



ANNUAL REPORT 2013

"Part of your heritage in this society is the opportunity to become financially independent."

- Jim Rohn



INTRODUCTION

The iTaukei Trust Fund Board (TTFB) was established by the Fiji Government to foster advancement of the indigenous Fijians and Rotumans and assist in their long - term, economic, social, and cultural, community and political development.

MANDATE

The objectives of the iTaukei Trust Fund Board are intended to be charitable in purpose. They are:

- i) To provide funding for the undertaking, promotion and sponsoring programmes on Fijian language, culture and the study of ethno-history and ethno-geography.
- ii) To provide funding to help develop the management, leadership and entrepreneurial skill of the indigenous Fijians and Rotumans.
- iii) To sponsor research into languages, art and culture of indigenous Fijians and Rotumans and the better understanding and preservation of their heritage.
- iv) Any other purpose approved by the Board to be beneficial to the indigenous Fijians and Rotumans.

VISION STATEMENT

To be the leading institution to assist the Vanua to uplift the well being of iTaukei and Rotumans through prudent management of funds.

MISSION STATEMENT

To invest the TTFB funds that will earn superior returns while complying with the iTaukei Trust Fund Act and to enhance the medium and long term value of the trust in order to:

- Promote initiatives that will better the standard of living and enhance appropriate cultural traditions and values of iTaukei and Rotumans.

NA IVAKAMACALA TAUMADA

E a tauyavutaka na Matabose ni iLavo Maroroi ni iTaukei (MLMT) na Matanitu me qarava na vakatoroicaketaki ni kawa itaukei e Viti kei Rotuma, me vukea na sasaga balavu me sudrai cake na bula vakaitikotiko, na bulataki kei na taqomaki ni itovo kei na vaqacacotaki ni vakatulewa ni lewenivanua raraba.

YAVU NI VEIQARAVI

Na yavu ni veiqaravi ni Matabose ni iLavo Maroroi ni iTaukei me veivuke:

- i) Me vakailavotaka na sasaga me tutaka ka tokona na vosa kei na itovo vakaViti, na vakadidike ni itukutuku makawa kei na vanua veiwavoliti.
- ii) Me vakailavotaka na sasaga me toroya cake na veiqaravi, veiliutaki kei na tauyavu bisinisi vei ira na itaukei e Viti kei Rotuma.

- iii) Me vakailavotaka na vakadidiketaki ni vosa, itovo, kei na kena matanataki nodra na iTaukei e Viti kei Rotuma, kei na kena kilai vakavinaka na veika e baleta na taqomaki ni yaunivanua.
- iv) Na gagadre tale eso e vakadonuya na Matabose ni yaga vei ira na itaukei e Viti kei Rotuma.

NA RAI

Me tabana liu taudua ni veiqaravi ena kena qaravi vakayalomatua na ilavo maroroi me rawa kina ni vueta na nodra torocake na taukei e Viti kei Rotuma na Vanua.

NA LALAWA KA

Me vakatubura na ilavo ni MLMT, me rawata na tubu vinaka ia me vakamuraia na iTaukei Trust Fund Act, me vakabulabulataka na itutu vakailavo ni MLMT, gauna qo kei na gauna mai muri, me rawa kina ni:

- Tokona na sasaga e vakavinakataka na bula, na itovo veiganiti kei na veika e vakabibitaka na itaukei e Viti kei Rotuma.



A traditional wooden outrigger canoe is shown from a side-on perspective, floating on clear turquoise water. The canoe is constructed from several long wooden poles connected by cross-pieces. A white outrigger float is attached to the side. The background features a vast blue sky with light, wispy clouds and a distant horizon line. The overall scene is bright and serene.

CONTENTS LEWE NI IVOLA

02	THE BOARD
03	MEMBERS' LETTER
05	OPERATIONAL REPORT
09	FINANCIAL STATEMENTS
10	MEMBERS' REPORT
12	STATEMENT OF MEMBERS
13	INDEPENDENT AUDIT REPORT
14	STATEMENT OF COMPREHENSIVE INCOME
15	STATEMENT OF CHANGES IN EQUITY
16	STATEMENT OF FINANCIAL POSITION
17	STATEMENT OF CASH FLOWS
18	NOTES TO THE FINANCIAL STATEMENTS
35	DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION
35	DETAILED INCOME STATEMENT

THE BOARD NA MATABOSE



MEMBERS' LETTER

The Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, Information, iTaukei Affairs, Sugar Industry and Lands and Mineral Resources

We present herewith the 12th annual report for the iTaukei Trust Fund Board for the financial year ended 31st December 2013. The Fund's investment portfolio remains shares and debt notes plus properties. Members remain aware of their trustees' role maintaining the conservative approach that has steered the Fund well over the past years, the year under review is no exception.

Supported by the advice from our Investment Advisors on movements in interest rate and the underlying strength of companies, the Fund's disposal and acquisition activities were pursued. Shares in QBE were disposed and proceeds used to buy shares in ALS and Worley Parson (resource sector services companies) and additional shares in BHP. Shares in Westfield Group and Westfield Trust were also sold and proceeds were used to increase holdings in Sydney Airport Staple Securities. The Fund later bought shares in the global packaging company AMCRO ahead of its demerger. From the demerger the Fund qualified for shares in the ORORA that emerged from the demerger.

Given the low interest rate in Australia, the Fund only bought into one debt note with a floating interest margin during the year, that is, the Suncorp subordinated Notes.

In Fiji, convertible notes for BCN Ltd, a wholly owned entity of BSP, were converted into equities. The Fund now has shares in BCN that pays the same dividend payout as the parent company of BSP in Port Moresby.

No addition or deletion to the property portfolio with the complex at Draiba fully tenanted and hire of the Valenibose and the Members Lounge achieving forecast. Revenue from the Ancillary Business Units at the Radisson Blu Denarau was better than the previous year proving to be a sound investment. All parties in the ownership and operation of the Resort signed a Memorandum of Undertaking to improve their collaboration in the running of the Resort.

An electrical short circuit in one of the shops at the Union Arcade triggered a fire in mid-December that gutted two shops and affected two others. The Fund should be able to cover the cost of repairs and maintenance and loss of income from the insurance cover.

It is also pleasing to report that the Fund and the Methodist Church have agreed to set up a joint venture vehicle that is to develop their adjoining properties along St Fort and Stewart Streets.

The continuing financial strength of the Fund is the bulwark for the dispensing of funding assistance under its legislated

NA IVOLA NI MATABOSE

Na Paraiminisita ka Minisita ni iLavo, Lalawaka, Veivakatorocaketaki kei na Tabana ni Wiliwili, iTukutuku, Tabacakacaka ni Veika vakaiTaukei, Suka, Qele kei na Yaubula.

Sa koya oqo na ikatinikarua ni ivolatukutuku vakayabaki ni Matabose ni iLavo Maroroi ni iTaukei ni yabaki vakailavo a mai cava ena ika31 ni Tiseba, 2013. Na tobu ni vakatubuilavo ni Matabose e se tiko ga ena sea, noti ni dinau kei na taukenivale. Ni ratou sa kila vinaka na nodratou itavi, e vakamuria na Matabose na itovo ni vakatubuilavo a veiqaravi vinaka tiko mai kina ena veiyabaki sa sivi, oya me kakua ni veiveisau na sasaga ni vakatubuilavo. Na yabaki qo e sega ni duatani.

E volitaki na sea ka voli vou tale na sea mevaka eratou vakasala kina na kenadau ena nodratou dikeva tiko na veitubuyaki ni tagede ni tubu kei na nodra dei na veikabani. Sa volitaki na sea ena QBE ka vakayagataki na kena ilavo me voli kina na sea mai na ALS kei na Worley Parson (kabani rau qarava na misini e vakayagataki ena yaubula) ka so tale na sea ena BHP. Sa volitaki tale ga na sea ena Westfield Group kei na Westfield Trust, vakayagataki na kena ilavo me vakaikuritaki kina na sea ena Sydney Airport Staple Securities. E qai voli tale ga na sea vei AMCRO ni bera ni tawase. Na kabani qo e qarava na veimatanitu ni bulia na itawatawa ni iyaya. Ni sa tawase na AMCRO, basika na ORORA ka sa rawa sara vua na Matabose me voli sea kina.

Ni lutu tiko na itagede ni tubu e Ositerelia, e volia na Matabose e dua ga na noti ni dinau, vei Suncorp ka veitubuyaki na itagede ni tubu ena loma ni yabaki.

Ena vakatubuilavo e Viti, e sa veisau me sea na noti a maroroi tiko ena BCN, na kabani e taukena taudua na BSP. Ena gauna qo, e sa tautauvata na tubu ni sea e rawata na Matabose ena BCN kei na kena e rawata mai na tina ni BSP mai Port Moresby.

Ena sasaga ni vakatubuilavo ena taukenivale, e sega ni dua na vale e voli vou ka sega tale ga ni dua e volitaki ia era tawani kece tiko na itikotiko e Draiba ka rawata tiko na ka e namaki na Valenibose kei na Members Lounge. Na ilavo e rawa mai ena veitabana vakabisinisi ena Radisson Blu e vinaka cake mai na kena a rawa ena yabaki e liu, vakadeitaka tiko ni sasaga vinaka ni vakatubuilavo. Eratou sa sainitaka e dua na veidinadinati na ito yadua e taukena ka cicivaka na otela me ratou vakavinakataka na nodratou itavi ena cicivaki ni otela.

Ena Tiseba, a yaco e dua na vakacalaka vakalivaliva ena dua vei iratou na sitoa ena Union Arcade ka vakavuna sara na kama. A kama kina e rua na sitoa, vakacacani e rua tale. Ena rawa ni sauma na Matabose mai na inisua na kena vakavinakataka kei na i lavo e dodonu me rawa mai kina.

mandate. Ongoing assistance was provided to the iTaukei Affairs Board for its leadership and Management training to cover the remaining provinces and tikina not covered in the past two years. Arising from the findings and feedback at these training, the curriculum for a certificate in traditional leadership is being developed. The intention is for this program to be offered at the Institute of Appropriate Technology at Nadave in the New Year.

The assignment of the Fund's FHL dividend to meet iTaukei Affairs Board loan repayment to FHL was in place until TAB settled the debt in April.

This is also the third year for the Fund to continue with its financial assistance to USP on its Fijian Studies program. An integral part is the financing of the cohort training for teachers of Fijian and staff of the Ministry for iTaukei Affairs undertaking the program.

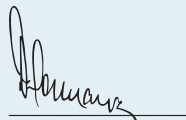
Sales of our existing stocks of DVDs and Fijian language text books continue so as the promotion of the Fijian language and culture through our website. We noticed increasing number of hits with the publication of a collection of short stories written by participants at our workshops.

The Fund joined other stakeholders in lodging its objection against Air Pacific's intention to trademark certain masi motifs. The objection is from the stand point that the masi motifs carry significant cultural values and identities to the originators and this should be respected.

The Fund is committed to the development of phase two of the Complex at Draiba to bring to fruition the cultural theme in contemporary setting captured in the original overall concept. Visits to Museums in New Zealand and Australia were part of this ongoing works which the Fund hopes to bring to construction phase in 2015.

Overall the year has been challenging and rewarding and we are happy to report a net profit of \$3,941,989 for the year.

On behalf of the Members



I. Kaloumaira
Secretary to the Board

E marautaki tale ga me vakaraitaki ni rau sa duavata na Matabose kei na Lotu Wesele me sa dua na sasaga me vakatorocaketaki kina na nodrau itikotiko veitikivi ena St Fort Street kei na Stewart Street.

Ni sega ni cagutu na dei vakailavo ni Matabose, e rawa kina vua me tokona vakailavo vei ira na sasaga e sa vakacolati kina vakalawa. E tomani na veivuke vakailavo ki na Matabose ni Veika vakaiTaukei me qaravi kina na vuli ni veiliutaki ena yasana kei na tikina era se sega ni vuli ena rua na yabaki sa sivi. Mai na itukutuku yaga e kumuni ena vulitara qo, e sa vakarautaki tiko e dua na porokaramu ni sitivikiti ni veiliutaki. E kena inaki me na lai vakatavulici e Nadave ena yabaki vou.

E mai bokoca na nona dinau ki na FHL na Matabose ni Veika Vakaitaukei ena Epereli mani cegu kina na vakayagataki ni nona tubu na Matabose me saumi kina na dinau ni Matabose ni Veika Vakaitaukei.

E sa ikatolu ni yabaki qo na nona tokona tiko vakailavo na Matabose na tabana ni vuli ni Vakadidike VosavakaViti ena Univesiti ni Ceva. E dua na tikina bibi na vakailavotaki ni nodra vuli vakailawalawa na qasenivuli ni Veika vakaViti kei ira na vakaillesesi ni Tabacakacaka ni Veika Vakaitaukei.

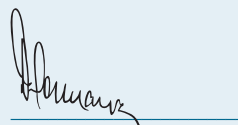
E tomani tiko ga na volitaki ni ivola ni vuli vakaViti kei na iyalyalo vaka kina na kena tutaki tiko na Vosavakaviti ena veilawa ni Matabose. E laurai ni toso cake na iwiliwili ni veisiko ena veilawa ni tabaki kina na nodra italanoa o ira a mai vuli volaitalanoa.

E veitokoni na Matabose kei ira na dau tutaka na itovo kei na yaunivanua me saqati na gagadre ni Air Pacific me sa nona na kaukau vakalawa ni vakayagataki ni draudrau ni masi. E ologi tu ena draudrau yadua na itukutuku ni vanua ka bibi vei ira era a tekivuna, ka dodonu kina me rokovi.

E dei tiko na Matabose me tara na ikarua ni ituvatuva ena itikotiko e Draiba. Ena qai matanataki kina na usutu vakaitaukei vakilai ena gauna qo, na rai a rokataki ena kena vakasamataki taumada. Na veisiko vakacakacaka ena vale ni maroro yayamakawa e Niusiladi kei Ositerelia e tiki ni sasaga qo ka sa namaka na Matabose me sa na tekivu na taravale ena 2015.

Ni laurai vata kece, e sotavi na bolebole ena yabaki, sotavi tale ga na veika vinaka, e ka ni marau me vakaraitaki na levu ni tubu ni yabaki e koto ena \$3,941,989.

Ena vukudratou na lewe ni Matabose



I. Kaloumaira
Univola ki na Matabose



OPERATIONAL REPORT

NA ITUKUTUKU VAKACAKACA

Investment

The portfolio mix remains shares, fixed income (excluding derivatives, options and other hybrids) and properties. The Board ever conscious of its trusteeship role ensures that all investments meet investment grade rating.

In Fiji the year saw the conversion of the BCN convertible Notes to shares. Dividend payout is equivalent to that of the parent company BSP in PNG. The Board satisfied with the dividend yield and potential took the decision to increase the Fund's holding through purchases in the SPSE.

Given the downward movements in interest rate, at maturity the BSP term deposit was redirected to the Unit Trust of Fiji's Income Fund that paid a higher rate. In addition a further \$200,000 was invested in its Income and Growth Fund.

Following the deal between the Fijian Holdings (FHL) and iTaukei Affairs Board (TAB) that saw the sale of Yasana Holdings to the former to settle the latter's debt the lien over the Fund's FHL dividends was cancelled. FHL now pays 20¢ per share too for the class B shares held by TAB and the Fund.

The Fund was more active on its Australian investment portfolio. All decisions taken were guided by the advice from our Investment Advisors with Morgans.

QBE shares were disposed because the frequency and magnitude of insurance claims due to natural calamities especially in Australia and the USA were impacting on QBE. Proceeds from the sale helped fund further investments in the shares at BHP, ALS (resource sector service industry) and Worley Parson (oil & gas). In addition, the Fund exercised its rights to acquire a further 1,332 ALS shares at the discounted price of \$7.08.

Given the trend in the shift in shopping habits of consumers to online shopping and its impact on shopping mall operations the Fund disposed of its holdings in Westfield Group and

Na Vakatabuilavo

Na tobu ni vakatabuilavo se tiko ga ena sea, dipositi kei na taukenivale. E dau qarauna sara na Matabose me taqomaka na nona itavi ka raica na sasaga ni vakatabuilavo me sotava na ivakatagedegede e lavaki.

Ena sasaga ni vakatabuilavo e Viti, e sa veisautaki na noti ni BCN me sa sea. Na tubu e wasei mai e tautauvata kei na kena e wasea na tina ni baqe ni BSP mai PNG. E marautaka na Matabose na tubu e sa rawa kei na tubu ena rawa ni rawata, e mani vakaikuritaka na nona sea ka voli ena SPSE. Baleta ni sa lutu tiko na itagede ni tubu ena BSP ia e levu cake ena Unit Trust of Fiji's Income Fund, sa vagolei kina na ilavo a diposititaki tu ena BSP ena gauna a matua kina.

Ena nodrau veidinadinati na Fijian Holdings Limited (FHL) kei na iTaukei Affairs Board (TAB), e sa volia na FHL vei TAB na Yasana Holdings. Sa bokoci kina na dinau nei TAB ka mai cava kina na sausaumi ni Matabose ena vuku ni dinau oya. E sauma tiko ena gauna qo na FHL e 20 na sede dua na sea ena sea kalasi B ka nona na TAB kei na Matabose.

E toso vinaka cake na vakatabuilavo ni Matabose mai Ositerelia. Na kena vakatulewa taucoko e tau ni sa rogoci na nodratou ivakasala na Morgans, na kenadau ena vakatabuilavo.

Era sa volitaki na sea ena QBE baleta na vakayagataki ni ilavo ni inisua e sa veitaravi ka ra uma ilavo lelevu, oqo ena vuku ni kena sa vakacaca vakalevu e Ositerelia kei Merika na draki ca. Na kena ilavo e sa lai vakailavotaka tale na sasaga ni vakatabuilavo ena BHP, ALS (qarava na misini e vakayagataki ena yaubula) kei na Worley Parson (waiwai kei na kasi). E vakayagataka tale ga na nona kaukaua na Matabose me volia tale e 1,332 na sea vei ALS tau ya \$7.08 na isau lutusobu.

E dikevi ni sa veisau na ivakarau ni volivoli oya ni sa levu cake na veivoli ena veilawa vakaleqai kina na vakacici bisinisi ena tabavale lelevu ni veivoli. E sa volitaki gona kina na sea ena

Westfield Trust. Proceeds were used to increase shares held in Sydney Airport staple securities. The Airport's lucrative business and potential led the Fund to further increase its holding to 200,000 shares with the purchase of additional 2,298 shares.

Diversification as a means of risk mitigation saw the Fund buying shares in AMCRO a global packaging company in five geographic locations covering over 42 countries. Shares were bought in October in anticipation of its demerger that was announced in August. ORORA arose out of the demerger in December and gave the Fund 18,750 shares in that company. In fixed income, due to the low interest rate in the market only one investment in Suncorp subordinated notes with its floating interest was undertaken.

The Fund is also grateful to FNPF for refunding in December the interest over charged at settlement of the Fund's debt in April, 2013.

The only outstanding matter is the arbitration proceedings initiated by the Raghwan Neo Joint Venture in 2011. Parties agreed for the Quantity Surveyors for the Fund and for the Joint Venture to review the remaining variations. Should at the end of the review there remain variations they cannot agree on these are to be referred to arbitration. The Fund is hopeful that a closure on this long outstanding matter is reached in 2014.

Shop no. 6 in the Union Plaza Arcade changed tenants twice during the year with the second tenant vacating after three months. In all, the shop remained vacant for a total of three months during the year.

An electrical fault in Shop no. 4 caused a fire on the night of Thursday 12th December badly damaging shops 4 and 5 with smoke damages to the vacant shop 6 and shop 1 which had been enlarged to take in shops 2 and 3. Smoke damages to the remaining shops (7, 7a and 8) were not that severe.

Westfield Group kei na Westfield Trust ka sa vagolei na kena ilavo me vakaikuri kina na sea ena raraniwaqavuka e Serene. Na vinaka ni bisinisi ena raraniwaqavuka kei na veika ena rawa ni rawata e sa volia tale kina e 2,298 na sea na Matabose ka mai 200,000 taucoko kina na nona sea.

Na veibuyaki ni sea me taqomaka na yau ni Matabose, e sa voli sea kina vei AMCRO na Matabose. E 5 na valenivolavola ni AMCRO ka robota e 42 na matanitu ni nona vei qaravi. E bulia na veika me ra dau tawatawa kina na iyaya. A voli na sea ena vula o Okotova ena nanamaki ni na tawase na kabani me vaka a sa kaburaki ena Okosota. E basika na ORORA ena tawase ka solia e 18,750 na sea ki na Matabose.

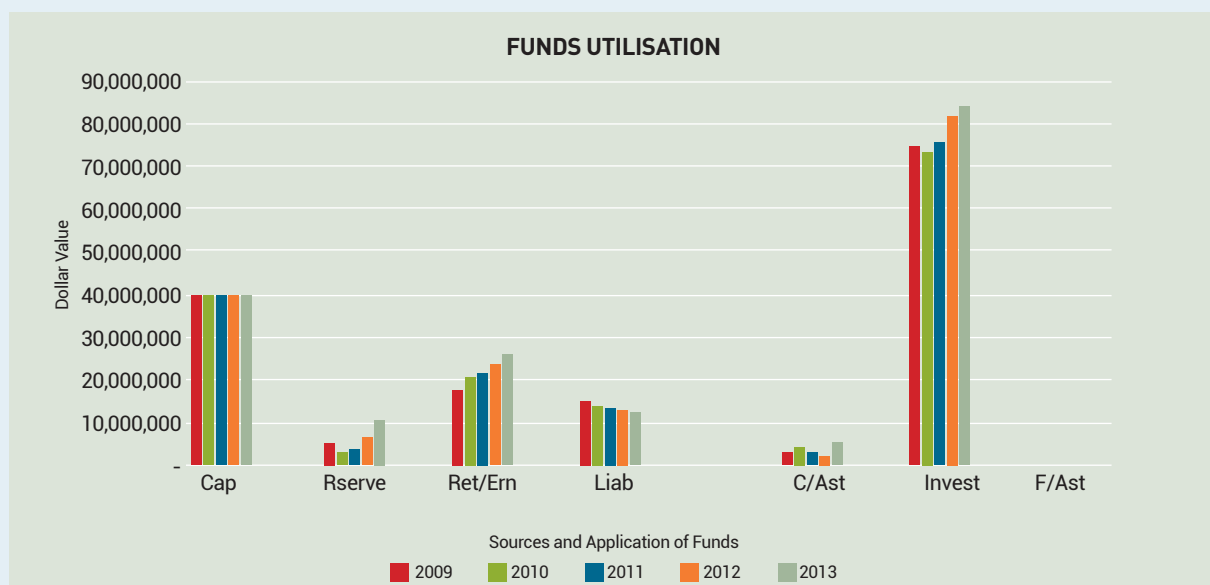
E dua ga na vakatubuilavo ena ilavo biu vakadipositi ni lutu tiko na itagede ni tubu, oya vei Suncorp ka veitubuyaki na itagede ni tubu.

E vakavinavinaka na Matabose vua na FNPF ni sa vakasukai mai na tubu ni dinau a lavaki vakasivia ena gauna a bokoci kina na dinau ena Epereli ni 2013.

Na sasaga ga e qaravi tiko mai vakabalavu na matalewai a se tekivuna mai ena 2011 o Raghwan Neo Joint Venture. Sa vakadonuya na ito ruarua me rau sa raica lesu na duidui se vo tiko na sovea ni Matabose kei na sovea ni Raghwan Neo Joint Venture. Kevaka e sa mai cava na kena raici lesu ka se tiko ga na veileti, sa na qai biu ki na matalewai. E nuitaka na Matabose ni sa na vakacavari ena 2014 na veileti qo.

E veisau vakarua ena loma ni yabaki o koya e tawana tiko na sitoa naba 6 ena Union Plaza. Na kena ikarua e vakalala tale na sitoa ni oti ga e tolu na vula. Na sitoa qo e lala tu me tolu taucoko na vula ena loma ni yabaki.

E dua na leqa vakalivaliva e vakavuna me kama na sitoa naba 4 ena bogi ni ika12 ni Tiseba, vakacacani kina na sitoa naba 4 kei 5. Na kena kubou e lai vakacaca sara ena sitoa naba 1, koya e vakalevutaki me taura vata na sitoa naba 2 kei 3, kei na naba 6 a lala voli. E sega ni vakacaca sara vakalevu na kubou ena vo ni sitoa (naba 7, 7a kei na 8).



Management and the property manager are working closely with our insurance brokers, Marsh, and the Insurance Assessor on the claim assessment. It is hoped renovation works to begin and be completed within the second quarter of 2014.

The three parties involved in the Radisson Blu Resort Denarau (Carlson Rezidor, Denarau Resort Management (DRML) and iTaukei Trust Fund Board) finalized and executed the MOU under discussions from last year. The objective is to improve the parties' relationships in the running of the Resort. DRML withdrew the Court action it took against the Fund following Carlson's decision to meet in full the disproportionate allocation of the annual insurance premium to the Fund.

The roofs on all the bures used by Harmony Spa were changed from natural thatch to synthetic whilst wooden tiles for the roof of the main reception bure. The upgrade eliminated the frequent occurrences of roof leaks roofs and the frequent changing of the natural thatch every two or so years.

Overall revenue from properties and financial instruments beat expectation coming in at \$7,011,775 against the budget of \$6,367,752. Firm control on cost helped by the early repayment of the iTaukei Affairs Board debt with Fijian Holdings saw the achievement of the net profit of \$3,941,989 well ahead of budget (\$596,571) and last year's net profit of \$2,194,515.

Governance

The Board met 11 times, as scheduled plus two special meetings to review Staff performance plans and later achievements against targets. The current Membership of five is three short of the maximum of eight. Each of the five is now serving his/her second three years term and under the Act not eligible for a further term.

Na vakaillesilesi kei na mandia ni itikotiko rau sa cakacaka vata kei Marsh, na mata ni kabani ni inisua, kei koya e dau dikeva na veisosomitaki ni vakacaca, me dikevi na veika vakaivola e vakaacacani. E namaki ni sa na tekivu na vakavinakataka ni yatu sitoa ka me na qai vakacavari ena ikarua ni vumatolu ni 2014.

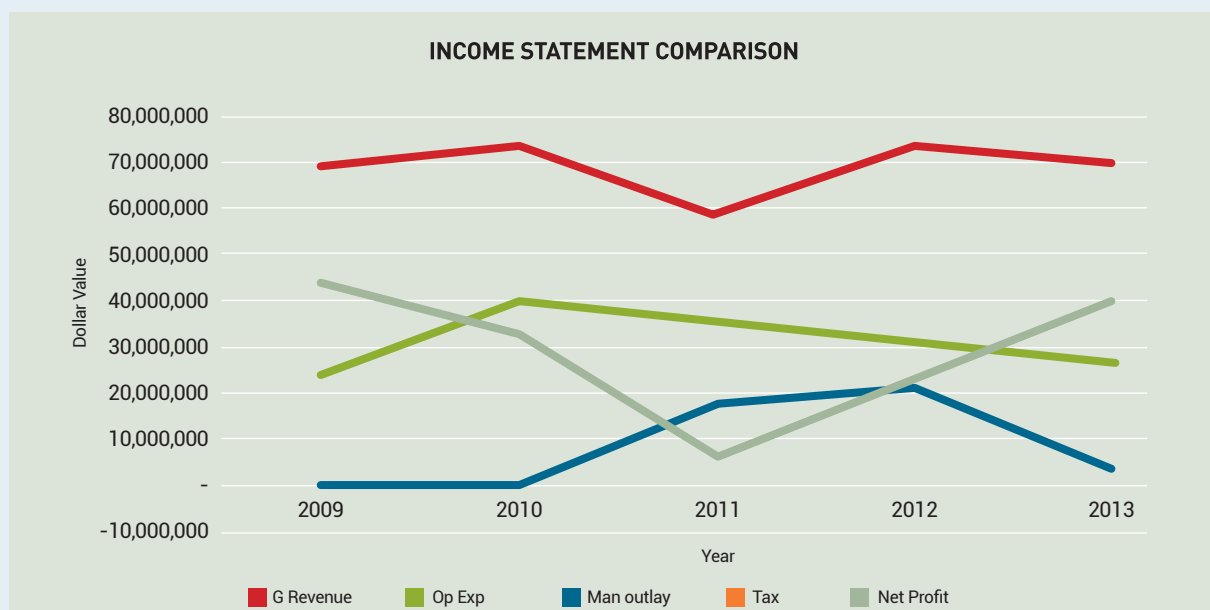
Eratou sa vakadeitaka ka rokova na veidinadinati vakacacacaka a sa veivosakitaki tiko mai ena yabaki sa oti na ito e tolu eratou qarava na Radiddon Blu Resort mai Denarau (Carlson Rezidor, Denarau Resort Management (DRML) kei na Matabose ni iLavo Maroroi ni iTaukei). Na kena inaki me vakavinakataka na veiwekani ni nodratou cicivaka tiko na otela. E sa lai vakasuka mai na DRML na nona tabasamanitaka na Matabose ni sa kaya na Carlson ni na sauma na duidui ni musumusu ni inisua ka dau saumi vakayabaki.

E sa veisau me sa taku na doka ni bure e vakayagataka tiko na Harmony Spa ka sa taile kau na dokanivale ena mata ni otela. Na veisau qo e sa na tarova na turu ni vale. E sa na sega na veisau gasau ena veiyabaki rua se sivia.

Na ilavo kece e rawa mai na vakatubuilavo wili kina na taukenivale e \$7,011,775 levu cake mai na \$6,367,752 a namaki. Ni vaqacacotaki na sausaumi sota vata kei na nona sa bokoca totolo na iTaukei Affairs Board na nona dinau ki na Fijian Holdings, e rawa kina na tubu e \$3,941,989, levu cake sara mai na \$596,571 a namaki tiko, e levu cake tale ga mai na tubu \$2,194,515 ni yabaki sa oti.

Na Veiqaravi Savasava

E dabe vakatinikadua na Matabose me vaka na kena i tuvatuva, qai dabe tale vakarua me laurai na ituvatuva ni veiqaravi ni vakaillesilesi kei na dua tale me laurai na itavi ni vakaillesilesi e sa qaravi rawa veidutaitaki kei na veika a lalawataki. E lima tiko na lewe ni Matabose, lala tiko e tolu ni dodonu me walu taucoko. Eratou sa tiko qo ena ikarua ni yabaki tolu ni veiqaravi, vakalawa e sa na sega ni vakavoui tale na gauna ni nodratou veiqaravi.



Culture & Heritage

In collaboration with the other iTaukei institutions and USP, a curriculum development committee was formed to write a course on traditional leadership. The course is intended to be offered at the Institute of Appropriate Technology in Nadave. A literacy research team was also formed in partnership with the International Reading Association and its Oceania development committee. A study was conducted to find out the methods used by teachers when teaching locally produced information texts written in the Fijian language. The writing of the second drama in the Fijian language, *Na iLululu*, highlighting relationships and promoting identity started with public performances scheduled for 2014.

In keeping with its mandate to preserve Fijian culture and heritage, an objection to the application to trade mark indigenous masi motifs by Air Pacific was submitted to the Solicitor General's office.

In the build up to the planning of the new museum, SCHS and the museum architect visited a number of museums in Australia and New Zealand to view museum buildings, operations and designs as well as to form a professional network with museum experts. A coin collector, Mitieli Nawaqavou, handed in his coin collection, a first towards a museum collection.

Funding was approved to complete the training of community leaders in leadership and management at the province and district levels, to continue into its third year support for the USP Fijian studies program, and to continue with the training of cohorts of Fijian language teachers in order to attain the Diploma in Pacific Vernacular Studies, Fijian.

Administration

In terms of staffing, Project Officer, Unaisi Manulevu, resigned. The CEO's contract was renewed for a further three years and a new project officer, Mikaele Tanoa Sela, was recruited. Other service contracts with regard to securities, pest control, sanitation & health, cleaning, lawn mowing, fire system maintenance & air conditioning maintenance were also renewed for three years. Moving on from Kidanet, the Fund looked to Digicel for the provision of its internet service.

iTovo kei na Yaunivnaua

E tauyavutaki e dua na komiti me volai na vuli ni veiliutaki ena vanua. Rawa oqori ena veitauriliga ni Univesiti ni Ceva kei na mata mai na Matabose ni Veika vakaiTaukei, Veitarogi Vanua, Qele Maroroi kei na Tabacakacaka iTtaukei. E namaki ni na lai vakayacori tiko na vuli e Nadave. A dua tale ga na matavakadidike me dikeva na iwalewale ni nodra vakatavulica na qasenivuli na ivola ni wilivola volai ga e Viti. A veitauriliga kina na International Reading Association kei na kena komiti ena Pasivika. Sa tekivu tale ga na volai ni karua ni drama ena VosavakaViti, 'Na iLululu'. E vakaraitaki kina na bibi ni veiwekani ka tutaka na veika e baleta na kawaitaukei. Ena qai saravi ena 2014.

E rokova na Matabose na itavi me taqomaka na itovo kei na yaunivanua, e saqata kina na gagadre nei Air Pacific me sa nona na kaukaua me vakayagataka e vica na draudrau ni masi. Sa soli na vakasama qo ki na valenivolavola ni Solicitor General.

Ni toso tiko ga na navunavuci me baleta na vale ni maroroi iyaya makawa, rau a taleva e vica na kena vale mai Niusiladi kei Ositerelia na vakaillesilesi e qarava kei na matai e droinitaka tiko na vale. Na inaki ni siko oya me rau dikeva na mataqali veiqaravi e dau vakayacori kei na iitaratara ni vale, bucini tale ga kina na isema vakacakacaka kei ira na kenadau.

Mani vakadonui tale ga me na veivuke me vakacavari na vuli ni veiliutaki e vakayacori tiko ena veiyasana kei na tikina, na veivuke ki na tabana ni Vakadidike VosavakaViti, kei na veivuke vei ira na ilawalawa qasenivuli ni veika vakaViti me ra rawata na Diploma ni Vakadidike VosavakaViti.

Veiqaravi

E kerea me sa cegu o Unaisi Manulevu, na vakaillesilesi a qarava tiko na sasaga eso ni iTovo kei na Yaunivanua. E sa vakavoui na nona konitaraki na Vakaillesilesi Liu. E mai sosomitaki Unaisi o Mikaele Tanoa Sela. E sa vakavoui me tolu tale na yabaki na nodratou konitaraki na yadra, tarovi ni manumanu lalai, tiko bulabula kei na savasava, sasamaki, kotico, bokobuka, kei na veivakabatabatataki e valenivolavola. Veisautaki tale ga na tabana e qarava na veilawa mai na Kidanet ki na Digicel.



ITAUKEI TRUST FUND BOARD
FINANCIAL STATEMENTS

10	MEMBERS' REPORT
12	STATEMENT OF MEMBERS
13	INDEPENDENT AUDIT REPORT
14	STATEMENT OF COMPREHENSIVE INCOME
15	STATEMENT OF CHANGES IN EQUITY
16	STATEMENT OF FINANCIAL POSITION
17	STATEMENT OF CASH FLOWS
18	NOTES TO THE FINANCIAL STATEMENTS
35	DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION
35	DETAILED INCOME STATEMENT

MEMBERS' REPORT

For the year ended 31 December 2013

In accordance with a resolution of the members, the members herewith submit the statement of financial position of iTaukei Trust Fund Board as at 31 December 2013, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Members

The members at any time during the financial year are as follows:

Pita Mawi
Adi Lusiana Ganilau
Ratu Samuela Nawalowalo
Sereana Tagivakatini
Dr Paulo Vanualailai

Principal activity

The principal activity of iTaukei Trust Fund Board during the financial year was the managing of the Fund by creating and maintaining a diversified portfolio comprising asset classes that will provide optimum returns to the Fund for the beneficiaries of the Fund.

The objects and purposes of iTaukei Trust Fund Board are set out in Act No. 15 of 2004 and are to fund the promotion and sponsoring of programmes on iTaukei and Rotuman languages and culture; fund to help develop the management, leadership and entrepreneurial skills of iTaukei and Rotumans; sponsor research into languages, art and culture of iTaukei and Rotumans; and any other purposes approved by the Board as advantageous to the beneficiaries.

Results

The Fund recorded a net profit of \$3,941,989 (2012: \$2,194,515).

Reserves

During the financial year \$1,853,739 (2012: nil) was transferred from retained earnings to the available-for-sale reserve.

Non-current assets

Prior to the completion of the financial statements of iTaukei Trust Fund Board, the members took reasonable steps to ascertain whether any non-current assets are unlikely to be realised in the ordinary course of business as compared to their values as shown in the accounting records of iTaukei Trust Fund Board. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the members are not aware of any circumstances which would render the values attributed to non-current assets in the Board's financial statements misleading.

Basis of accounting

The members believe the basis of the preparation of the financial statements is appropriate and the Fund will be able to continue in operation for at least twelve months from the date of this report. Accordingly the members believe the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

Unusual transactions

In the opinion of the members, the results of the operations of the Fund during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Fund in the current financial year, other than those reflected in the financial statements.

MEMBERS' REPORT

For the year ended 31 December 2013

Events subsequent to balance date

On 21 March 2014, the Fund signed a joint venture agreement with the Methodist Church in Fiji Holding Trust for the construction and management of an investment property at the corner of Stewart and St. Fort Street. Planning for the development has commenced.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Fund, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund in the subsequent financial year.

Other circumstances

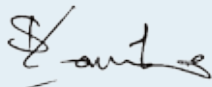
As at the date of this report:

- (i) no charge on the assets of the Fund has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Fund could become liable; and
- (iii) no contingent liabilities or other liabilities of the Fund has become or is likely to become enforceable within the year after the end of the financial year which, in the opinion of the members, will or may substantially affect the ability of the Fund to meet its obligations as and when they fall due.

As at the date of this report, the members are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Fund's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Fund misleading or inappropriate.

For and on behalf of the Board and in accordance with a resolution of the members.

Dated this 19th day of June 2014.



Member



Member

STATEMENT OF MEMBERS

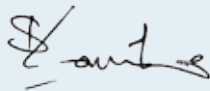
For the year ended 31 December 2013

In accordance with a resolution of the members of iTaukei Trust Fund Board, we state that in our opinion:

- (i) the accompanying statement of comprehensive income of the Fund is drawn up so as to give a true and fair view of the results of the Fund for the year ended 31 December 2013;
- (ii) the accompanying statement of changes in equity of the Fund is drawn up so as to give a true and fair view of the changes in equity of the Fund for the year ended 31 December 2013;
- (iii) the accompanying statement of financial position of the Fund is drawn up so as to give a true and fair view of the state of affairs of the Fund as at 31 December 2013;
- (iv) the accompanying statement of cash flows of the Fund is drawn up so as to give a true and fair view of the cash flows of the Fund for the year ended 31 December 2013;
- (v) at the date of this statement there are reasonable grounds to believe the Fund will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the Fund.

For and on behalf of the Board and in accordance with a resolution of the members.

Dated this 19th day of June 2014.



Member



Member

INDEPENDENT AUDIT REPORT

For the year ended 31 December 2013



Pacific House
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ey.com

To the members of iTaukei Trust Fund Board

We have audited the accompanying financial statements of iTaukei Trust Fund Board, which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Members' and Management's Responsibility for the Financial Statements

The members and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of iTaukei Trust Fund Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

- a) proper books of account have been kept by the Fund, so far as it appears from our examination of those books; and
- b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:
 - i) are in agreement with the books of account; and
 - ii) to the best of our information and according to the explanations given to us:
 - a) give a true and fair view of the state of affairs of the Fund as at 31 December 2013 and of the results, cash flows, and changes in equity of the Fund for the year ended on that date; and
 - b) give the information required by the iTaukei Trust Fund Act in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Suva, Fiji
19 June 2014


Ernst & Young
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Revenue from ordinary activities			
Dividends	7 (i)	3,494,763	3,177,173
Directors fees and remuneration		-	14,000
Gain on disposal of property		-	968,112
Interest - bank		6,815	11,642
Interest - held-to-maturity financial assets	7 (ii)	334,695	353,203
Other income		32,609	9,859
Rental income		3,081,366	2,730,727
Gain on disposal of investment		61,527	-
Unrealised exchange gain		-	35,678
Total revenue from ordinary activities		7,011,775	7,300,394
Expenses from ordinary activities			
Administration expenses	2 (i)	276,412	309,632
Assistance to iTaukei Affairs Board		-	1,750,000
Depreciation and amortisation		576,527	603,422
Net loss on disposal of investment		-	181,516
Mandated outlays		376,374	408,561
Unrealised exchange loss/(gain)		267,206	-
Other operating expenses	2 (ii)	960,789	1,021,951
		2,457,308	4,275,082
Net profit from ordinary activities		4,554,467	3,025,312
Finance costs			
Interest on WBC loan		612,478	830,797
Net profit from operations		3,941,989	2,194,515
Income tax expense	1.3 (j)	-	-
Net profit after income tax		3,941,989	2,194,515
Other comprehensive income			
Gain on remeasuring available-for-sale financial assets		1,717,429	3,009,559
Total comprehensive income		5,659,418	5,204,074

The accompanying notes form an integral part of this Statement of Comprehensive Income.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Notes	2013 \$	2012 \$
Capital endowment fund			
Balance at the beginning of the year		40,000,000	40,000,000
Additions during the year		-	-
Balance at the end of the year	14	40,000,000	40,000,000
Available-for-sale reserve			
Balance at the beginning of the year		6,958,529	3,948,970
Transfer from retained earnings	26	1,853,739	-
Net movement during the year		1,717,429	3,009,559
Balance at the end of the year	15	10,529,697	6,958,529
Retained earnings			
Balance at the beginning of the year		23,952,946	21,758,431
Transfer to available-for-sale reserve	26	(1,853,739)	-
Net profit after income tax		3,941,989	2,194,515
Balance at the end of the year		26,041,196	23,952,946
Total equity		76,570,893	70,911,475

The accompanying notes form an integral part of this Statement of Changes in Equity.

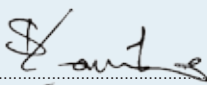
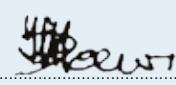
STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 \$	2012 \$
Non-current assets			
Receivables and other prepayments	4	33,348	33,348
Financial assets - available-for-sale	5	39,959,442	36,504,196
Financial assets - held-to-maturity	6	2,883,012	3,452,620
Plant and equipment	8	174,468	268,691
Investment properties	9	33,437,896	33,838,362
Intangible assets	10	10,950	3,669
Total non-current assets		<u>76,499,116</u>	<u>74,100,886</u>
Current assets			
Cash and cash equivalents	3	4,309,323	1,826,657
Receivables and other prepayments	4	359,640	231,931
Financial assets - held-to-maturity	6	8,134,876	8,258,301
Total current assets		<u>12,803,839</u>	<u>10,316,889</u>
Total assets		<u>89,302,955</u>	<u>84,417,775</u>
Equity			
Capital endowment fund	14	40,000,000	40,000,000
Available-for-sale reserve	15	10,529,697	6,958,529
Retained earnings		26,041,196	23,952,946
Total equity		<u>76,570,893</u>	<u>70,911,475</u>
Current liabilities			
Interest bearing borrowings	12	827,863	760,226
Trade creditors and accruals	13	210,743	246,134
Employment benefit liability	11	21,440	32,301
Total current liabilities		<u>1,060,046</u>	<u>1,038,661</u>
Non-current liabilities			
Interest bearing borrowings	12	11,672,016	12,467,639
Total non-current liabilities		<u>11,672,016</u>	<u>12,467,639</u>
Total liabilities		<u>12,732,062</u>	<u>13,506,300</u>
Total equity and liabilities		<u>89,302,955</u>	<u>84,417,775</u>

The accompanying notes form an integral part of this Statement of Financial Position.

For and on behalf of the Board and in accordance with a resolution of the members.

Member.......... Member..........

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

Note	2013 Inflows/ (Outflows)	2012 Inflows/ (Outflows)
Operating activities		
Net profit after income tax	3,941,989	2,194,515
<u>Adjustment to reconcile profit before tax to net cash flows</u>		
<i>Non-cash:</i>		
Depreciation and amortisation	576,527	603,422
(Gain)/loss on disposal of investment	(61,527)	181,516
Gain on disposal of property	-	(968,112)
Unrealised exchange loss/(gain)	267,206	(35,678)
<u>Working capital adjustments:</u>		
(Increase) in receivables and other prepayments	(111,284)	(14,794)
(Decrease) in trade creditors and accruals	(35,391)	(162,321)
(Decrease) in employee benefit liability	(10,861)	(1,923)
Net cash flows from operating activities	<u>4,566,659</u>	<u>1,796,625</u>
Investing activities		
Acquisition of plant and equipment	(36,042)	(71,849)
Acquisition of intangible assets	(12,060)	-
Acquisition of investment property	(57,493)	(1,942,274)
Disposal of plant and equipment	50	-
Disposal of property	-	6,500,000
Net payments for investments	(1,250,462)	(7,214,908)
Net cash flows used in investing activities	<u>(1,356,007)</u>	<u>(2,729,031)</u>
Financing activities		
Net payments (to)/from interest bearing borrowings	(727,986)	20,646
Net cash flows (used in)/from financing activities	<u>(727,986)</u>	<u>20,646</u>
Net increase/(decrease) in cash and cash equivalents	2,482,666	(911,760)
Cash and cash equivalents at 1 January	1,826,657	2,738,417
Cash and cash equivalents at the end of the year	<u>3</u> <u>4,309,323</u>	<u>1,826,657</u>

The accompanying notes form an integral part of this Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. CORPORATE INFORMATION

The financial statements of iTaukei Trust Fund Board ("the Fund") for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the members on 19 June, 2014. iTaukei Trust Fund Board is incorporated and domiciled in the Republic of Fiji.

The principal activity of the Fund is described in Note 23.

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Fijian dollars and all values are rounded to the nearest dollar except when otherwise indicated.

Statement of compliance

The financial statements of iTaukei Trust Fund Board have been prepared in accordance with International Financial Reporting Standards (IFRS).

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to IFRS effective as of 1 January 2013:

- IAS 12 *Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets*
- IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*
- IAS 1 *Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*
- IAS 19 *Employee Benefits (Revised)*
- IFRS 13 *Fair Value Measurement*

The adoption of the standards are described below:

IAS 12 *Income taxes (amendment) - Deferred taxes: Recovery of Underlying Assets*

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciated assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2013 and there has been no effect on the Fund's financial position, performance or its disclosures.

-IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off related arrangements (eg. collateral agreements). The amendments have no impact on the Fund's financial position or performance.

- IAS 1 *Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ('recycled') to profit or loss at a future point in time have to be presented separately from items that will not be reclassified. The amendments affect presentation only and have no impact on the Funds' financial position or performance.

- IAS 19 *Employee Benefits (Revised)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. However, the amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendments have no impact on the Fund's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

1.1 Basis of preparation of the Financial Statements - continued

- IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. Application of IFRS 13 has not materially impacted the fair value measurements of the Fund. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Standards issued but not effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements are disclosed below. The Fund intends to adopt these standards when they become effective.

- IAS 32 *Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Fund's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

- IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The Fund will review the impact of this standard when the final standard including all phases is issued.

1.2 Significant accounting estimates and assumptions

The preparation of the Fund's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance date, that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year is discussed below:

Impairment of non-financial assets

The Fund assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

1.3 Summary of significant accounting policies

a) Foreign currencies

The financial statements are presented in Fiji dollars, which is the Fund's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date. All differences are taken to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

1.3 Summary of significant accounting policies - continued

a) Foreign currencies - continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

b) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial measurement, investment property is stated at cost less accumulated depreciation. The investment properties are depreciated at 1.25% while leasehold land is amortised over the lease period.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the statement of comprehensive income in the year of retirement or disposal.

c) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Furniture and fittings	12% to 15%
Generator	12%
Motor vehicles	20%
Office equipment	12% to 40%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets for the Fund are assessed to be finite.

NOTES TO THE FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2013

1.3 Summary of significant accounting policies - continued

d) Intangible assets - continued

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

e) Impairment of non-financial assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Fund makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

f) Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as held-to-maturity investments, loans and receivables and available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

The Fund determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date that the Fund commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

1.3 Summary of significant accounting policies - continued

f) Investments and other financial assets - continued

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Fund has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity financial assets are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the financial assets are derecognised or impaired, as well as through the amortisation process.

Receivables and other prepayments

Receivables and other prepayments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables and other prepayments are initially recognised at cost and original invoice (inclusive of VAT where applicable). After initial measurement receivables and other prepayments are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written-off as incurred.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the two preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the asset is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in the statement of comprehensive income.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Amortised cost

Held-to-maturity investments and receivables are measured at amortised cost. This is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Fund assesses at each balance date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2013

1.3 Summary of significant accounting policies - continued

f) Investments and other financial assets - continued

In relation to loans and rent receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Fund will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the statement of comprehensive income.

g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less.

h) Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

i) Employment benefit liability

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

j) Taxes

The income of iTaukei Trust Fund Board is exempt from income tax under section 17(79) of the Income Tax Act (Promulgation 2009).

k) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Fund as a lessee

Finance leases, which transfer to the Fund substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Fund will obtain ownership by the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

1.3 Summary of significant accounting policies - continued

k) Leased assets - continued

Fund as a lessee - continued

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Fund as a lessor

Leases where the Fund does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the fund. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

m) Value Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Revenue is recognised when the Fund's right to receive the payment is established.

Grants

Revenue is recognised when there is reasonable assurance that the grants will be received and the Fund will comply with the conditions attached to them.

o) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

2. EXPENSES	2013	2012
	\$	\$
(i) <u>Administration expenses</u>		
Conference	-	8,053
Other staff benefits	1,158	1,468
Staff amenities	1,181	1,354
Strategic plan	-	13,218
Wages and salaries	274,073	285,539
	<u>276,412</u>	<u>309,632</u>
(ii) <u>Other operating expenses</u>		
Auditors' remuneration	7,100	5,200
Consultancy	46,780	29,570
Insurance	161,835	177,984
Legal fees	8,208	79,001
Management fees - Fijian Property Trust Company Limited	104,371	104,371
Repairs and maintenance	97,800	116,482
Other operating expenses	534,695	509,343
	<u>960,789</u>	<u>1,021,951</u>
3. CASH AND CASH EQUIVALENTS	\$	\$
Cash at bank	4,309,123	1,826,457
Cash on hand	200	200
	<u>4,309,323</u>	<u>1,826,657</u>

Cash at bank earns interest at floating rates based on the daily bank deposit rates. The fair value of cash on hand and at bank is \$4,309,323 (2012: \$1,826,657).

4. RECEIVABLES AND OTHER PREPAYMENTS	\$	\$
<u>Current</u>		
Interest and dividend receivable	175,269	161,073
Rental debtors	29,411	42,512
Other debtors	8,043	5,000
	<u>212,723</u>	<u>208,585</u>
Prepayments	142,129	23,346
VAT receivable	4,788	-
	<u>359,640</u>	<u>231,931</u>
<u>Non-current</u>		
Deposits	33,348	33,348
Total receivables and other prepayments	<u>392,988</u>	<u>265,279</u>

At 31 December, the ageing analysis of current receivables is as follows:

	\$	\$
Neither past due nor impaired	108,430	144,431
< 30 days	92,793	48,998
30 - 90 days	8,394	11,450
> 90 days	3,106	3,706
Total	<u>212,723</u>	<u>208,585</u>

5. FINANCIAL ASSETS - AVAILABLE-FOR-SALE	\$	\$
Holding		
(a) <u>Shares listed on the South Pacific Stock Exchange</u>		
5,000,000 Amalgamated Telecom Holdings Limited	3,650,000	4,400,000
1,000,000 Pacific Green Industries (Fiji) Limited	2,000,000	2,000,000
4,000,000 R B Patel Company Limited	9,760,000	8,600,000
98,096 BSP Convertible Notes Limited (Fiji class shares)	692,558	-
	<u>16,102,558</u>	<u>15,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

5. FINANCIAL ASSETS - AVAILABLE-FOR-SALE - continued		2013	2012
		\$	\$
(b)	<u>Shares listed on the Australian Stock Exchange</u>		
	15,982 ALS Limited	233,540	219,369
	18,750 Amcor Limited	328,102	-
	44,560 ANZ Banking Group Limited	2,382,101	2,024,353
	10,935 BHP Billiton Limited	689,038	524,810
	18,385 Commonwealth Bank of Australia	2,372,455	2,073,230
	6,358 Monadelphous Group Limited	196,150	281,579
	21,500 National Australia Bank Limited	1,242,072	974,791
	18,750 Orora Limited	36,075	-
	10,834 QBE Insurance Group Limited	-	214,165
	5,356 Rio Tinto Limited	605,692	641,185
	200,000 Sydney Airports Stapled Securities	1,260,574	759,513
	273,400 Telstra Corporation Limited	2,380,743	2,166,772
	9,075 Westfarmers Limited	662,901	614,033
	8,000 Westpac Banking Corporation	429,657	377,802
	5,065 Worley Parsons Limited	139,458	-
		12,958,558	10,871,602
(c)	<u>Unlisted shares - local</u>		
	10,000,000 Fijian Holdings Limited 'B' class shares at \$1.00	10,000,000	10,000,000
		10,000,000	10,000,000
	Holding		
(d)	<u>Unit Trust</u>		
	321,735 Fijian Holdings Unit Trust	504,000	225,215
	341,844 Unit Trust of Fiji	394,326	-
	15,715 Westfield Group Stapled Securities	-	300,962
	19,430 Westfield Retail Trust Stapled Securities	-	106,417
		898,326	632,594
	Total available-for-sale financial assets	39,959,442	36,504,196

The Fund has investments in listed equity and debt securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

The Fund assesses at each reporting date whether there is objective evidence that an investment is impaired. Objective evidence would include significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Fund evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

6. FINANCIAL ASSETS - HELD-TO-MATURITY		\$	\$
	Holding		
(a)	<u>Term deposits</u>		
	Bank of South Pacific	-	249,951
	Credit Corporation	132,448	127,909
	Merchant Finance Company Limited	1,601,628	1,580,441
	Westpac Banking Corporation	6,400,800	6,300,000
		8,134,876	8,258,301

Term deposit with Westpac Banking Corporation is held as security to secure the loan from Westpac Banking Corporation in Note 12.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

6. FINANCIAL ASSETS - HELD-TO-MATURITY - continued		2013	2012
		\$	\$
(b) Securities listed on the South Pacific Stock Exchange			
500,000	Bank of South Pacific convertible notes	-	500,000
200,000	Future Forests convertible notes	196,000	196,000
		<u>196,000</u>	<u>696,000</u>
(c) Australian listed interest securities			
750	AGL Energy notes	124,398	136,017
1,000	Australian Foundation Investment Company notes	165,865	181,357
5,000	AXA Subordinated floating rate notes	829,325	906,783
2,500	Bendigo and Adelaide bonds	414,662	453,391
2,000	Colonial Holding Company notes	331,730	362,713
1,000	National Australia Bank subordinated notes	165,865	181,357
1,000	Origin Energy notes	165,865	181,357
1,000	Westpac Banking Corporation subordinated notes	165,865	181,356
950	Woolworths Limited notes	157,572	172,289
1,000	Suncorp Group Limited subordinated notes	165,865	-
		<u>2,687,012</u>	<u>2,756,620</u>
Total held -to-maturity financial assets		<u>11,017,888</u>	<u>11,710,921</u>
Current		8,134,876	8,258,301
Non-current		2,883,012	3,452,620
		<u>11,017,888</u>	<u>11,710,921</u>

Term deposit number 11343 of \$550,181 with Merchant Finance Company Limited is being held under a lien by Bank of South Pacific to secure the FEA's deposit requirements for the Substations at the BLV Site.

7. INCOME GENERATED FROM INVESTMENTS

Details of investments

Name of company	Location	Income earned	
		2013	2012
		\$	\$
(i) Dividends			
<u>Shares listed on the South Pacific Stock Exchange</u>			
Amalgamated Telecom Holdings Limited	Fiji	225,000	150,000
Pacific Green Industries (Fiji) Limited	Fiji	40,000	50,000
R B Patel Company Limited	Fiji	560,000	560,000
BSP Convertible Notes Limited (Fiji class shares)	Fiji	23,419	-
		<u>848,419</u>	<u>760,000</u>
<u>Shares listed on the Australian Stock Exchange</u>			
ALS Limited	Aust.	11,835	4,266
ANZ Banking Group Limited (ordinary shares)	Aust.	125,352	116,126
BHP Billiton Limited	Aust.	19,862	14,992
Commonwealth Bank of Australia (ordinary shares)	Aust.	116,012	112,154
Dulux Group	Aust.	-	9,268
GWA Group Limited (ordinary shares)	Aust.	-	29,906
Monadelphous Group Ltd	Aust.	15,289	-
National Bank Australia	Aust.	69,512	69,878
QBE Insurance Group Limited	Aust.	1,977	12,395
Rio Tinto Limited	Aust.	17,316	14,831
Sydney Airports stapled securities	Aust.	71,556	65,045
Telstra Corporation Limited (ordinary shares)	Aust.	133,175	136,205
Westfarmers Limited	Aust.	28,624	27,695

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

7. INCOME GENERATED FROM INVESTMENTS - continued

Name of company	Location	Income earned	
		2013 \$	2012 \$
Westpac Banking Corporation	Aust.	26,674	23,845
Worley Parsons Limited	Aust.	4,334	-
		641,518	636,606
<u>Unlisted shares - local</u>			
Fijian Holdings Limited 'B' class shares	Fiji	2,000,000	1,750,000
		2,000,000	1,750,000
<u>Unit Trusts</u>			
Fijian Holdings Unit Trust	Fiji	4,826	10,232
Westfield Retail Trust	Aust.	-	6,269
Westfield Group Stapled Securities	Aust.	-	14,066
		4,826	30,567
Total dividends		3,494,763	3,177,173
<u>(ii) Interest - held-to-maturity financial assets</u>			
<u>Unlisted local debt securities</u>			
5th Fiji Government Registered Stock 5.88% 29/05/2013	Fiji	-	2,424
<u>Securities listed on the South Pacific Stock Exchange</u>			
Bank of South Pacific convertible notes	Fiji	11,507	35,000
Future Forests convertible notes	Fiji	15,000	14,514
		26,507	49,514
<u>Term deposits</u>			
Bank of South Pacific	Fiji	1,479	3,814
Credit Corporation	Fiji	4,486	4,963
Merchant Finance Company Limited	Fiji	55,471	55,102
Westpac Banking Corporation	Fiji	104,310	91,134
		165,746	155,013
<u>Australian listed securities</u>			
AGL Energy subordinated notes	Aust.	7,289	6,662
Australian Foundation Investment Company notes	Aust.	10,848	11,242
AXA Subordinated floating rate notes	Aust.	37,218	47,833
Bendigo and Adelaide bonds	Aust.	18,556	24,503
Colonial Holding Company Limited	Aust.	21,298	19,240
National Australia Bank subordinated notes	Aust.	9,746	6,099
Origin Energy notes	Aust.	11,963	14,266
Suncorp Group Limited subordinated notes	Aust.	5,757	-
Woolworths Limited notes	Aust.	10,056	12,331
Westpac Banking Corporation subordinated notes	Aust.	9,711	4,076
		142,442	146,252
Total interest		334,695	353,203

NOTES TO THE FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2013

8. PLANT AND EQUIPMENT	2013	2012
	\$	\$
<u>Office equipment</u>		
<i>Cost</i>		
At 1 January	540,375	524,735
Additions	29,346	15,640
Disposal	(50)	-
At 31 December	569,671	540,375
<i>Depreciation</i>		
At 1 January	397,732	280,595
Depreciation charge for the year	104,819	117,137
At 31 December	502,551	397,732
Net book value	67,120	142,643
<u>Furniture and fittings</u>		
<i>Cost</i>		
At 1 January	119,057	62,848
Additions	6,696	56,209
At 31 December	125,753	119,057
<i>Depreciation</i>		
At 1 January	62,169	51,201
Depreciation charge for the year	8,316	10,968
At 31 December	70,485	62,169
Net book value	55,268	56,888
<u>Motor vehicles</u>		
<i>Cost</i>		
At 1 January	90,100	90,100
At 31 December	90,100	90,100
<i>Depreciation</i>		
At 1 January	87,737	83,382
Depreciation charge for the year	2,363	4,355
At 31 December	90,100	87,737
Net book value	-	2,363
<u>Generator</u>		
<i>Cost</i>		
At 1 January	122,641	122,641
At 31 December	122,641	122,641
<i>Depreciation</i>		
At 1 January	55,844	41,127
Depreciation charge for the year	14,717	14,717
At 31 December	70,561	55,844
Net book value	52,080	66,797
Total balance as at 31 December	174,468	268,691

As at 31 December 2013, the gross carrying amount of fully depreciated property, plant and equipment that is still in use is \$637,616.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

9. INVESTMENT PROPERTIES	2013	2012
	\$	\$
At 1 January	35,390,352	39,447,221
Additions	57,493	1,942,274
Disposal	(8,382)	(5,999,143)
Transfer	(8,044)	-
At 31 December	<u>35,431,419</u>	<u>35,390,352</u>
<i>Depreciation and amortisation</i>		
At 1 January	1,551,990	1,572,745
Depreciation and amortisation charge for the year	441,533	446,499
Disposal	-	(467,254)
At 31 December	<u>1,993,523</u>	<u>1,551,990</u>
	<u>33,437,896</u>	<u>33,838,362</u>

The property rental income earned by the Fund from its investment properties amounted to \$3,081,366 (2012: \$2,730,727).

	\$	\$
Rental income derived from investment properties	3,081,366	2,730,727
Direct operating expenses generating rental income	(694,902)	(816,301)
Direct operating expenses that did not generate rental income	(158,776)	(139,364)
Net profit arising from investment properties carried at cost	<u>2,227,688</u>	<u>1,775,062</u>

The Fund has elected to value investment properties at cost. Investment properties are depreciated at 1.25% while leasehold land is amortised over the lease period.

The investment properties disclosed under Note 12 are mortgaged to Westpac Banking Corporation.

The Fund has no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

10. INTANGIBLE ASSETS	\$	\$
<i>Cost</i>		
At 1 January	66,673	66,673
Additions	12,060	-
At 31 December	<u>78,733</u>	<u>66,673</u>
<i>Amortisation</i>		
At 1 January	63,004	53,258
Amortisation	4,779	9,746
At 31 December	<u>67,783</u>	<u>63,004</u>
Net book value	<u>10,950</u>	<u>3,669</u>
11. EMPLOYMENT BENEFIT LIABILITY		
At 1 January	32,301	34,224
Movement during the year	(10,861)	(1,923)
At 31 December	<u>21,440</u>	<u>32,301</u>
12. INTEREST BEARING BORROWINGS		
<u>Current</u>		
Secured loan - Westpac Banking Corporation	827,863	760,226
<u>Non-current</u>		
Secured loan - Westpac Banking Corporation	<u>11,672,016</u>	<u>12,467,639</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

12. INTEREST BEARING BORROWINGS - continued

Terms and conditions of the secured loan are:

The loan is repayable by monthly installments of \$114,392 for 10 years at an interest rate of 4.75% (2012: varying rate from 4.75% to 8.07%) per annum.

The loan is secured by the registered first mortgage number 757595 over BLV and offices, registered first mortgage number 757598 over Union Plaza building, registered first mortgage number 757596 over commercial property at 16 Fort Street, share mortgage over share certificates number 42, 176, 168 and 323 and security over term deposit number 9803732321.

13. TRADE CREDITORS AND ACCRUALS

Trade creditors and accruals
Payable to Government of Fiji
Rental deposits
Retention account
VAT payable

	2013 \$	2012 \$
	114,106	109,460
	-	25,269
	28,363	27,813
	68,274	70,105
	-	13,487
	<u>210,743</u>	<u>246,134</u>

Terms and conditions of the above financial liabilities:

- Trade payables and accruals are non-interest bearing and are normally settled on 30-60 day terms.
- The retention account relates to amounts retained by the Fund for the construction of the BLV.

14. CAPITAL ENDOWMENT FUND

Capital endowment fund

	\$	\$
	40,000,000	40,000,000

15. RESERVES

Available-for-sale reserve

	\$	\$
	10,529,697	6,958,529

This reserve comprises changes in fair value of available-for-sale financial assets.

16. CAPITAL COMMITMENTS

Capital expenditure commitments

	\$	\$
	-	-

17. CONTINGENT LIABILITIES

(a) Fiji Electricity Authority

	\$	\$
	306,479	306,479

(b) The Fund is in arbitration with Raghwan Neo Joint Venture involving an alleged claim against the Fund for \$1.5 million. The Fund has also counter-claim for liquidated damages in the approximate sum of \$1 million.

18. OPERATING LEASE INCOME

The Fund has entered into commercial property leases on its investment property portfolio. Operating lease relates to rental income from building space rented out to Government Ministries, Carlson Hotels (Fiji) Limited and Union Plaza. These non-cancellable leases have remaining terms of between two to sixteen years.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

18. OPERATING LEASE INCOME - continued

Non-cancellable operating lease receivables
 Within one year
 After one year but not more than five years
 More than five years

2013 \$	2012 \$
2,081,699	2,081,699
7,553,294	8,047,294
16,362,115	17,993,916
<u>25,997,108</u>	<u>28,122,909</u>

19. FUTURE LEASE RENTAL EXPENSES

The future lease rentals payable for leasehold land, which have not been provided for in the accounts are as follows:

Within one year
 After one year but not more than five years
 More than five years

\$	\$
218,328	218,328
873,312	873,312
2,416,716	2,443,044
<u>3,508,356</u>	<u>3,534,684</u>

20. RELATED PARTY TRANSACTIONS

(a) Members

The names of persons who were members of iTaukei Trust Fund Board any time during the financial year are as follows:

Pita Mawi Adi Lusiana Ganilau Ratu Samuela Nawalowalo
 Sereana Tagivakatini Dr Paulo Vanualailai

(b) Compensation of key management personnel

Short term employee benefits

\$	\$
140,670	133,999

(c) Transactions with other related entities

Members fees
 Fiji National Provident Fund - superannuation
 Fiji National Provident Fund - interest

30,000	30,000
20,302	20,549
-	299,945

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal financial liabilities comprise interest bearing borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Fund's operations. The Fund has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Fund's financial statements are foreign currency risk, interest rate risk and liquidity risk. The members review and agree on policies for managing each of these risks which are summarised below.

Foreign currency risk

The Fund has transactional currency exposures. Such exposures arise from investments by the Fund in currency other than Fijian dollars. The majority of investments are made in Australian dollars (AUD).

The following table demonstrates the sensitivity to a reasonably possible change in the AUD rate, with all other variables held constant, of the Fund's profit before tax.

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - continued

	Increase / (decrease) in AUD rate	Effect on profit before tax \$
2013	+1%	(157,207)
	-1%	157,403
2012	+1%	(140,685)
	-1%	143,524

Interest rate risk

The Fund's exposure to the risk of changes in market interest rates relates primarily to the Fund's interest bearing facility and investment in debt securities.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase / (decrease) in interest rate	Effect on profit before tax \$
2013	+10%	34,151
	-10%	(34,151)
2012	+10%	36,485
	-10%	(36,485)

Liquidity risk

The table below summarises the maturity profile of the Fund's financial liabilities at 31 December 2013 and 31 December 2012 based on contractual undiscounted payments. This includes the interest bearing borrowings, employment benefit liability and trade payables and accruals.

	2013 \$	2012 \$
On demand	114,106	122,947
Within one year	945,940	915,714
After one year but not more than five years	4,723,466	3,040,904
More than five years	6,948,550	9,426,735
Total	12,732,062	13,506,300

22. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments that are carried on the financial statements.

	Carrying value 2013 \$	Fair value 2013 \$
<u>Financial assets</u>		
Cash and cash equivalents	4,309,323	4,309,323
Financial assets - available-for-sale	39,959,442	39,959,442
Financial assets - held-to-maturity	11,017,888	11,017,888
Receivables and other prepayments	392,988	392,988
<u>Financial liabilities</u>		
Trade creditors and accruals	210,743	210,743
Employment benefit liability	21,440	21,440
Interest bearing borrowings	12,499,879	12,499,879

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 31 December 2013

22. FINANCIAL INSTRUMENTS - continued

	Carrying value	Fair value
	2012	2012
	\$	\$
<u>Financial assets</u>		
Cash and cash equivalents	1,826,657	1,826,657
Financial assets - available-for-sale	36,504,196	36,504,196
Financial assets - held-to-maturity	11,710,921	11,710,921
Receivables and other prepayments	265,279	265,279
<u>Financial liabilities</u>		
Trade creditors and accruals	246,134	246,134
Employment benefit liability	32,301	32,301
Interest bearing borrowings	13,227,865	13,227,865

The fair value of financial assets and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets has been calculated using market interest rates.

23. PRINCIPAL BUSINESS ACTIVITY

The principal activity of iTaukei Trust Fund Board during the financial year was the managing of the Fund by creating and maintaining a diversified portfolio comprising asset classes that will provide optimum return to the Fund for the beneficiaries of the Fund.

The objects and purposes of iTaukei Trust Fund Board are set out in Act No. 15 of 2004 and are to fund the promotion and sponsoring of programmes on iTaukei and Rotuman languages and culture; fund to help develop the management, leadership and entrepreneurial skills of iTaukei and Rotumans; sponsor research into languages, art and culture of iTaukei and Rotumans; and any other purposes approved by the Board as advantageous to the beneficiaries.

24. EVENTS SUBSEQUENT TO BALANCE DATE

On 21 March 2014, the Fund signed a joint venture agreement with the Methodist Church in Fiji Holding Trust for the construction and management of an investment property at the corner of Stewart and St. Fort Street. Planning for the development has commenced.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the members of the Fund, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund in the subsequent financial year.

25. FUND DETAILS

iTaukei Trust Fund Board was incorporated under the iTaukei Trust Fund Act 2004 which was enacted by the Parliament of Fiji on 4th November 2004.

Place of operation

Veivueti House
87 Queen Elizabeth Drive
PO Box 2327
Government Buildings
Suva

Number of employees - 5 (2012: 5)

26. TRANSFER TO AVAILABLE-FOR-SALE RESERVE

A transfer from Retained Earnings of \$1,853,739 (2012: nil) was made to the Available-For-Sale Reserve during the year for the purpose of recognising prior years' foreign exchange gain and losses of the Fund's non-monetary available-for-sale financial assets in accordance with IAS 21 and IAS 39. In each previous financial year, immaterial amounts of such foreign exchange components were included in the Fund's profit and loss.

DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION

For the year ended 31 December 2013

The additional financial information, being the attached detailed income statement, is compiled by the Board of iTaukei Trust Fund Board.

To the extent permitted by law, Ernst & Young does not accept liability for any loss or damage which any person, other than iTaukei Trust Fund Board may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

DETAILED INCOME STATEMENT

Revenue from ordinary activities	Notes	2013	2012
		\$	\$
Dividends	7(i)	3,494,763	3,177,173
Directors fees and remuneration		-	14,000
Gain on disposal of property		-	968,112
Interest - bank		6,815	11,642
Interest - held-to-maturity investments	7(ii)	334,695	353,203
Other income		32,609	9,859
Gain on disposal of investment		61,527	-
Rental income		3,081,366	2,730,727
Unrealised exchange gain		-	35,678
Total revenue from ordinary activities		7,011,775	7,300,394
Expenses from ordinary activities			
Administration expenses	2 (i)	276,412	309,632
Annual report		9,480	9,480
Assistance to iTaukei Affairs Board		-	1,750,000
Auditors' remuneration		7,100	5,200
Bank and interest charges		6,982	7,001
Bad debts		18,795	6,900
Cleaning		65,865	61,694
City rates		43,933	43,349
Computer expenses		7,800	7,800
Consultancy		46,780	29,570
Depreciation and amortisation		576,527	603,422
Electricity		47,552	49,941
FNU levy		2,537	2,645
Fringe benefit tax		3,854	2,796
Fuel		13,775	15,211
General expense		8,572	7,569
Hire expense		1,720	870
Insurance		161,835	177,984
Interest on WBC loan		612,478	830,797
Land rent		18,194	22,933
Legal fees		8,208	79,001
License fees		3,499	3,491
Loan administration expense		32,240	25,784
Loss on disposal of investment		-	181,516
Mandated outlays		376,374	408,561
Management fees - Fijian Property Trust Company Limited		104,371	104,371
Members fees		30,000	30,000
Repairs and maintenance		97,800	116,482
Secretariat and accounting fees		56,717	54,917
Security		99,457	94,867
Stationery, printing and office supplies		3,729	3,692
Subscription		87	349
Telephone and internet		8,476	6,161

DETAILED INCOME STATEMENT

For the year ended 31 December 2013

Expenses from ordinary activities- continued	2013	2012
	\$	\$
Travel, accommodation and entertainment	3,987	1,213
Unrealised exchange loss/(gain)	267,206	-
Valuations	4,000	-
Water	5,854	2,786
Website design	1,358	11,957
Wealth + fees	36,232	35,937
Total expenses from ordinary activities	3,069,786	5,105,879
Net profit from operations	3,941,989	2,194,515
Income tax expense	-	-
	1.3 (j)	
Net profit after income tax	3,941,989	2,194,515
Other comprehensive income		
Gain on remeasuring available for sale financial assets	1,717,429	3,009,559
Total comprehensive income	5,659,418	5,204,074

The Detailed Income Statement is to be read in conjunction with the disclaimer set out on page 35.

ITAUKEI TRUST FUND BOARD

CORPORATE GOVERNANCE STATEMENT

Board members Responsibilities

- protect and enhance the Fund's value
- set and review Trust strategies and strategic direction.
- monitor operating and financial performance
- risk management
- achieve objectives and purpose of the iTaukei Trust Fund Board (TTFB)
- report to stakeholders

Board Structure

comprising eight Members appointed by the Minister for iTaukei Affairs

- one member who is a Legal Practitioner registered under the Legal Practitioners Act 1997.
- one member who must be a Chartered Accountant in public practice registered under the Fiji Institute of Accountants Act (Cap 259)
- one member with suitable qualification and experience as an economist or other relevant qualifications

Board Meeting

- target of eleven meetings a year
- additional meeting held as required

Committees

- Board Members do not delegate major decisions to committees
- committees are responsible for considering detailed issues and making recommendations to the Board

Investment Sub-Committee

- eleven meetings a year.
- establishing of investment strategies
- assist the Board in identifying and assessing investment opportunities
- monitor risks and investment performances
- Review the investment manual on policy and procedures as and when required

Language and culture sub-committee

- minimum of four meetings a year
- to assist in developing means of preserving and promoting Fijian language, culture and heritage
- establishing framework, strategies and plan
- assist in developing a partnership approach with various local, regional and international organization

Scholarship Committee

- minimum of two meetings a year
- to conduct interviews and make recommendations to the Board
- to review the Manual as and when required

Standards

- formal review of Board performance
- active participation by all Members at all meetings
- open access to information
- independent professional advice is available to all Members
- formal code of conduct adopted

YAVU NI VEIQARAVI

iTavi ni lewe ni Matabose

- taqomaka ka vakarabailevutaka na yaga ni ilavo maroroi
- vakarautaka ka railesuva na lalawa vakacacacaka
- dikeva na qaravi itavi kei na rawaka vakailavo
- vakatulewa matau
- rawata na inaki ni Matabose ni iLavo Maroroi ni iTaukei (MLMT)
- vakasavui itukutuku vei ira era sema vakacacacaka i na MLMT

Lewe ni Matabose

Vakatikora e walu na Minisita ni Veika Vakaitaukei

- dua me daunilawa volayaca ena Legal Practitioners Act 1997.
- dua me daunifika veiqaravi raraba volayaca ena Fiji Institute of Accountants Act (Cap 259)
- dua me vakaivola se kila vinaka na bula vakailavo se vakaivola ena tabana yaga tale eso

Bose ni Matabose

- tuvani me tinikadua na bose ena dua na yabaki
- kacivi me dua tale na bose kevaka e gadrevi

Na Veikomiti ni Veiqaravi

- e sega ni dau solia na vakatulewa lelevu ki na veikomiti na Lewe ni Matabose
- sa itavi ni komiti me dau dikeva na veika vakamatalalai qai solia na nona vakatutu ki na Matabose.

Komiti Lailai ni Vakatubuilavo

- bose vakatinikadua ena dua na yabaki
- bucina na iwalewale ni vakatubuilavo
- vukea na Matabose me vakasaqara ka dikeva na sasaga ni vakatubuilavo
- wanonova na ririko ni vakatubuilavo kei na rawaka vakailavo
- lesuva na ivola cakacaka ni vakatubuilavo ena gauna e veiganiti

Komiti Lailai ni Vosa kei na iTovo

- rauta ni va na bose ena dua na yabaki
- vukea na buli cake ni sala eso me maroroi ka vakatetei kina na itovo, vosa vakaviti kei na yaunivanua
- bucina na usutu ni veiqaravi, kena iwalewale, kena ituvatuva
- vukea na kena taraicake na cakacaka vata kei ira na isoqosoqo e Viti, Pasifika kei na veiyasai vuravura

Komiti Lailai ni Sikolasivi

- rauta ni rua na bose ena dua na yabaki
- me vakayacora na nodra vakatarogi na kere sikolasivi ka solia na nona vakatutu ki na Matabose
- me dikevi na ivola cakacaka ni soli sikolasivi ena gauna e veiganiti

Na iVakatagede ni Cakacaka

- dikevi vakaivola ni veiqaravi ni Matabose
- vakaitavi ni lewe ni Matabose yadua ena bose taucoko
- vakarawarawataki ni itukutuku
- vakarautaka vei ira na lewe ni matabose na nodra ivakasala na kenadau
- vakabau na idusidusi ni veiqaravi

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