & Equipment assets. The depreciation rates used are as follows:

Office Equipment	16.0% - 20.0% 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.

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.

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

Taxation

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

Goods and Services Tax

The financial statements have been prepared on a GST inclusive basis. The Commission is not registered for GST.

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.

Changes in Accounting Policies

The accounting policy of South Pacific Regional Fisheries Management Organisation for intangible assets has been revised; refer to Note 7. There have been no other changes in accounting policies during the period.

Comparative Figures

The Commission started its financial operations in February 2013 and therefore the comparative figures provided are for a five month period.

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. AUDIT

These financial statements are subject to audit.

4. ACCUMULATED SURPLUS

Accumulated Surplus

Balance at the Beginning of the Year

Commission's Surplus for the Year

Available for Appropriation

Balance at the End of the Year

Actual 2014 \$	Actual 2013 \$
54,736	-
468,032	54,736
<u>522,768</u>	<u>54,736</u>
<u>\$522,768</u>	<u>\$54,736</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

5. CASH & CASH EQUIVALENTS

	Actual 2014 \$	Actual 2013 \$
Current Assets		
Kiwibank - General & Accumulated Surplus Fund	240,990	551,084
Kiwibank - Special Requirements Fund	1,883	-
Kiwibank - Interest-Bearing Fund	557,409	-
	<u>800,282</u>	<u>551,084</u>
Current Liabilities		
Kiwibank Credit Card	1,047	9,403
	<u>1,047</u>	<u>9,403</u>
Total Cash & Cash Equivalents	<u>\$799,235</u>	<u>\$541,681</u>

6. PLANT AND EQUIPMENT

	Actual 2014 \$	Actual 2013 \$
Office Equipment		
At Cost	1,978	1,978
Less Accumulated Depreciation	483	159
	<u>1,495</u>	<u>1,819</u>
Computer Equipment		
At Cost	22,421	7,398
Less Accumulated Depreciation	5,209	456
	<u>17,212</u>	<u>6,942</u>
Total Property, Plant and Equipment	<u>\$18,707</u>	<u>\$8,761</u>

7. INTANGIBLE ASSETS

	Actual 2014 \$	Actual 2013 \$
Database		
At Cost	16,422	-
Less Accumulated Amortisation	1,369	-
	<u>15,053</u>	<u>-</u>
Total Intangible Assets	<u>\$15,053</u>	<u>-</u>

Database costs were previously expensed under the Interim Secretariat. The accounting policy of South Pacific Regional Fisheries Management Organisation for database costs has been revised. During the period ended 30 June 2014 database costs were capitalised and subsequently amortised.

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

8. MEMBER CONTRIBUTIONS BILLED IN ADVANCE

	Actual 2014 \$	Actual 2013 \$
Australia	48,914	49,692
Belize	8,295	12,079
Chile	133,123	257,811
China	152,481	146,863
Cook Islands	11,078	11,733
Cuba	7,869	12,200
European Union	153,619	276,721
The Kingdom of Denmark in respect of Faroe Islands	39,429	51,630
Korea	38,497	48,768
New Zealand	124,466	102,706
Russia	24,317	32,588
Chinese Taipei	22,724	62,141
Vanuatu	57,434	-
Total Member Contributions Billed in Advance	<u>\$822,246</u>	<u>\$1,064,932</u>

9. MEMBER CONTRIBUTIONS

	Actual 2014 \$	Budget (unaudited) \$	Actual 2013 \$
Australia	49,692	49,692	8,314
Belize	12,079	12,079	2,021
Chile	257,811	257,811	43,134
China	146,863	-	-
Cook Islands	11,733	11,733	1,963
Cuba	12,200	12,200	2,041
European Union	276,721	276,721	46,297
The Kingdom of Denmark in respect of Faroe Islands	51,630	51,630	8,638
Korea	48,768	48,768	8,159
New Zealand	102,706	102,706	17,183
Russia	32,588	32,588	5,452
Chinese Taipei	62,141	62,141	10,397
Vanuatu	26,315	-	-
Total Member Contributions	<u>\$1,091,247</u>	<u>\$918,069</u>	<u>\$153,599</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

10. VOLUNTARY CONTRIBUTIONS

	Actual 2014 \$	Actual 2013 \$
Chile	1,883	-
Total Voluntary Contributions	<u>\$1,883</u>	<u>-</u>

11. EXPENDITURE

	Actual 2014 \$	Budget (unaudited) \$	Actual 2013 \$
Contracted Services			
Contracted Services	-		41,761
Computer Expenses and IT Support	25,223		4,694
Contractors	15,180		9,507
Database Expenses	-		-
Amortisation of Database	1,369		-
Accounting Fees	29,108		6,446
Audit Fees	3,623		3,623
Subscriptions and Publications	107		447
	<u>\$74,610</u>	<u>\$83,000</u>	<u>\$66,478</u>

Database expenses have been capitalised for accounting purposes; refer to Note 7.

Developing States

Travel and Accommodation	11,206		-
	<u>\$11,206</u>	<u>\$10,000</u>	<u>-</u>

Other

Insurance	171		-
ACC Levies	160		-
Bank Fees	1,118		122
Interest Expense	198		-
General Expenses	488		1,155
Printing and Stationery	795		1,806
Freight & Courier - National	2,863		1,083
Freight & Courier - International	157		186
	<u>\$5,950</u>	<u>\$20,000</u>	<u>\$4,352</u>

Personnel Costs

Wages and Salaries	385,685		89,286
	<u>\$385,685</u>	<u>\$499,069</u>	<u>\$89,286</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

11. EXPENDITURE (CONTINUED)

	Actual 2014 \$	Budget (unaudited) \$	Actual 2013 \$
Plant and Equipment			
Plant and Equipment Purchases	-	10,000	-
Depreciation	5,077		615
Office Supplies	274		
	<u>\$5,351</u>	<u>\$10,000</u>	<u>\$615</u>
Plant & Equipment purchases have been capitalised for accounting purposes; refer to Note 6.			
The depreciation rates applied to items of Plant and Equipment were adjusted during the year ended 30 June 2014 due to revised accounting estimates for the useful lives of Plant and Equipment assets.			
Recruitment			
Recruitment Expenses	24,376		9,826
	<u>\$24,376</u>	<u>\$150,000</u>	<u>\$9,826</u>
Rent and Associated Services			
Rent	21,662		-
Cleaning	1,956		181
Power	2,538		545
	<u>\$26,156</u>	<u>\$20,000</u>	<u>\$726</u>
Scientific Experts			
Scientific Experts	1,694		-
	<u>\$1,694</u>	<u>\$20,000</u>	<u>-</u>
Telephone, Internet and Website Hosting			
Telephone and Internet	6,738		2,918
Website Expenses	5,020		8,352
	<u>\$11,758</u>	<u>\$21,000</u>	<u>\$11,270</u>
Travel and Accommodation			
Travel and Accommodation - Domestic	6,778		2,251
Travel and Accommodation - International	76,145		37,978
Conference and Seminar Expenses - International	451		-
Entertainment	2,347		1,511
	<u>\$85,721</u>	<u>\$85,000</u>	<u>\$41,740</u>
Total Expenditure	<u>\$632,507</u>	<u>\$918,069</u>	<u>\$224,293</u>

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Notes to the Special Purpose Financial Statements For the Year Ended 30 June 2014

12. INTERIM SECRETARIAT TRANSFER

	Actual 2014 \$	Actual 2013 \$
Interim Secretariat Transfer	-	125,430
Total Interim Secretariat Transfer	-	\$125,430

The Commission received the balance of funds held by the Interim Secretariat during the period ended 30 June 2013. There is no obligation for the funds to be repaid.

13. TRANSFER OF APPROPRIATIONS

Financial Regulation 3.3 provides that the Executive Secretary may transfer appropriations between categories in the budget adopted by the Commission provided these categories are not altered by more than 10% of the amounts in the adopted budget and that a statement of all such transfers shall be submitted to the Commission and the auditors with the annual financial statements. The Chairperson of the Commission may however authorise the Executive Secretary to transfer appropriations above this limit.

The Executive Secretary has approved a transfer of \$1,000 from the appropriation for Personnel Costs to Travel and Accommodation respectively for the period ended 30 June 2014.

The Chairperson has approved transfers of \$2,000 from the appropriation for Scientific Experts to Developing States, and \$10,000 from the appropriation for Personnel Costs to Rent and Associated Services respectively for the period ended 30 June 2014.

The variances between the expected actual expenditure and the amounts in the adopted budget for Developing States and Travel and Accommodation are additional costs above those budgeted for attending the second commission meeting in Manta, Ecuador.

The variances between actual expenditure and the amounts in the adopted budget for Rent and Associated Services are due to the circumstances that at the time the budget was adopted, the rent contract for the office space had not yet been finalised and the amount for Rent and Associated Services had to be estimated.

Financial Regulation 3.2 provides that appropriations shall remain available for 12 months following the end of the financial year to which they relate to the extent that they are required to discharge obligations incurred during that financial year. An example of this is that the recruitment of a permanent Executive Secretary for South Pacific Regional Fisheries Management Organisation was completed at a later date than anticipated. South Pacific Regional Fisheries Management Organisation will incur additional expenses (including Recruitment costs) during the year ended 30 June 2015 which were budgeted for the year ended 30 June 2014.

SOUTH PACIFIC REGIONAL FISHERIES MANAGEMENT ORGANISATION

Schedule of Plant & Equipment and Intangible Assets For the Year Ended 30 June 2014

Asset	Cost Price	Book Value 01/07/2013	Additions Disposals	Gain/Loss on Disposal	Capital Profit	Depreciation Mth Rate	Accum Deprec 30/06/2014	Book Value 30/06/2014
PLANT AND EQUIPMENT								
Office Equipment								
Office Equipment	805	698				12 20.0% DV	140	558
Office Equipment	43	39				12 20.0% DV	8	31
Work station	1,060	1,017				12 16.0% DV	163	854
Rubbish Bin	70	65				12 20.0% DV	13	52
Sub-Total	1,978	1,819					324	1,495
Computer Equipment								
Computer Equipment	3,470	3,181				12 25.0% DV	795	2,386
Keyboard and Mouse	53	48				12 25.0% DV	12	36
Computer Equipment	3,875	3,713				12 25.0% DV	928	2,785
Server (Replacement)			7,018			11 25.0% DV	1,609	5,409
Desktop Computer			2,419			9 25.0% DV	454	1,965
Notebook Computer			3,360			9 25.0% DV	630	2,730
Desktop Computer			2,226			7 25.0% DV	325	1,901
Sub-Total	7,398	6,942	15,023				4,753	17,212
Total Plant and Equipment	9,376	8,761	15,023				5,077	18,707
INTANGIBLE ASSETS								
Database Improvements (March 2014)			16,422			4 25.0% DV	1,369	15,053
Total Intangible Assets			16,422				1,369	15,053

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