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Appendix 1. Useful Internet Sites

1. General Information on Fiji

Fiji Live	www.fijilive.com
Fiji Online	www.fiji-online.com.fj

2. Regulatory and Standard-Setting Bodies

Capital Markets Development Authority (CMDA)	www.cmda.com.fj
International Accounting Standards Board (IASB)	www.iasc.org.uk
International Federation of Accountants (IFAC)	www.ifac.org
Reserve Bank of Fiji (RBF)	www.reservebank.gov.fj

3. Professional Bodies

Confederation of Asian and Pacific Accountants (CAPA)	www.capa.com.my
Fiji Institute of Accountants (FIA)	...

4. International Organizations

Asia Pacific Economic Cooperation (APEC)	www.apecsec.org.sg
International Federation of Accountants (IFAC)	www.Ifac.org
International Organization of Securities Commissions (IOSCO)	www.iosco.org
International Organization of Supreme Audit Institutions (INTOSAI)	www.intosai.org
South Pacific Association of Supreme Audit Institutions (SPASAI)	www.oag.govt.nz/ HomePageFolders/SPASAI/SPASAIHome.htm
World Trade Organization (WTO)	www.wto.org

5. Accounting Firms

Andersen	www.andersen.com
Ernst & Young	www.ey.com
KPMG	www.kpmg.com
PricewaterhouseCoopers	www.pwcglobal.com

6. Educational Institutions and Providers

Fiji National Training Council (FNTC)	www.fntc.ac.fj
University of Central Queensland (UCQ)	www.suva.cqu.edu.au
University of the South Pacific (USP)	www.usp.ac.fj

7. Donor Organizations

Asian Development Bank (ADB)	www.adb.org
International Monetary Fund (IMF)	www.imf.org
Japan Bank for International Cooperation (JBIC)	www.jbic.go.jp
Japan International Cooperation Agency (JICA)	www.jica.go.jp
United Nations Development Programme (UNDP)	www.undp.org
United States Agency for International Development (USAID)	www.usaid.gov
World Bank	www.worldbank.org

Appendix 2. Interviewees

Aspects of financial management and governance were discussed with the following people.

Hon. Laisenia Qarase	Prime Minister	Government of the Republic of the Fiji Islands
Hon. Ratu Jone Y. Kubuabola	Minister for Finance and National Planning	Government of the Republic of the Fiji Islands
Eroni Vatuloka	Auditor General	Office of the Auditor General
Sila Kotobalavu	Permanent Secretary	Ministry of Finance and National Planning (MOFANP)
Shiri Chand	Deputy Permanent Secretary (Finance and Administration)	MOFANP
Peceli Vocea	Deputy Permanent Secretary (Budget Management and Economic Policy)	MOFANP
Paula Uluinaceva	Acting Director, Budget Management and Economic Policy	MOFANP
Vuki Ravuvu	Principal Accounting Officer, Acting Director FMIS Project	MOFANP
William Gounder	Principal Accounting Officer, Training Department	MOFANP
David J. E. Smith	Economic Advisor	MOFANP
Julie Apted	Chief Executive	Capital Market Development Authority (CMDA)
Rohit Parmesh	Manager Development and Investor Education	CMDA

DIAGNOSTIC STUDY OF ACCOUNTING AND AUDITING PRACTICES IN THE FIJI ISLANDS

Niko Bulai	Permanent Secretary	Ministry of Public Enterprises and Public Sector Reform
Inia Naiyaga	Chief Manager, Financial Institutions	Reserve Bank of Fiji
Savenaca Siwatibau	Vice Chancellor	University of the South Pacific (USP)
Professor Michael White	Professor of Accounting and Head of Department	USP
Dr Arvind Patel	Associate Professor	USP
Ifa Tigarea	Head of School of Commerce	Fiji Institute of Technology (FIT)
Rosie Lagi	School of Accounting	FIT
Laiakini Bale	School of Accounting	FIT
Ross MacDonald	President	Fiji Institute of Accountants (FIA)
Sikeli Tuinamuana	Accounting and Auditing Standards Committee	FIA
Dhiraj Lal Hemraj	Partner	PricewaterhouseCoopers
Nalin Patel	Partner	Arthur Andersen
Murray McKenzie	Executive Director	FIA
Tom Wilson	Public Finance Advisor	Pacific Financial Technical Assistance Center (PFTAC)
Murray Petrie	Consultant	PFTAC

Appendix 3. RETA 5980 (Regional Study) Information

1. Study Phases

The study had three broad phases as follows:

Phase I – Fiji Islands Case Study on Accounting and Auditing Support and Structures.

Phase II – Suva Workshop (6-7 February 2002).

Phase III – Manila Workshop (5-6 March 2002) and Formulation of Action Plan.

2. Phase I: Case Study on Accounting and Auditing

This phase involved the examination of the Fiji Islands' current accounting and auditing structure and systems. It also (i) analyzed Fiji Islands' political, institutional, and regulatory and legal framework on accounting and auditing practice and the level of enforcement of existing laws, rules, and regulations; (ii) identified gaps and weaknesses in accounting and auditing support available and deviations from international standards; and (iii) identified alternative options to remedy the identified weaknesses, with the objective of eliminating them eventually.

Barry Reid and Lynnette Simpson conducted the fieldwork for the study from 8 January to 1 February 2002. Accounting and auditing arrangements were discussed with representatives from: the MOFANP, OAG, other government organizations, private sector businesses and educational institutions. A list of interviewees is attached as Appendix 2.

3. Phase II: Suva Workshop

Issues arising from the study were discussed and debated at a workshop held in Suva on 6-7 February 2002. Francis B. Narayan, Lead Financial Management Specialist, ADB, participated in the workshop as a resource person and provided overall guidance with respect to the objectives of the study. Thirty participants attended the workshop.

4. Phase III: Manila Workshop and Formulation of Action Plan

Phase III assessed the roles that ADB and other funding agencies could play in improving the current situation in the selected DMCs. The roles included policy intervention, projects and program assistance, and

mobilization of cofinancing resources to address the identified problems and weaknesses. This activity was undertaken in close consultation with the Government, regulatory authorities, representatives of the accounting and auditing professions, and other local interest groups and funding agencies. At this stage of the RETA, the commitment-in-principle of each selected country to implement the findings and recommendations of the study was agreed. The RETA findings were disseminated and debated at a workshop in Manila on 5-6 March 2002 and the developed action plan was finalized for implementation.

Appendix 4. International Standards and Guidelines on Professional Arrangements

1. Overview

The IFAC Board created a Compliance Committee in May 2000. The Committee is one of several initiatives designed to strengthen IFAC and the international profession. Its primary responsibilities are: (i) monitoring the relevance, sufficiency, and efficacy of IFAC membership obligations; (ii) monitoring member body compliance with these obligations; (iii) recommending actions to the IFAC Board and Council in respect of membership obligations; (iv) reviewing the investigative and disciplinary processes of member bodies, and reporting and making recommendations on these to the IFAC Board and Council; (v) considering how member bodies might best be encouraged, or if necessary, required to comply more closely with such obligations; (vi) devising schemes to assist member bodies to comply more closely and considering whether additional powers are required to enforce compliance with membership obligations; and (vii) implementing agreed policy in this area. The Compliance Committee will also work closely with members of the Transnational Audit Committee (TAC) in its monitoring of the members of the IFAC Forum of Firms (FOF) once these entities are fully established.

As an IFAC member body, the IFAC Compliance Committee will monitor the FIA. Table 21 sets out relevant international guidelines with respect to the accountancy profession. IFAC has also established a *Money Laundering Task Force*. The task force has obtained information from around the world on what other professional bodies are doing and is currently analyzing these activities. This is a first step in determining its scope of activities. Included in the work of the task force will be consideration of whether standards will be developed to help member bodies and their members to address money laundering and related issues.

Table 21: International Guidelines for the Accountancy Profession

World Trade Organization (WTO): General Agreement on Trade in Services (GATS)	The criteria for recognizing professional qualifications may not exceed what is necessary to ensure the quality of service. Each country is expected to have a methodology for comparing professional qualifications and this must be applied in a fair and consistent manner to all applicants.
International Federation of Accountants (IFAC)	<p>IFAC pronouncements cover several areas:</p> <ul style="list-style-type: none"> • Education Guidelines and Standards. IFAC’s Education Committee issues International Education Standards (IESs) and International Education Guidelines (IEGs). The IESs are intended to establish the essential elements on which education and training programs, both pre-qualification and post-qualification, for all accountants should be founded. The IEGs promote good practice and or provide good advice. They are based on careful study of the best practices and most effective methods for dealing with the issues being addressed. • Code of Ethics for Professional Accountants. This is intended to serve as a model on which to base national ethical guidance. It sets standards of conduct for professional accountants and states the fundamental principles that should be observed by professional accountants in order to achieve common objectives. • Statement of Policy of Council: Implementation and Enforcement of Ethical Requirements.¹⁰³ This statement sets expectations and provides guidance on disciplinary action, including punishment and publicity. • Assuring the Quality of Professional Services. This statement sets expectations on quality control policies and procedures for member bodies and professional firms.¹⁰⁴

¹⁰³ IFAC. 1998 January. *Statement of Policy of Council: Implementation and Enforcement of Ethical Requirements*. New York: IFAC.

¹⁰⁴ IFAC. 1999 August. *Assuring the Quality of Professional Services*. New York: IFAC.

Table 21: International Guidelines for the Accountancy Profession (*continued*)

Confederation of Asian and Pacific Accountants (CAPA)	CAPA's Guide on the Essential Components of a Professional Accountancy Body ¹⁰⁵ covers: (i) Admission / Advancement Standards; (ii) Full Membership Requirements; (iii) CPE; (iv) Technical Standards; (v) Quality Assurance / Peer Review Program; (vi) Registration as Accountant/Auditor; (vii) Disciplinary Rules; (viii) Management and Administrative Structures; (ix) Governance; and (x) External Affiliations / Memberships. ¹⁰⁶
Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) of the UNCTAD	<p>In February 1999, UNCTAD issued a report on accounting education and qualifications.¹⁰⁷ The report provides a useful set of benchmarks in respect of these issues, in particular:</p> <ul style="list-style-type: none"> • Guideline for a Global Accounting Curriculum and Other Qualification Requirements (including (i) requirements for the qualifications of professional accountants; and (ii) a guideline for national systems for the qualifications of professional qualifications. • Global Curriculum for the Professional Education of Professional Accountants (including: (i) organizational and business knowledge; (ii) information technology; and (iii) accounting and accounting-related knowledge.

Furthermore, ISAR has initiated a project to assess the competence of accountants. The objective of the project is to rate professional accounting qualifications from around the world and, in doing so, create impetus for improvements and support international skill transferability.¹⁰⁸

¹⁰⁵ Confederation of Asian and Pacific Accountants (CAPA). 1998. *Guide on the Essential Components of a Professional Accountancy Body*.

¹⁰⁶ Further details are provided in: Narayan, Francis B., Ted Godden, Barry Reid, and Maria Rosa Ortega. 2000. *Financial Management and Governance Issues in Selected Developing Member Countries: A Study of Cambodia, People's Republic of China, Mongolia, Pakistan, Papua New Guinea, Uzbekistan and Viet Nam*. Asian Development Bank. p. 27.

¹⁰⁷ UNCTAD. 1999. *International Accounting and Reporting Issues: 1999 Review*. United Nations.

¹⁰⁸ Narayan, Francis B., Ted Godden, Barry Reid, and Maria Rosa Ortega. 2000. *Financial Management and Governance Issues in Selected Developing Member Countries: A Study of Cambodia, People's Republic of China, Mongolia, Pakistan, Papua New Guinea, Uzbekistan and Viet Nam*. Asian Development Bank. p 29.

2. Membership Requirements

Education

IFAC and ISAR have published guidelines on education requirements. The IFAC guidelines, such as IEG 9, provide an overview as to what is expected. The ISAR guidelines are more useful in a practical sense as they suggest a detailed curriculum structure and contents.¹⁰⁹

Experience

With regards to practical experience, international guidelines state that:

An appropriate period of relevant experience in performing the work of professional accountants must be a component of a pre-qualification program. The period of experience may vary due to differences in the environment in which professional accountants offer their services. However, this period should be long enough to permit prospective accountants to demonstrate they have gained the knowledge, skills, and professional values sufficient for performing with professional competence and for continuing to grow throughout their careers. This objective cannot normally be met in a period of less than three years.

Paragraph 49 – IEG 9.

Moreover, IFAC recommends that practical experience requirements must be considered when professional bodies seek mutual recognition of qualifications.¹¹⁰ The US CPA experience requirement differs between states and depends on academic qualifications.¹¹¹ For instance, the *Californian Accountancy Act* requires experience of between 24 and 48 months.

Continuing Professional Education (CPE)

IFAC and ISAR recommend a minimum of 30 hours CPE per year, or a minimum of 90 hours in every three-year period, of structured learning activity.¹¹²

¹⁰⁹ UNCTAD. 1999. *International Accounting and Reporting Issues: 1999 Review*. United Nations.

¹¹⁰ IFAC. 1995 June. *Statement of Policy of Council: Recognition of Professional Accountancy Qualifications*. New York: IFAC. Paragraph 22-25.

¹¹¹ Source: www.aicpa.org/states/uaa/digest.htm

¹¹² IFAC. 1998 May. *International Education Guideline (IEG) 2: Continuing Profession Education*. New York: IFAC.

3. Quality Control and Assurance

“In the case of professional accountants in public practice, the implementation of appropriate quality control policies and procedures is the responsibility of each firm of practicing accountants. The task of encouraging and assisting firms of practicing accountants to maintain and improve the quality of professional services is primarily that of the member bodies in each country. IFAC believes that the member bodies have the responsibility to take appropriate steps to achieve that objective in the legal, social, business, and regulatory environment prevailing within their countries.”

– IFAC (August 1999)¹¹³

In relation to quality control and assurance, IFAC suggests that:¹¹⁴

- Member bodies should adopt or develop quality control standards and relevant guidance that require firms of practicing accountants to establish the quality control policies and procedures necessary to provide reasonable assurance of conforming with professional standards in performing services. The nature and extent of a firm’s quality control policies and procedures depend on a number of factors, such as the size and nature of its practice, its geographic dispersion, its organization, and appropriate cost/benefit considerations. Accordingly, the policies and procedures adopted by individual firms will vary, as will the manner in which the policies and procedures themselves and compliance with them are documented.
- Member bodies should develop quality review programs designed to evaluate whether firms of practicing accountants have established appropriate quality control policies and procedures and are complying with those policies.
- Member bodies should establish quality review programs designed to evaluate whether firms of practicing accountants have complied with relevant professional standards for assurance engagements.
- Member bodies should require firms of practicing accountants to make appropriate improvements in their quality control policies and procedures, or in their compliance with those policies and procedures, when the need for such improvement is identified. Where firms fail to comply with relevant professional standards, the member body should take appropriate corrective action. Member bodies should also take such educational or disciplinary measures as indicated by the circumstances.

¹¹³ IFAC. 1999 August. *Assuring the Quality of Professional Services*. New York: IFAC.

¹¹⁴ *Ibid.*

As a basic condition, IFAC emphasizes that implementation of an adequate self-regulatory program cannot be effected until firms of practicing accountants in a country are bound by an appropriate code of ethics and also by adequate standards governing accounting principles and engagements to provide professional services. The IFAC Code of Ethics for Professional Accountants, its ISAs, and the IASs issued by the IASB all provide guidance for such standards.

Box 5: Professional Quality Assurance in the People's Republic of China

The People's Republic of China provides one example of how a quality assurance program can be implemented.¹¹⁵ From July 1997 to March 1999, China conducted a nationwide rectification campaign of the accounting market. The campaign had four stages:

- Self-inspection. In the six months to December 1997, around 6,700 accounting firms conducted self-inspections. The self-inspections covered around 50 percent of their 1996-1997 activities. Just under 1.5 million business reports were inspected; of these, 26 percent were considered to be either defective or in need of correction.
- Focus Groups and Field Inspections. In January 1998, local CPA Institutes established working groups. In the following six months, these working groups conducted field inspections of 5,800 firms.
- Inspection Reviews. From July to the end of October 1998, 192 people selected by the Chinese Institute of Certified Public Accountants (CICPA) reviewed the inspections conducted in stages I and II. The reviews focused on 405 accounting firms.
- Reexamination. From November 1998 to March 1999, CICPA reexamined the qualifications and status of qualified accountants and accounting firms.

As a consequence of the campaign almost 12,700 individual CPAs were either forced to withdraw from the profession or were disciplined (25 percent of CPAs). Many of these were older members who had not passed the uniform accounting examination, and around 580 accounting firms withdrew from the profession or had their licenses cancelled. Warnings and punishments were issued to a further 2,000 accounting firms (43 percent of firms).

CICPA judged the campaign to be a success based on the following evidence.¹¹⁶ First, during the period of the campaign, 6,300 newly qualified accountants joined the profession. The net effect was to substantially improve the profession's age structure and knowledge. Second, to address problems that were identified in the inspections, 85 percent of accounting firms substantially improved their internal-management practices; improved professional rules; implemented or improved quality-control systems; increased training; and in doing so, effectively eliminated the problems that had been identified. Third, in 1998, the level of "non-clean" audit opinions given on listed companies rose dramatically (to around 12 percent of audit reports) which (arguably) indicated improved professional quality and ethics. Fourth, the credibility of CPAs in the eyes of the public, as measured by a media survey, climbed from 45 percent in 1996, to 81 percent in June 1998.

¹¹⁵ Narayan, Francis, B. and Barry Reid. 2000. *Financial Management and Governance Issues in the People's Republic of China*. Asian Development Bank. pp. 35-39.

¹¹⁶ Yong, Li. 1999. *The Reform, Regulation and Opening-up of China's Accounting Market. Contemporary Issues in China Accounting and Finance: Policy and Practise*. Oxford University Press. p. 282-283.

Appendix 5. USP Course Unit Requirements for FIA

A person who possesses a USP accounting degree is eligible for provisional membership in FIA. The accounting degree must comprise the following units (see page 48).

Course	Title
AF 101	Introduction to Accounting and Financial Management Part 1
AF 102	Introduction to Accounting and Financial Management Part 2
EC 101	Macroeconomics I
EC 102	Microeconomics I
SE 108	Introduction to the Law of Commerce
CS 121	Introduction to Information Technology OR
CS 100	Computing Fundamentals
MA 101	Basic Mathematics OR
MA 111	Calculus and Linear Algebra
AF 201	Managerial Accounting
AF 203	Corporate Accounting
AF 205	Law of Associations
AF 208	Financial Management
AF 301	Accounting Theory and Application
AF 302	Information Systems
AF 304	Auditing
AF 308	Taxation Law
	Any ONE of the following:
AF 300	Research Project in Accounting
AF 307	Public Sector Accounting
AF 309	Insolvency Law and Practice
AF 313	Accounting for Management Control
BF 301	Investment Analysis and Financial Management
AF 309	Insolvency Law and Practice
	In addition, the remaining four units must consist of a secondary specialization in any ONE OR MORE of the following disciplines:
	<ul style="list-style-type: none"> • Management • Computer Science • Economics • Banking and Finance; or • Mathematics

Appendix 6. International Accounting Standards

The following IASs were in effect at 28 February 2002.^{117,118}

IAS 1	Presentation of Financial Statements	IAS 27	Consolidated Financial Statements and Accounting for Investments in Subsidiaries
IAS 2	Inventories	IAS 28	Accounting for Investments in Associates
IAS 7	Cash Flow Statements	IAS 29	Financial Reporting in Hyper-inflationary Economies
IAS 8	Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies	IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 10	Events After the Balance Sheet Date	IAS 31	Financial Reporting of Interests In Joint Ventures
IAS 11	Construction Contracts	IAS 32	Financial Instruments: Disclosures and Presentation
IAS 12	Income Taxes	IAS 33	Earnings Per Share
IAS 14	Segment Reporting	IAS 34	Interim Financial Reporting
IAS 15	Information Reflecting the Effects of Changing Prices	IAS 35	Discontinuing Operations
IAS 16	Property, Plant and Equipment	IAS 36	Impairment of Assets
IAS 17	Leases	IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 18	Revenue	IAS 38	Intangible Assets
IAS 19	Employee Benefits	IAS 39	Financial Instruments: Recognition and Measurement
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	IAS 40	Investment Property
IAS 21	The Effects of Changes in Foreign Exchange Rates	IAS 41	Agriculture
IAS 22	Business Combinations		
IAS 23	Borrowing Costs		
IAS 24	Related Party Disclosures		
IAS 26	Accounting and Reporting by Retirement Benefit Plans		

¹¹⁷ Source: IASC Website: www.iasc.org.uk

¹¹⁸ The following IASs have been withdrawn:

- IAS 3 was replaced by IAS 27 and IAS 28.
- IAS 4 was replaced by IASs 16, 22, and 38.
- IAS 5 was replaced by IAS 1.
- IAS 6 was replaced by IAS 15.
- IAS 9 was superseded by IAS 38.
- IAS 13 was replaced by IAS 1.
- IAS 25 was replaced by IAS 39 and IAS 40.

Appendix 7. IASs and Differential Reporting

In April 1998, a project to examine the reporting requirements for small and medium-size enterprises was added to the IASB agenda—however no progress has been made to date and further activity has yet to be determined by IASB. Possible issues that relate to this, include: (i) whether IASB should develop a basic accounting system for developing countries, comprising procedural standards and guidelines similar to the French *Plan Comptable*; (ii) whether there should be different accounting standards or different disclosure standards for enterprises in developing countries and economies in transition; and (iii) whether there are special problems with applying existing IAS in developing or transition countries.

In July 2000, IASB Staff attended the most recent session of the UN Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR), which discussed accounting and reporting by SMEs, and suggested that a ‘progressive’ system of reporting formats be developed. At the session, ISAR specified that the proposed framework should: (i) be simple, understandable and user-friendly; (ii) produce useful management information; (iii) be as standardized as possible; (iv) be flexible enough to accommodate the business growth and increase the potential of some SMEs as they expand to use IASs; (v) be easily reconcilable for tax purposes; and (vi) recognize the environment in which SMEs operate.

ISAR mandated an ad hoc working party to prepare a set of voluntary guidelines as to how those countries that wished to review their accounting regulatory structure might install a system that was both coherent throughout, adapted to the needs of SMEs at the entry level and permitted a logical progression in line with company growth.

IASB staff attended an ISAR working party meeting in May 2001 to discuss the proposals that will be put before the annual ISAR conference in September 2001. The proposals aim to provide a model framework for national accounting regulators that will cover the whole range of accounting entities—from the one-person business through to the listed company. After a consultation period, the draft recommendation will be circulated to all ISAR members who will then have the opportunity to debate it at the annual ISAR conference.¹¹⁹

¹¹⁹ Source: www.iasc.org.uk

Appendix 8. International Standards on Auditing

The following ISAs and IAPs were in effect at 31 March 2002.

1. International Standards on Auditing (ISAs)

100	Assurance Engagements	520	Analytical Procedures
120	Framework of ISAs	530	Audit Sampling and other Selective Testing Procedures
200	Objective and General Principles Governing an Audit of Financial Statements	540	Audit of Accounting Estimates
210	Terms of Audit Engagements	550	Related Parties
220	Quality Control for Audit Work	560	Subsequent Events
230	Documentation	570	Going Concerns
240	The Auditor's Responsibility to Consider Fraud and Error in an Audit of Financial Statements	580	Management Representations
240A	Fraud and Error	600	Using the Work of Another Auditor
250	Consideration of Laws and Regulations in an Audit of Financial Statements	610	Considering the Work of Internal Auditing
260	Communications of Audit Matters with those Charged with Governance	620	Using the Work of an Expert
300	Planning	700	The Auditor's Report on Financial Statements
310	Knowledge of the Business	710	Comparatives
320	Audit Materiality	720	Other information in documents containing Audited Financial statements
400	Risk Assessments and Internal Control	800	The Auditor's Report on Special Purpose Audit Engagement
401	Auditing in a Computer Information Systems Environment	810	The Examination of Prospective Financial Information
402	Audit Considerations Relating to Entities Using Service Organizations	910	Engagements to Review Financial Statements
500	Audit Evidence	920	Engagements to Perform Agreed Procedures Regarding Financial Information
501	Audit Evidence: Additional Considerations for Specific Items	930	Engagements to Compile Financial Information
505	External Confirmations		Glossary of Terms
510	Initial Engagements - Opening Balances		Preface to ISAs and RSs

2. International Auditing Practice Statements (IAPs)

1000	Inter-Bank Confirmation Procedures	1006	Audits of the Financial Statements of Banks
1001	Computer Information System (CIS) Environments: Standalone Microcomputer Systems	1007	[withdrawn]
1002	CIS Environments: Online Computer Systems	1008	Risk Assessments and Internal CIS Characteristics and Considerations
1003	CIS Environments: Database Systems	1009	Computer-Assisted Audit Techniques (CAATs)
1004	The Relationship Between Banking Supervisors and External Auditors	1010	The Consideration of Environmental Matters in the Audit of Financial Statements
1005	Special Consideration in Audits of Small Entities	1011	[withdrawn]
		1012	Auditing Derivative Financial Instruments
		1013	Electronic Commerce: Effect on the Audit of Financial Statements

**Appendix 9. University of the South Pacific (USP):
Undergraduate Accountancy Courses**

USP offers the following undergraduate courses in accounting and financial management.¹²⁰

Course	Title	Description
...	Preliminary 1	
...	Preliminary 2	
AFF01	Foundation 1	
AFF02	Foundation 2	
AF100	Introduction to Accounting and Financial Management for the Non Specialist	This course covers the principles of compilation of standard financial reports and their use in assessing an organization’s financial strengths and weaknesses. It considers the contribution that accounting can make to the good management of an organization as a tool for planning, control and decision making. It also considers the nature of, and the markets for, organization finance.
AF101	Introduction to Accounting and Financial Management Part 1	The accounting system as a formal information system. Accounting conventions. An introduction to the analysis of the concepts of accounting, especially revenue, expenses, income, assets, depreciation, valuation, liabilities and proprietorship. Introduction to accounting for partnerships and companies. A study of the accounting process from data collection to report preparation, presentation and analysis and interpretation (Prescribed text: Coutman, B., Introduction to the Accounting and Financial Management: Volumes 1 and 2. USP Publications)
AF102	Introduction to Accounting and Financial Management Part 2	An introduction to processing accounting data for reporting to management. Budgets, cost concepts, classifications and accumulation, and accounting information systems will be introduced in the context of the management planning and control functions in the private sector and government, government agencies, and non-profit making organizations (Prescribed text: Martin, C., Introduction to Accounting, 4th ed. McGraw-Hill Book Company, 1994).

¹²⁰ Source: www.usp.ac.fj

APPENDIXES

Course	Title	Description
AF201	Managerial Accounting	This course utilizes the cost accounting data studied in AF102. An analysis of the management accounting function with special emphasis on variable cost classification and its application to business decisions; techniques to facilitate the decision making process including capital investment decisions. An introduction to systems design and computer programming (Prescribed text: Langfield-Smith and Thorne, <i>Managerial Accounting</i> , McGraw-Hill, 1995).
AF203	Corporate Accounting	The purpose of this course is to provide students with an understanding of the functions of financial accounting for companies, and the ability to design, produce, and interpret accounting reports required by law and relevant to users of accounts (Prescribed text: Leo, K.J. and Hoggett, J.R., <i>Company Accounting in Australia</i> , 4th ed, John Wiley, 1997).
AF205	Law of Associations	This course introduces the basic principles of the law of partnership and the law of business corporations. Brief reference is made to the use of the trust in business contexts (Statutory material for the course is taken from Fiji. Occasional reference for comparative purposes is made to the statute law of other South Pacific island nations. Case law is drawn from variety of common law jurisdictions).
AF207	The Design of Accounting and Financial Management Models	This course comprises three parts: (i) Introduction: The design of accounting and financial models with an emphasis on optimization in AFM; (ii) Management control: analytical, quantitative modeling for budgetary control and financial planning; and (iii) Analysis for Decision Support Systems.
AF208	Financial Management	Development of a framework for investment and financing decisions both short and long term for private enterprises and government bodies; factors influencing the allocation of funds to competing alternatives; risk analysis models for financial decision making; the financial system; the theory of capital structure; financial strategies for growth (Prescribed text: Weston et al., <i>Fundamentals of Financial Management</i> , 11th edn, HBR).
AF300	Research Project in Accounting	Detailed proposals of a research project will be considered from students of proven ability. The course requires some research skills such as those provided by SE100.

DIAGNOSTIC STUDY OF ACCOUNTING AND AUDITING PRACTICES IN THE FIJI ISLANDS

Course	Title	Description
AF301	Accounting Theory and Applications	Aspects of advanced financial accounting, with particular reference to developments in accounting theory and in professional standards. Aspects of advanced management accounting theory and applications (Prescribed texts: Godfrey, J., Hodgson, A., and Holmes, K., Accounting Theory, 4th ed, John Wiley, 1997).
AF302	Information Systems	Information systems incorporating accounting systems; systems analysis including the design, evaluation, and implementation of business systems in general and accounting systems in particular; internal control and control systems; computer-based information systems; uses and potential of information systems (Prescribed text: O'Brien J.A. "Management Information Systems: Managing Information Technology in the Networked Empire, 3rd edition, Irwin, 1996).
AF304	Auditing	The audit function and the role of the auditor. The audit process as related to the audit of resources, commitments, revenue, and expenses. The internal audit, the audit report, and the changing status of the audit function (Prescribed text: Gul, F.A., Teoh, H.Y., and Andrew, B.H., Theory and Practice of Australian Auditing, 3rd ed, Thomas Nelson, Australia, 1994).
AF307	Public Sector Accounting	The course covers the broad spectrum of public sector accounting. Aspects of financial and management accounting as they affect governmental units and other nonprofit organizations will be considered. An approach that balances the development and appreciation of a conceptual framework with applied problem solving will be pursued (Prescribed text: Jones and Pendlebury, Public Sector Accounting, Pitman, UK, 1988).
AF308	Taxation Law	This course is concerned almost exclusively with income tax. Each of the major issues that must be dealt with by any system of income tax is considered. The Fiji Income Tax Act is examined in detail as an example of a particular income tax law.
AF309	Insolvency Law and Practice	This course introduces the legal principles and procedures governing the bankruptcy of individuals and the winding up of insolvent corporations, the law governing receivers, alternatives to bankruptcy and liquidation and related matters. Fiji statutory materials are used and case law is primarily from Fiji.

Appendix 10. University of the South Pacific (USP): Postgraduate Accountancy Courses

USP offers the following postgraduate courses in accounting and financial management.¹²¹

Course	Title	Description
AF 411	Advanced Corporate Accounting	This course covers advanced aspects of financial accounting, financial accounting regulatory framework, and specialized accounts not covered in undergraduate programs. The topics covered in this course include accounting for branches, mergers and acquisitions, preparation of advanced consolidated financial statements, segmental financial statements, value added reporting, cash-flow accounting and reporting, accounting for trusts, insurance and pension fund accounting, farm accounting, and the regulatory framework of financial accounting. There is no single textbook that covers the body of knowledge required for this course. In addition to lecture material, students will be required to read specified books and journal articles.
AF 412	Management Accounting and Finance in the South Pacific	The primary focus of this course is to study how management accounting information systems should be designed so as to provide adequate information for planning, decision making, and control of organizational activities with specific reference to the South Pacific economic scene. The accounting information systems will be discussed in conjunction with how people in organizations are likely to use and react to the information. The course will also address current developments in management accounting practice and research. The topics covered include design of management accounting control systems, management accounting models and behavioral implications, cost theory, transfer pricing and transfer pricing manipulations, performance measurement and evaluation.

¹²¹ Source: www.usp.ac.fj

DIAGNOSTIC STUDY OF ACCOUNTING AND AUDITING PRACTICES IN THE FIJI ISLANDS

Course	Title	Description
AF413	Advanced Accounting Theory	The course is structured to examine theoretical aspects of accounting and the adequacy of conceptual accounting doctrines in providing relevant, reliable, and objective accounting information. The theoretical issues covered will be of special relevance to the South Pacific Island Economies. The topics covered include developments in accounting theory, cultural and socioeconomic aspects of accounting, contribution of accounting to socioeconomic development in the South Pacific including entity theory, accounting information needs in a developing country, valuation assumptions which underlie accounting information and the validity of such assumptions including historic cost, present value, current value accounting, and the concept of profit.
AF414	Decision Support Systems	Accounting as an information system interfaces with information theory in general and computer technology in particular. In their role as accounting information specialists, accountants must have an understanding of how information technology can support managerial decision making. The aim of this course is to provide students with a basis in computer Decision Support Systems. The course content will enable students to construct decision support systems, understand the nature of subsystems, the strategies for successfully designing and implementing decision support systems in an organization, and the current status of, and development perspectives in, decision support systems technology. There will be hands-on exposure to decision support system software packages.
AF 415	Reading Course in Accounting	This course provides flexibility to students who wish to have an understanding of the literature in specific topics in accounting and financial management. The special topics available in any semester will depend on staff research and teaching interests. At present staff in the department have expertise and interest to supervise students who would like to pursue special topics in the following fields: International Finance, International Accounting, Financial Institutions and Markets, Accounting Models and Behavior, Managerial Accounting and Managerial Finance, Banking, Auditing, Leasing and Social and Environmental Accounting.

Appendix 11. Annual Corporate Plan Prepared Under the FMR Program

Ministry of Health personnel, with support from the MOFANP, prepared the following Annual Corporate Plan in August 1999.



Shaping Fiji's Health

Ministry of Health Annual Corporate Plan For the Financial Year ending on 31 December 2000

Contents

1. Introduction
2. Nature and Scope of Activities
3. Strategic Goals and Objectives
4. Ownership Performance Targets
 - 4.1 Financial Performance
 - 4.2 Capital Maintenance
5. Forecast Financial Statements
6. Conclusion

Annex 1: Forecast Financial Statements

Annex 2: Capital Expenditure Plan

1. Introduction

This Annual Corporate Plan focuses on the “ownership performance” that the Ministry of Health will be expected to produce. This includes financial

performance, capability and risk management performance targets. It includes a set of forecast, accrual-based financial statements for the Ministry of Health for the 2000 financial year.

The accountability for this performance will be to the Minister for Finance as the Ownership Minister. The Annual Corporate Plan has been agreed with the Minister.

2. Nature and Scope of Activities

The Ministry of Health provides health services, and coordinates and provides the training and registration of health professionals. The broad scope of the Ministry's activities include the promotion of good health, protecting the community against environmental threats to its health, the prevention of communicable and noncommunicable diseases and the provision of curative services in hospitals, health centers and nursing stations.

The core business of the Ministry of Health is in the following areas: provision of public health services; provision of medical treatment and surgical services; provision of professional registration services; provision of policy advice and ministerial support services; provision of drugs and pharmaceuticals; and Administration of Health Legislations.

The scope of these activities crosses a complex range of infrastructure, technology, expertise, and geographical locations.

3. Strategic Goals and Objectives

The Ministry of Health is committed to providing health services to the quantity, quality and price demanded by the purchaser or purchasers of those services. It is also committed to ensure that the best use of the capital (fixed assets and human capital) in the delivery of the outputs.

The Ministry of Health will pursue several strategies to achieve these objectives. These are:

3.1 Reorganisation of the Ministry

The Ministry recognizes the need to improve the management of its finances, personnel and substantial physical assets.

The Ministry, therefore, plans to restructure its management systems. This will involve the Ministry decentralising its operations and re-focus headquarters activities on roles that support the decentralised system.

3.2 Internal Coordination and Collaboration for Effective Service.

At present, the Ministry of Health has difficulty at times responding

effectively to the demands of the Minister for Health (as the purchaser) and the consumers of health services. This is because of a lack of effective internal coordination and collaboration between various parts of the Ministry.

The Ministry of Health is developing an effective coordination and collaboration for all its service departments and units in order to provide a truly integrated and effective delivery system.

This will see the following: developing clear lines of communication and information throughout the Ministry of Health hierarchy; establishing an effective patient referral system that encourages the appropriate use of health care facilities and at the same time complementary to and compatible with the Ministry's health information system; and developing comprehensive patient management strategies involving curative health services and rehabilitative health services to ensure continuity of patient care.

3.3 Effective External Relationship Management

The Ministry of Health works with a range of other organizations to deliver its outputs. The maintenance of effective working relationships is very important to delivering fully the outputs sought by the Minister for Health.

The strategies to achieve this ongoing goal are: developing practical mechanisms for effective collaboration with agencies and institutions [government Ministries, nongovernment organizations, and institutions], as and when applicable, through: formal and informal links, bilateral arrangement, project-specific arrangement, integrated services, coordinating body, cost-sharing formula, personal contacts, etc; developing a multisectoral and multidisciplinary approach towards integrated health promotion, health protection, and other health care activities; advocating on behalf of health in other sectors.

3.4 Human Resource Development and Management

The Ministry of Health having the capacity, and hence the confidence, to deliver a health service that is efficient, customer-oriented, and of a high standard by the availability of skilful, motivated and knowledgeable workforce, and the implementation of continuous quality improvement programs. This will be achieved by:

- developing and implementing a human resource development plan that is appropriate, relevant, and service-driven.
- retaining professional staff through appropriate incentives and rewards, and to improve their social and living conditions.
- developing and implementing quality improvement programs in the three divisional hospitals by 2000.

3.5 *Development of a Comprehensive Health Information System*

The Ministry of Health intends to develop a comprehensive information system that supports management decision making at every level. This will see completion of linked information systems amongst the three Divisional Hospitals [CWMH, Lautoka and Labasa] and the Ministry of Health headquarters by 2001.

The information system, combined with other financial management initiatives, will permit the better allocation of people and fixed assets to areas where they can most effectively contribute to the production of the Ministry's outputs. It will also highlight where new technology might be best applied.

4. Ownership Performance Targets

4.1 *Financial Performance*

<i>Revenues</i>	<u>F\$'000</u>
Revenue from the Purchase Minister	107,793
Revenue from trading with any other person	970
Total Revenues	<u>108,763</u>

With the exception of hospital fees, the Ministry's operations are funded solely by revenues from the Minister of Health.

This breakdown is included under section 113 of the Public Finance Management Act 1999. It is included as an additional input control mechanism while Ministry of Health is preparing and implementing appropriate management systems to be able to operate successfully in an output-based system with significantly greater managerial autonomy.

<i>Operating Expenses</i>	<u>F\$'000</u>
Personnel	
Salaries	42,276
Wages	9,073
Employer contributions to FNPF	4,485
Allowances	1,684
Other personnel	2,738
Depreciation	4,274
Capital charge	518
Other Operating Expenses:	
Communications	1,113
Travel	398

APPENDIXES

Repairs and maintenance	10,841
Training expenses	1,000
Other operating expenses	29,393
Total Operating Expenses	<u>107,793</u>

The Ministry of Health is intending to remove this section of the ownership performance targets within the next 24 months.

Balance Sheet Performance

Net worth	F\$6,474
Ratios:	
Current assets to current liabilities	1 : 0.54
Total assets to total liabilities	1 : 1.37

Overall changes in assets and liabilities will produce changes in net worth and the balance sheet ratios outlined above. These are important indicators of ownership performance. The major influences on net worth for Ministry of health are: compensation payments made by the Ministry of Health to aggrieved parties for settlement of legal cases/claims; operating costs; acquisition of non current assets.

Cash management is also critical for the successful operation of Ministry of Health. The key areas where cash is applied to is outlined in the table.

<i>Cash Flows</i>	<u>F\$'000</u>
Cash from Operating Activities	(3,480)
Cash from Investing Activities	(5,000)
Cash from Financing Activities	..
Change in Cash Balances	(8,480)

Proposed Capital Injection

To finance the capital expenditure program and initial working capital, the Ministry is seeking a \$28.5m capital injection from the Ownership Minister.

4.2. Capital Maintenance

Financial performance for Ministry of Health, while important, is not the only way in which overall ownership performance will be measured. Maintaining the capability of the human resources and physical assets to deliver the outputs required of the Ministry of Health is also very important. The following performance measures relate to capital maintenance:

Human Capital

Total Full Time Equivalent Staff	4,300
Staff Turnover	5%
Average Length of Service	20–25 years
Significant changes to the personnel management system	Introduction of a performance based management system. Decentralizing management within the Ministry (and the health system generally)

The major highlights of the Ministry’s human resource plans are:

- Introducing a performance management system that creates an environment in the Ministry of Health where the focus of all staff is on the effective and efficient delivery of the health outputs being purchased. As a result, staff will be more productive and responsive to the needs of the Minister for Health (as the purchaser) and health consumers.
- Capacity building within the Ministry of Health to ensure that staff have the ability and skills to manage effectively in the restructured Ministry (particularly as a result of the decentralization of management).

Physical Capital

Value of Physical Assets	\$16,187
Asset replacements as a percentage of total assets	31%
Ratio of book value of depreciated assets to the initial cost of depreciated assets	1 : 0.58
Ratio of depreciation to cash flow on asset purchases	1 : 0.9
Any changes in asset management policies and systems	An information system is being introduced to provide better financial information for asset management.

Asset policies will be pursued in line with Finance Instructions, while emphasis will be placed on the development of new Health infrastructure, heavy emphasis will be placed on the upgrading of existing facilities and fixed assets.

Details of Major Capital Expenditure

Major New Capital Expenditure

Description and amount of major new capital expenditure projects:

Building or upgrading of hospitals, health centres, nursing stations and other health institutions \$3,719,000

Major Existing Capital Expenditure

New Nadi Hospital (\$4,100,000)

Will be completed by August 2000 and completed within budget. \$3,700,000 is required to complete the project in 2000.

Natural disasters and unanticipated increases in costs may impact on the viability of this investment

New Vunidawa Hospital (\$3,500,000)

Will be completed by December 2000 and completed within budget. \$3,000,000 required to complete the project in 2000.

Natural disasters and unanticipated increases in costs may impact on the viability of this investment

New Paediatric Hospital (\$20,000,000)

Will be completed by April 2000 and completed within budget. \$600,000 will be required as the Fiji Government contribution to complete the project in 2000.

Natural disasters and unanticipated increases in costs may impact on the viability of this investment

Taveuni Rural Health project (\$5,4000,000)

Will be completed by September 2000 and completed within budget. \$1,100,000 will be required as the Fiji Government contribution for 2000.

Natural disasters and unanticipated increases in costs may impact on the viability of this investment

A more detailed capital expenditure plan is attached as an Annex to this Annual Corporate Plan. This is required by section 113 of the Public Finance Management Act, 1999 as part of the interim input control system.

5. Risk Management

The key risks to the activities of Ministry of Health are:

- Natural disaster. The Ministry is very dependent on major assets to deliver its outputs. A natural disaster (e.g., floods, cyclones or earthquakes) can have a significant impact on those assets and have an impact on the ability of the Ministry to deliver the outputs purchased. The Ministry has a disaster management plan in the event that disasters occur.
- Unexpected increases in the costs of the Ministry, in particular personnel costs. As first step, the Ministry will look to make efficiency in the event of unexpected increases in costs. This is to ensure that the output purchase price agreed with purchasers (including the Minister for Health) remain as stable as possible. However, in the event of significant increases in expenses, the Ministry may need to approach the ownership minister for approval to restructure the Ministry or the Minister for Health to increase the price paid for some or all of the outputs.
- Significant variations in the outputs that are purchased from the Ministry (i.e., significantly more outputs, significantly less outputs, or a significant change in the nature of the outputs). The Ministry will take measure to ensure that it monitors the potential demand for its services. Our planning processes will take account of potential changes to the demand for our services. We will also maintain a close relationship with the Minister for Health to ensure that, as far as possible we are responsive to his demand for our outputs.
- Industrial disputes with Ministry personnel. The Ministry will develop strategies to ensure harmonious industrial relations. This will ensure that, as far as possible industrial disputes do not arise. Where they do, the Ministry will act as a good employer and negotiate (and engage appropriate expertise) to ensure a satisfactory conclusion of any dispute.

6. Forecast Financial Statements

The forecast financial statements are attached as an Annex. These:

- Are consistent with the Annual Portfolio Plan and Estimates of the Ministry of health Ownership Minister.
- Contain the financial statements and information required under Schedule 6 of the Public Finance Management Act 1999.

7. Conclusion

The Annual Corporate Plan has been prepared by the Ministry of Health and is consistent with the provisions of the Public Finance Management Act 1999. It has been agreed with the Ownership Minister, including the levels of equity investment/withdrawal and the ownership performance to be achieved during the 2000 financial year. These are specified in this Annual Corporate Plan.

I am responsible for the preparation of this Annual Corporate Plan and for delivering the ownership performance that has been agreed with the Ownership Minister.

[Signature]

Luke Rokovada
Chief Executive
MINISTRY OF HEALTH

**MINISTRY OF HEALTH
FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2000**

Contents

Statement of Responsibility for the Forecast Financial Statements

Statement of Accounting Policies and Forecasting Assumptions

Forecast Operating Statement

Forecast Balance Sheet

Forecast Statement of Changes in Net Equity

Forecast Statement of Cash Flows

Notes to the Forecast Financial Statements

**MINISTRY OF HEALTH
STATEMENT OF RESPONSIBILITY FOR FORECAST FINANCIAL
STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2000**

These Forecast Financial Statements have been prepared in accordance with the provisions of the Public Finance Management Act 1999.

To the best of my knowledge the attached forecast statements are:

- (a) complete and reliable.
- (b) fairly reflect the forecast financial position as at 16 August 1999 and performance for the financial year ending 31 December 2000.
- (c) comply with generally accepted accounting practice.

Name : Luke Rokovada
Title : Chief Executive Officer
Date : 16 August, 1999

**MINISTRY OF HEALTH
STATEMENT OF ACCOUNTING POLICIES AND FORECASTING
ASSUMPTIONS
FOR THE YEAR ENDING 31 DECEMBER 2000**

The forecast financial statements have been prepared in accordance with generally accepted accounting principles, Fiji Accounting Standards and the requirements of the Public Financial Management Act 1999.

The accounting policies adopted in preparing the forecast financial statements are consistent with those included in the Finance Instructions tabled for all government entities.

(a) Basis of Accounting

The forecast financial statements of The Ministry of Health have been prepared on the accrual accounting basis and historical cost using the accounting policies described below and except where stated do not take into account the general purchasing power of the dollar or in the specific assets except for land and buildings and motor vehicles which are stated at valuations, as per Note II.

(b) Depreciation

Assets are depreciated over their estimated useful lives using the straight-line method:

	Estimated life (Years)
Computer hardware	4
Furniture, fixtures and office equipment	5
Motor vehicles	5
Plant and equipment	4

(c) Receivables

A provision is raised for any doubtful debts based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

(d) Employee Entitlements

All employees belong to the Fiji National Provident Fund, an independent statutorily administered fund and the Department has no liability for current or past service pensions in respect of these employees.

The amounts expected to be paid to employees for their pro-rata entitlements to long service leave, annual leave and other benefits are accrued at current wage rates.

(e) Foreign Currency Transactions

Foreign currency transactions during the year are recorded in Fijian currency using the rate of exchange prevailing at the date of the transaction. At balance date, the amounts receivable and payable in foreign currency are translated at the exchange rate prevailing at balance date. The resultant variation is brought to account in determining the results for the year.

(f) Cash Flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held with banks and net of bank overdraft.

(g) Currency

All amounts are expressed in Fijian currency.

(h) Comparative Figures

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

(i) Rounding of Amounts

The amounts have been rounded off to nearest thousand unless otherwise stated.

**MINISTRY OF HEALTH
FORECAST OPERATING STATEMENT
FOR THE YEAR ENDING 31 DECEMBER 2000**

		2000	2001	2002
		<i>Forecast</i>	<i>Projection</i>	<i>Projection</i>
	Notes	\$000	\$000	\$000
Revenue				
Outputs from ministers	1(a)	107,793	115,495	121,947
Outputs from others	1(b)	970	970	970
Interest		..	..	..
Total Operating Revenue		<u>108,763</u>	<u>116,465</u>	<u>122,917</u>
Operating Expenses				
Personnel		61,266	63,344	65,747
Depreciation		4,274	4,607	4,941
Capital charge		518	518	518
Goods and services		41,698	46,989	50,704
Other operating costs		37	37	37
Total Operating Expenses		<u>107,793</u>	<u>115,495</u>	<u>121,947</u>
Surplus/(Deficit) from Operating Activities		970	970	970
Surplus/(Deficit) from Ordinary Activities		970	970	970
Net Surplus/(Deficit) after Abnormal and Extraordinary Items		<u>970</u>	<u>970</u>	<u>970</u>

The above Forecast Operating Statement should be read in conjunction with the Notes to the Forecast Financial Statements.

**MINISTRY OF HEALTH
FORECAST BALANCE SHEET
AS AT 31 DECEMBER 2000**

		1999	2000	2001	2002
		<i>Estimate</i>	<i>Forecast</i>	<i>Projection</i>	<i>Projection</i>
	<i>Notes</i>	\$'000	\$'000	\$'000	\$'000
Equity					
Contributed capital	2	6,474	6,474	6,474	6,474
Asset revaluation reserve	3	..	..	..	..
Retained earnings	4	..	..	..	..
		6,474	6,474	6,474	6,474
<i>Represented by:</i>					
Current assets					
Cash and bank		2,142	(6,338)	(3,373)	30
Inventories	5	4,898	4,898	4,898	4,898
Receivables	6	97	9,080	9,722	10,260
		7,137	7,640	11,247	15,188
<i>Less:</i>					
Current Liabilities					
Payables and accrued expenses		3,766	4,025	4,025	4,025
Employee entitlements	7	8,671	8,671	8,671	8,671
Other current liabilities		402	1,372	1,372	1,372
		12,839	14,068	14,068	14,068
Net Current Assets		(5,702)	(6,428)	(2,821)	1,120
Non-Current Assets					
Fixed assets	8	15,461	16,187	12,580	8,639
		15,461	16,187	12,580	8,639
<i>Less:</i>					
Long Term Liabilities					
Employee entitlements	7	3,285	3,285	3,285	3,285
		3,285	3,285	3,285	3,285
Net Assets		6,474	6,474	6,474	6,474

The above Forecast Balance Sheet should be read in conjunction with the Notes to the Forecast Financial Statements.

**MINISTRY OF HEALTH
FORECAST STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEAR ENDING 31 DECEMBER 2000**

	2000	2001	2002
	<i>Forecast</i>	<i>Projection</i>	<i>Projection</i>
	\$000	\$000	\$000
Net equity at the beginning of the period	6,474	6,474	6,474
Asset Revaluation Reserve	..	..	..
Retained Earnings	..	..	..
Asset Injection/(Withdrawal)	..	..	..
Net surplus/(deficit) for the period	..	..	..
Net equity at the end of the period	<u>6,474</u>	<u>6,474</u>	<u>6,474</u>

The above Forecast of Statement of Changes in Net Equity should be read in conjunction with the Notes to the Forecast Financial Statements.

**MINISTRY OF HEALTH
FORECAST STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 31 DECEMBER 2000**

	Notes	2000 Forecast \$000	2001 Projection \$000	2002 Projection \$000
OPERATING CASH FLOWS				
Receipts				
Outputs from Ministers		98,811	114,854	121,410
Interest received		..	..	..
Other receipts		970	970	970
Payments				
Employees		(61,266)	(63,344)	(65,747)
Capital charge		(259)	(518)	(518)
Other operating costs		(41,736)	(47,027)	(50,742)
Net cash flows from operating activities	9	(3,480)	4,935	5,373
INVESTING CASH FLOWS				
Acquisition of non-current assets		(5,000)	(1,000)	(1,000)
Sale of non-current assets		..	..	..
Net cash flows from investing activities		(5,000)	(1,000)	(1,000)
FINANCING CASH FLOWS				
Capital contributions		..	..	..
Repayment of surplus		..	(970)	(970)
Repayment of capital		..	..	..
Net cash flows from financing activities		..	(970)	(970)
Net increase/(decrease) in cash		(8,480)	2,965	3,403
Cash and bank at beginning of period		2,142	(6,338)	(3,373)
Cash and bank at end of period	10	(6,338)	(3,373)	30

The above Forecast Statement of Cash Flows should be read in conjunction with the Notes to the Forecast Financial Statements.

**MINISTRY OF HEALTH
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2000**

The following notes form part of the Forecast Financial Statements for the period ending 31 December 2000.

	2000 <i>Forecast</i> \$000	2001 <i>Projection</i> \$000	2002 <i>Projection</i> \$000
1. Output Revenue			
(a) Ministers:			
(i) Minister of Health	107,793	115,495	121,947
	<hr/> 107,793	<hr/> 115,495	<hr/> 121,947
(b) Others:			
(i) Hospital fees and charges	970	970	970
	<hr/> 970	<hr/> 970	<hr/> 970
2. Contributed Capital			
Opening Balance	6,474	6,474	6,474
Capital injections/repayments	..	..	..
Closing Balance	<hr/> 6,474	<hr/> 6,474	<hr/> 6,474
3. Asset Revaluation Reserve			
Opening Balance	..	..	..
Asset Revaluation increases	..	..	..
Asset Revaluation decreases	..	..	..
Asset Revaluation transferred to Operating Statement or Retained Earnings	..	..	..
Closing Balance	<hr/> ..	<hr/> ..	<hr/> ..
4. Retained Earnings			
Opening Balance	..	..	..
Net surplus/(deficit) for the period	..	..	..
Changes in accounting policies/ fun- damental errors taken to opening balance of retained earnings	..	..	..
Repayment of Surplus for the period	..	..	..
Closing Balance	<hr/> ..	<hr/> ..	<hr/> ..

MINISTRY OF HEALTH
 NOTES TO THE FORECAST FINANCIAL STATEMENTS
 FOR THE YEAR ENDING 31 DECEMBER 2000

	2000 <i>Forecast</i> \$000	2001 <i>Projection</i> \$000	2002 <i>Projection</i> \$000
5. Inventories			
Raw materials	..	..	..
Consumables	4,968	4,968	4,968
Work in Progress	..	..	..
	<u>4,968</u>	<u>4,968</u>	<u>4,968</u>
Less Provision for stock obsolescence	70	70	70
	<u>4,898</u>	<u>4,898</u>	<u>4,898</u>
6. Receivables			
Output receivables	..	..	..
Other receivables	9,121	9,763	10,301
	<u>9,121</u>	<u>9,763</u>	<u>10,301</u>
Less Provision for doubtful debts	41	41	41
	<u>9,080</u>	<u>9,722</u>	<u>10,260</u>
7. Employee Entitlements			
Annual Leave	8,091	8,091	8,091
Long Service Leave	3,865	3,865	3,865
	<u>11,956</u>	<u>11,956</u>	<u>11,956</u>
8. Fixed Assets			
Land and buildings	..	..	..
Less: Accumulated depreciation	..	..	..
	<u>..</u>	<u>..</u>	<u>..</u>
Plant and equipment	10,168	10,168	10,168
Less: Accumulated depreciation	3,563	6,105	8,647
	<u>6,605</u>	<u>4,063</u>	<u>1,521</u>
Furniture and fixtures	958	958	958
Less: Accumulated depreciation	288	480	672
	<u>670</u>	<u>478</u>	<u>286</u>

MINISTRY OF HEALTH
NOTES TO THE FORECAST FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2000

	2000	2001	2002
	<i>Forecast</i>	<i>Projection</i>	<i>Projection</i>
	\$000	\$000	\$000
Computer Hardware and Software	902	902	902
Less: Accumulated depreciation	263	488	713
	639	414	189
Motor vehicles	3,945	4,945	5,945
Less: Accumulated depreciation	1,573	3,221	5,203
	2,372	1,724	742
Capital Work in Progress	5,901	5,901	5,901
Total Fixed Assets	21,874	22,874	23,874
Less: Accumulated depreciation	5,687	10,294	15,235
	16,187	12,580	8,639
9. Reconciliation of Net Operating Cash Flows to Net Surplus/(Deficit)			
Operating surplus/(deficit)	970	970	970
Non-cash movements:			
Depreciation	4,274	4,607	4,941
Provision for doubtful debts	..	..	..
Decrease/(increase) in receivables	(8,983)	(642)	(538)
Decrease/(increase) in other current assets	..	..	..
Increase/(decrease) in payables	259	..	..
Increase/(decrease) in accrued personnel costs	..	..	..
Net Operating Cash Flows	(3,480)	4,935	5,373

MINISTRY OF HEALTH
 NOTES TO THE FORECAST FINANCIAL STATEMENTS
 FOR THE YEAR ENDING 31 DECEMBER 2000

	2000 <i>Forecast</i> \$000	2001 <i>Projection</i> \$000	2002 <i>Projection</i> \$000
10. Bank			
Cash on hand	(8,480)	(5,515)	(2,112)
Cash at bank	2,142	2,142	2,142
	<u>(6,338)</u>	<u>(3,373)</u>	<u>30</u>
 11. Contingent Liabilities			
Expected liability arising from claims as advised by the Solicitor General's Office	500	500	500

This covers for litigation against the Ministry of Health on negligent practices by medical providers and also includes legal costs.