

**FIJI INSTITUTE
OF ACCOUNTANTS**
ANNUAL REPORT 2003



President's Report



The Institute faced enormous challenges to respond effectively to the needs of our members and the changes in the accounting profession globally, particularly the unprecedented scrutiny by the regulators and the general public, of accounting standards, corporate governance and ethical issues.

These changes presented ideal opportunities for the Institute to improve the quality of services to our members and to respond proactively and authoritatively to the expectations of the wider community.

We made significant progress on a number of initiatives that were undertaken in response to demands placed by the accounting profession. Our accounting and auditing standards were updated to bring these in line with the International Standards and issued to members. In a move to improve the quality of reporting a Surveillance Panel was set up to review published accounts for compliance with the accounting standards and other statutory reporting requirements.

We continued to provide focused training programs to our members on areas of current interest within the accounting profession such as Standards, Ethics, Taxation and IT. It was encouraging to see the continued increase in demand for our technical workshops and seminars. Delegates at our training programs represented a cross section of

representatives from the public and private sector and from all walks of life. It was reassuring to see a continuing presence of a large number of non-members, which clearly demonstrates that learning and expanding one's knowledge was not only driven by professional membership requirements but also by individuals' own desire to do so.

As part of our Corporate Plan we undertook an Accreditation Project to evaluate and assess the quality of courses and programs which students are required to undertake to gain membership to the Institute. We will follow up the findings with the respective education providers to implement the recommendations. In addition, the project provided a platform to review our membership requirements and liaise with the University of the South Pacific in setting accounting curriculum, aligning these to the core competencies expected of professional accountants globally.

We continued to build on our Institute's good reputation in the local business community and also with the government. Through our Business and Government and Law Review Committees we increased our presence in the community and with Government through dialogue, submissions and representations.

Our Annual Congress, which has been Fiji's premier business forum for many years, continued to provide an opportunity to bring together businessmen, accountants, economists and policy makers from all sectors to deliberate on economic, business issues and matters of national interest. The Institute continued to play an important role in developing the Fiji economy by providing confidence to investors that Fiji has a credible and robust financial reporting infrastructure based on international standards and practices.

We made significant progress on the implementation of our Corporate Plan, especially on Standards, Education, and Advocacy. A milestone in our communications program was the setting up of



the Institute's website which provided a major step towards strengthening communication with our members. Progress on the review of the Institute's Acts and Rules was, however, slower than expected and this will require increased effort in future to bring our legislation in line with current developments in the accounting profession. It is now perhaps an opportune time to review the Institute's Corporate Plan given these developments.

The Institute's strategies for the future are simple – to benchmark its governance and programs to international practice and to listen to its members. In this regard, the Institute welcomes views, feedback and active participation from all its members in setting its future direction and programs.

The Institute enjoys international recognition as a full voting member of the global accounting body, the International Federation of Accountants, (IFAC) and Confederation of Asian and Pacific Accountants (CAPA). During the year we strengthened dialogue with IFAC by making submissions on its various initiatives. Of particular relevance to the Institute are IFAC's Proposals for Reforms and the Statements of Membership Obligations (SMOs). The Institute will continue to exert its best endeavours to comply with the SMOs and to keep abreast with international

practice on the governance of accounting institutions. It is reassuring to see that we are generally in compliance with the SMOs.

During the year the Institute made remarkable progress in serving the needs of its members and the community at large and also aligning its governance to international practice. All of these would not have been possible without the hard work put in by my fellow Council Members, Committee Members and the Executive Director and his team. I would like to thank you all for your dedication and untiring efforts. I would also like to take this opportunity to acknowledge the support provided by the Institute of Chartered Accountants of New Zealand and CPA (Australia) towards our professional development programme and in other areas.

Looking ahead it gives me a lot of satisfaction to see that we have a strong Institute which is well placed to meet the challenges presented by developments in the accounting profession globally and to respond effectively to its members' needs.

Deo Saran



THE COUNCIL FOR 2003/2004

President	: Deo Saran
Vice President	: Sikeli Tuinamuana
Treasurer	: Lisa Apted
Members	: Deepak Rathod Ross McDonald Anjnish Jokhan Chirk Yam Manoa Kamikamica (to 7 June) Pradeep Patel

ANNUAL GENERAL MEETING

During the Annual General Meeting of 2002, a proposal was put forward that future Annual general meetings should be separated from the Congress, and held at a different time, to allow for greater participation by younger members.

In response to this suggestion, the Thirty-Second Annual General Meeting of the Institute was held in conjunction with a Technical Workshop at the Warwick Fiji Resort on 7th June 2003 at 11.45 am. The meeting was attended by a total of seventy-seven members, fifty of whom were full Chartered Accountant members, sixteen Provisional Members and eleven Affiliate Accountants.

Since no contending nominations were received for any of the Council positions, in categories A, B or C, against those whose terms of office were due to expire, in those categories: Sikeli Tuinamuana in Category A, Deo Saran in Category B and Pradeep Patel in Category C, these three persons were re-elected unopposed for a further 3 years.

Gardiner Whiteside was elected as the Institute's Auditor for the ensuing year.

Two motions were introduced and passed at the meeting, to extend the list of recognised overseas institutions and to increase the CPE "structured" hours requirement.

THE COUNCIL

As mentioned in the preceding section, Sikeli Tuinamuana, Deo Saran and Pradeep Patel retired, having completed their periods in office in 2003 and were all re-elected, unopposed, for a further period of three years.

Council expresses sincere appreciation to Anjnish Jokhan who completed her one year term as President in 2003.

Following the Annual General Meeting, Deo Saran and Sikeli Tuinamuana were elected by the Council as President and Vice President respectively for the year 2003/2004.

Lisa Apted was elected by Council to act as Treasurer for the Institute for the second consecutive year.

During the year, Mr Manoa Kamikamica vacated his place on Council, and invitations were issued by the Council, later in the year for persons in Category B who wished to be considered for appointment to the vacant position to forward their names to the Executive Director. The position was still vacant at the end of 2003.

The Council held 13 meetings during the year of which 11 were regular monthly meetings and two were special - one being to consider aspects of the Corporate Plan and the other to elect the President, the Vice President and the Treasurer and to appoint the members of the Investigation and Disciplinary Committees, following the Annual General Meeting. Twelve out of the thirteen meetings were held in Suva and the other one at the Warwick Fiji Resort, on the Coral Coast.

The Council decided in 2002 that, as an innovation and in the interests of transparency, a record should be kept of the attendance by members at Council meetings during each year. This is reproduced for 2003 in the following table:



Deo Saran	11 out of 13	84.6%
Sikeli Tuinamuna	10 out of 13	76.9%
Deepak Rathod	9 out of 13	69.2%
Ross McDonald	10 out of 13	76.9%
Anjnish Jokhan	11 out of 13	84.6%
Lisa Apted	10 out of 13	76.9%
Chirk Yam	12 out of 13	92.3%
Pradeep Patel	13 out of 13	100.0%
Manoa Kamikamica	0 out of 3	0.0%

CONGRESS 2003

The Annual Congress for the year 2003 was held once again at the Sheraton Fiji Resorts over the two-day period from 9th to 11th May 2003. The theme chosen for this year was "Many Voices - One Dream".

A total of 563 persons attended, comprising 269 resident delegates (of whom 103 were members and 166 non members), 142 partners, 83 children, 7 non resident day delegates (2 of them being members) and 62 non resident "session delegates" (of whom 21 were members).

Representatives from the sister accounting organisations in Australia and New Zealand also attended.

The Organising Committee for the 2003 Congress decided to introduce some innovations into the regular programme of events. While maintaining much of the regular pattern, but without designating a keynote speaker, four major speakers were featured for the first day, dealing with significant topical issues of interest locally and internationally. On the second day, however, the early part of the morning was devoted to three short sessions on social and environmental issues and the latter part to three short sessions on local successful large and small industries in Fiji. A total of eleven speakers took part.

The four speakers featured on the first day addressed a number of local and international topics as follows:

"The Whistle-Blower's Dilemma - Loyalty or Disclosure" by Mr Chris Finlayson, a Barrister from New Zealand (presented on his behalf by Mr Shane Anderton)

"TV in Fiji - Confronting the Competition" by Mr Ken Clark, Chief Executive of Fiji Television

"The Concept of Justice - Who Needs Justice More? An Accused or the Victim" by Mr Graham Davis, a Fiji-born Journalist from Australia

"Fear God and Blame Other People - Accepting Responsibility" by Mr Richard Naidu, a Partner with Munro Leys, Suva

The seven speakers and their topics featured on the second day were as follows:

"Growing Together - Towards a Greater Tolerance in Religion, Race and Politics" by Reverend Akuila Yabaki, a Human Rights Advocate in Fiji

"This Will Be Our Future" by Ms Jacqui Koroï and Ms Subashni Raj, two members of the Fiji UNICEF "Youth Focus Group"

A Warmer (Cooler?) World - Development Embracing Environment by Professor Randy Thaman from the University of the South Pacific

"A Floral Tribute - The Floral Industry and Its Future" by Mrs Aileen Burness of South Sea Orchids Ltd

"A Golden Future - The Future for Fiji's Gold" by Mr Gregory Starr, Chief Executive of Emperor Gold Mines Ltd



"People, Passion and Power - A Successful Fiji Cottage Industry" by Mrs Gaetane Austin, Co-Director of Sandollars Fiji Ltd

A Communique was issued at the end of the Congress, which included a series of 18 resolutions, much of it concerned with law and order matters, under the following headings:

Whistle Blowers	Criminal Legislation
Investigation and Planning	Police Briefing
Police Resources	Prevention
Zero Tolerance	Small Business
Youth	

It is the intention that each of these proposals will be taken up with the relevant authorities.

THE ACT, RULES AND BY-LAWS

During the Annual General Meeting in June, a motion was passed to extend the list of overseas accounting bodies recognised by the Institute, under the Schedule to the Rules, by including bodies from Canada, Hong Kong, Japan, Papua New Guinea, Singapore, Sri Lanka, South Africa and the United States of America.

The additional overseas accounting bodies now recognised are as follows:

The Society of Management Accountants of Canada
 The Certified General Accountants Association of Canada
 The Hong Kong Society of Accountants
 The Japanese Institute of Certified Public Accountants
 The Papua New Guinea Institute of Accountants
 The Institute of Certified Public Accountants of Singapore
 The Institute of Chartered Accountants of Sri Lanka
 The South African Institute of Chartered Accountants
 The American Institute of Certified Public Accountants

A second motion was passed to increase the requirement for mandatory "structured" CPE hours to be completed by members under the CPE By-Laws from 10 hours annually to 20 hours. The Committee appointed by Council to consider possible amendments to legislation met on three occasions and has developed a timetable for the development and submission of proposals, with a complete first draft of the proposed legislation scheduled for July 2004 and with enactment of a full set of new legislation by January 2005.

EDUCATION AND MEMBERSHIP

During the course of 2003, the Education, Membership and Awards Committee, which is now also responsible for the development of a post Graduate Professional Programme, considered and recommended to Council the admission of the following, all of whom were approved by the Council:

- 27 Chartered Accountants (of whom 15 were transfers from other categories)
- 34 Provisional Members (of whom 1 was previously an Affiliate Accountant)
- 36 Affiliate Accountants

In addition the Council granted four certificates of public practice to Mr Yogendra Deb, from Sambhu H Prasad & Co, Mr Ashvin Nandha and Mr Hitesh Nandha both of Nandha & Co and Mr Wiliki Takiveikata of PricewaterhouseCoopers.



The following table reflects an interesting trend in the level of new admissions to membership:

NEW ADMISSIONS

Year	Chartered Accountants	Provisional Members	Affiliate Accountants	Total
1998	36	29	18	83
1999	16	25	20	61
2000	22	55	41	118
2001	17	31	44	92
2002	13	24	27	64
2003	27	34	36	97

It is noticeable that the number of new members admitted, which dipped very noticeably in 2002, has returned to the levels achieved in previous years in 2003.

The Committee had previously reviewed a number of options for development of a post Graduate Professional Programme which had previously been considered and also developed a questionnaire which it circulated to potential employers - seeking to determine the qualifications and aptitudes that employers consider to be most important for new employees in the accounting field, with a disappointing response.

During 2003, the Committee also secured the services of Professor Roger Hopkins, previously of the University of the South Pacific but currently Emeritus Professor with the Victoria University of Wellington, New Zealand, and an education consultant, who has undertaken an exercise to examine the suitability for accreditation of a number of tertiary education establishments in Fiji in relation to the accepted standards and practices of the University of the South Pacific.

The tertiary institutions included in Professor Hopkins' review were:

- The University of the South Pacific
- The Fiji Institute of Technology
- The Training & Productivity Authority of Fiji
- The Central Queensland University, Suva Campus
- The New Zealand Pacific Training Centre

This report, together with Professor Hopkins suggestions on the development of the graduate professional programme is currently being studied by the Committee, with a view to presenting proposals for the accreditation of certain tertiary education courses and the prescription of some additional academic courses to be completed by applicants seeking admission as full Chartered Accountant members.

AWARDS AND MEDALS

In the interests of promoting study of, and the highest standards of excellence and achievement among students in accounting, the Institute offers sponsorship, by way of the award of gold medals, to students at two of the main tertiary institutions in Fiji that provide courses in accounting.

The University of the South Pacific will be making an award of a gold medal for the most outstanding student graduating in Accounting and Financial Management, in respect of 2003. However, the graduation ceremony will not be taking place until April 2004 and the names of those who will be receiving the gold medals will not be announced before the graduation ceremony.

No gold medal will be awarded for the best student in the Diploma in Business Studies (Accounting Option) for 2003 at the Fiji Institute of



Technology. The system has been changed at the Institute and a gold medal is now awarded to the best student overall - across the entire spectrum of courses provided at the Institute.

After a lapse of three years the competition for the Young Accountant of the Year was revived in 2001. However, after this initial year, the sponsorship arrangement lapsed and an alternative sponsor had to be sought for the award. A new three-year sponsorship has now been arranged with the firms of Pacsoft and Epicor. The award for the year 2003 was made to Mr Alipate Naiorosui, Chief Executive of the Housing Authority, and was presented during the Technical Workshop held at the Warwick Fiji Resort in June 2003.

Council had agreed, in 2000, to provide sponsorship for a new award for a Fiji Secondary Schools Form 6 student who gained the highest marks in Accounting. However, no single student qualified in respect of the year 2000, since six students gained equal highest marks (99 out of 100) and therefore certificates and cash prizes were awarded to all six. No award was made in respect of the year 2001 because although some 17 students were reported to have gained the same highest marks (100 out of 100) there were reservations expressed about the integrity of results, following claims that exam papers had been leaked. No further awards have been made, in the light of the introduction of scaling of results and grades, rather than marks, for performance - making the determination of the highest scoring student a difficult and contentious undertaking.

PROFESSIONAL DEVELOPMENT

Probably the single most valuable service provided by the Institute for its members is the professional development programme, which offers members opportunities to update their professional skills and knowledge of developments in the international and local accounting field.

To enable members to complete the required minimum number of hours of "structured" Continuing Professional Education of either 10 hours annually or 30 hours over a three year period, the Professional Development Committee organised a very varied and comprehensive programme for the year 2003, comprising seven Seminars and two Technical Workshops.

These nine activities, together with the five hours that could be earned by those attending the Annual Congress in May 2003, offered FIA members an opportunity to complete no less than a total 36 hours of structured continuing professional education, as follows:

Seminar	February 18th/March 4th	3	hours
Seminar	March 25th/28th	2 1/2	hours
Seminar	April 28th/June 26th	2 1/2	hours
Congress	May 9th/10th	5	hours
Workshop	June 7th/8th	6 1/2	hours
Seminar	July 28th/29th	2 1/2	hours
Seminar	August 28th/September 1st	2 1/2	hours
Seminar	September 18th	2 1/2	hours
Workshop	November 1st/2nd	6 1/2	hours
Seminar	November 5th/11th	2 1/2	hours

Once again for the year 2003, an interesting feature has been the fact that many of the programme activities have been patronised by people who were not registered members of the Institute, as the following table demonstrates:



DELEGATES

			Members	Non Members
Seminar	Suva	February 18th	36	14
	Ltka	March 4th	10	3
Seminar	Suva	March 25th	31	34
	Ltka	March 28th	8	17
Seminar	Suva	April 28th	13	12
	Ltka	June 26th	9	14
Congress	Nadi	May 9th/10th	126	212
Workshop	Wrwk	June 7th/8th	103	57
Seminar	Nadi	July 28th	11	9
	Suva	July 29th	35	30
Seminar	Suva	August 28th	39	51
	Ltka	September 1st	11	17
Seminar	Suva	September 18th	18	24
Workshop	Wrwk	November 1st/2nd	86	59
Seminar	Suva	November 5th/6th	59	96
	Ltka	November 11th	26	57

April 28th and June 26th
"Responsibilities under the Companies Act"

Presented by Mr Neil Underhill, of Neil Underhill and Associates.

July 28th and 29th
"Money Laundering and an Update on the Fiji Economy"

Presented by Mr Gilbert Veisamasama and Mr Jitendra Singh of the Reserve Bank of Fiji.

August 28th and September 1st

"Fraud - Prevention, Detection and Reporting"

Presented by Professor Rod Coutts of the University of the South Pacific.

September 18th

"Corporate Environmental Reporting - Socio-Economic Impacts"

Presented by Dr Richard Whitwell of the Central Queensland University.

November 5th, 6th and 11th

"FITS - An Introduction"

Presented by Mr David Tansey and Ms Annie Yuen of the Fiji Islands Revenue and Customs Authority.

A new feature introduced into the programme for the years 2002 and 2003 has been the active involvement of the Fiji branches of both CPA Australia and ICANZ in the planning and operation of the annual programme. This has enabled the

SEMINARS

The topics and presenters for the seven Seminars for 2003 (all of which were held in Suva and the Western Division, other than the one on 18th September) were as follows:

February 18th and March 4th

"Code of Ethics and the Disciplinary Process"

Presented by Mr Vishnu Deo, Past President and previously Partner of KPMG.

March 25th and 28th

"Tax Compliance and an Update to the Changes to Tax Legislation in 2001 and 2002"

Presented by Mr Chirk Yam of Pricewaterhouse Coopers.



Committee to attract notable speakers from overseas, principally through the assistance of CPA Australia, who have been actively involved as co-sponsors for both the Technical Workshops organised in the latter part of the year in 2002 and 2003.

TECHNICAL WORKSHOPS

The first Technical Workshop was held at the Warwick Fiji Resort on 7th and 8th June 2003, incorporating 2 plenary and 3 "break-out" sessions covering the following topics:

The two Plenary sessions were:

"Corporate Governance" by Mr Savenaca Siwatibau, Vice Chancellor of the University of the South Pacific

"Preparation of Prospectuses" by Ms Julie Apted, Chief Executive of the Capital Markets Development Authority and the three "Break-Out" sessions, all on Fiji Accounting Standards, were:

"Disclosure Requirements under the new Fiji Accounting Standards" by Professor Mick White of the University of the S Pacific

"Revaluation of Assets" by Mr Parmod Chand of the University of the S Pacific

"Consolidation" by Mr Bruce Sutton, Partner in KPMG

Participants were asked to complete an evaluation of the workshop by responding to a questionnaire distributed at the end. Interestingly, those who did respond expressed, once again, a preference for more "break-out" sessions and, among the topics requested for future workshops, a marked preference was expressed for more presentations on Accounting Standards.

A total of 234 people attended of whom 160 were delegates, 41 were partners and 33 were children.

A second Technical Workshop was also held at the Warwick Fiji Resort on 1st and 2nd November 2003 incorporating 4 Plenary and 2 "Break-Out" sessions:

The four Plenary sessions were:

"Regulating Investment - Getting It Right!" by Mr Richard Naidu, Partner in Munro Leys

"Listing Requirements of the Stock Exchange" by Mr Sanjay Sharma, Chief Executive of the South Pacific Stock Exchange

"Global Reporting Initiative" and "Corporate Reporting - Beyond the Financials" (A case study)

by Mr Deo Saran, FIA President and Consultant with the Fiji Sugar Industry Restructuring Team, and Mr Vikash Singh of British American Tobacco

"International Accounting Issues" by Ms Naomi Carroll of CPA Australia and the two "Break-Out" sessions were:

"The Red Flags of Fraud" by Professor Rod Courtts of the University of the S Pacific

"Professional Ethics and Strategic Cost Management" by Ms Naomi Carroll of CPA Australia

All the participants were once again asked to complete an evaluation of the workshop, through a questionnaire, and once again a preference expressed by a majority of those who responded was for more "break-out" sessions and for more sessions on accounting standards.

A further innovation was introduced for this Workshop, in making all those delegates who attended



various sessions sign an attendance register. It had been noticeable in the case of some of the previous workshops that the attendance levels dropped off sharply on the second day.

A total of 228 people attended of whom 145 were delegates, 49 were partners and 34 were children.

JOURNAL

Three issues of the Institute's "Accountant" Journal were produced and four were distributed to members during 2003:

The December 2002 issue which was published late in December 2002 was distributed in January 2003;

The May 2003 issue which was distributed in May 2003 in time for the 2003 Congress;

The October 2003 issue which was distributed in October 2003; and

The December issue which was distributed during December 2003, just prior to Christmas.

DISCIPLINARY PROCEEDINGS

The Investigation Committee met on three occasions during 2003 - in February, August and October - and considered a total of 10 cases, of which 7 had been outstanding from the previous year.

Of these 10 cases, three have so far been referred to the Disciplinary Committee, two are in abeyance, pending court action between the parties and two have been dismissed. The remaining three are still under consideration.

The Disciplinary Committee met on five occasions during the year and has considered the six cases referred to it - all of which originated in previous years. Decisions have been reached in all these cases and various penalties awarded.

Of the six cases, one has resulted in a censure, four in a censure with fine and costs and one in

suspension with fine and costs. Two cases were under appeal to Council at the year's end.

BUSINESS AND GOVERNMENT COMMITTEE

The Business and Government Committee, at the request of the Ministry of Finance, produced a detailed submission on the Government's National Budget for 2004, which was presented to the Minister of Finance at a meeting with him on 20th August 2003. A letter clarifying some of the issues contained in the submission was later sent to the Minister, on 11th September.

Following the presentation of the Budget to Parliament in November 2003, a further submission was addressed to the Minister, and a press release issued, covering some areas of concern to the Institute and the profession.

Ms Lisa Apted, Chairperson of the Business and Government Committee, attended a Workshop on Rural Banking organised by the Reserve Bank of Fiji on 3rd July 2003, to consider the provision of financial services in rural areas.

Ms Apted also attended a meeting organised by the Ministry of Commerce, Business Development and Investment on the 2nd September 2003 that was designed to develop a framework for the infrastructure of Fiji's e-commerce for the future.

LAW REVIEW COMMITTEE

The Institute was asked to provide comments upon a number of draft policies and legislative provisions produced by Government and other statutory institutions during 2003.

Mr Pradeep Patel, as Chairman of the Law Review Committee, attended a Joint Private Sector Consultative Group Meeting on 10th April 2003 to discuss some provisions of the draft Industrial Relations Bill.



The Fiji Audio Visual Commission (FAVC) invited comments from the public on proposed amendments to Audio Visual legislation and the Committee provided a submission on 3rd October 2003.

However, as was the case in 2002, the primary focus of the Committee's activities during 2003 was in the field of developing its continuing relationship with FIRCA - through joint meetings, in March and August 2003 - and in responding to requests from FIRCA for comments upon draft practice statements and forms and documentation associated with the Fiji Integrated Tax System (FITS):

On Practice Statements -

5 on Taxable Aspects of Tax Free Zones on 8 September 2003

13 on Tax Agents' Lodgement Programme for 2003 Returns on 19 November 2003

On FITS Forms -

The first 14 Forms on 22 October 2003

The second 20 Forms on 17 November 2003

STANDARDS

The Council agreed in principle, at its meeting in January 1999, that the International Accounting Standards prescribed by the International Accounting Standards Committee (IASC) and the International Standards on Auditing prescribed by the International Federation of Accountants (IFAC) should be adopted as the basis for a completely new revised set of Fiji accounting and auditing standards.

The Accounting and Auditing Standards Committee completed its review of the accounting standards during 2001 and was able to produce a set of 34 Fiji Accounting Standards that was published at the end of that year.

The Committee completed a similar review of the IFAC's International Standards on Auditing and presented a new set of 37 Fiji Standards on Auditing and 9 Fiji Auditing Guidance Statements by the end of the following year that was published and distributed in January 2003.

THE CORPORATE PLAN

Substantial progress has been made in implementing the recommendations contained in the Institute's Corporate Plan, adopted in 2001, and much of this was covered in a separate report published in the May issue of the FIA Journal.

All Committees have been active during the year reviewing and implementing the various recommendations. In addition, a number of Committees have also developed operation plans, against which to measure progress. However, certain of the recommendations contained in the Corporate Plan can only be implemented if amendments are made either to the Act, Rules or Bylaws of the Institute.

IN MEMORIAM

The year 2003 has again been marked by the sad deaths of two more of our Founding members, Mr Hargovind Lodhia on 21st October and Mr Vishnu Prasad, who was also a Past President, on 8th December.

The Institute also acknowledges a very sincere debt of gratitude to a man who, although never a member himself, contributed so much to functions staged by the Institute such as Congresses and Workshops; Mr Savenaca Siwatibau will be greatly missed and mourned by many.



MEMBERSHIP STATISTICS

The total number of members, of all categories, on the Institute's Register as at 31st December 2003 was 531 - a marked increase of 27 on the total recorded for 2002. In drawing comparisons with statistics for the previous years it should be noted that the total figures for 1998 included members whose subscriptions were not current at the end of that year and therefore the comparison will be misleading.

During 2003, the names of 131 members and 42 students were removed from the Register in respect of 2002. Predominantly these were those members who had migrated and/or who had not paid subscriptions.

During the year a total of 97 new members were admitted, of whom 27 were admitted as Chartered Accountants (15 by transfer from Provisional Member and 1 by transfer from Affiliate Accountant), 34 as Provisional Members (one by transfer from Affiliate Accountant) and 36 as Affiliate Accountants. An additional 25 Students were also enrolled.

As mentioned above, some of these "new" members were, in fact, transfers from other membership categories.

Four new certificates of Public Practice were issued by the Council during 2003.

While the number of new members admitted is encouraging, the Institute continues to lose members - principally through migration.

The comparative figures for 2002 and 2003 for the various categories were as follows:

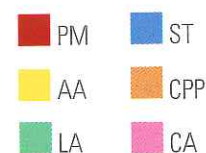
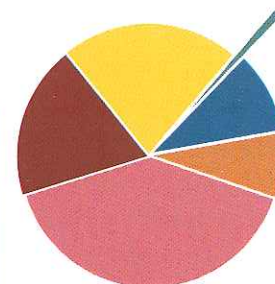
	2002	2003
Chartered Accountants in Public Practice	36	40
Chartered Accountants not in Public Practice	202	213
Provisional Members	93	103
Affiliate Accountants	103	120
Licensed Accountants	4	4
Students	66	51
	504	531

Eighty-four members were resident overseas of whom 70 were Chartered Accountants 8 were Provisional Members and 6 were Affiliate Accountants.

Only four of the original 72 Licensed Accountants remain on the Register, two having passed away in 2002 and one in 2003.

A. MEMBERSHIP BY CATEGORY (1998 - 2003)

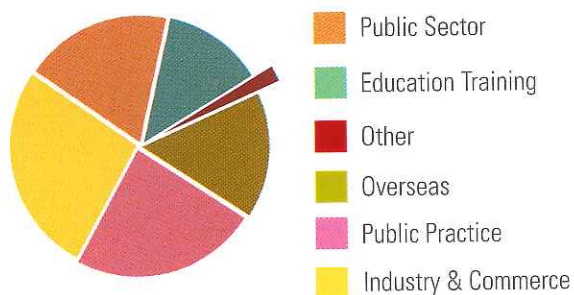
	CPP	CA	PM	AA	LA	ST	TOTAL
1998	35	310	68	121	11	40	585
1999	35	263	78	93	10	51	530
2000	37	236	104	107	10	21	515
2001	37	217	97	113	7	45	516
2002	36	202	93	103	4	66	504
2003	40	213	103	120	4	51	531





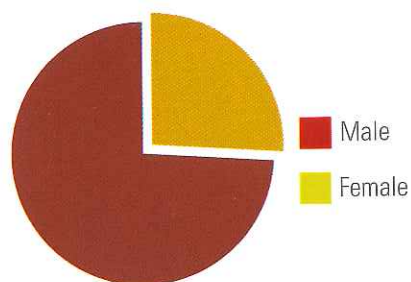
B. MEMBERSHIP BY OCCUPATION (2003)

	GPP	CA	PM	AA	LA	ST	TOTAL
Public Practice	40	26	43	13	4	-	126
Industry and Commerce	-	66	22	57	-	-	145
Public Sector	-	42	25	35	-	-	102
Education and Training	-	5	3	3	-	51	62
Other	-	4	2	6	-	-	12
Overseas	-	70	8	6	-	-	84
	40	213	103	120	4	51	531



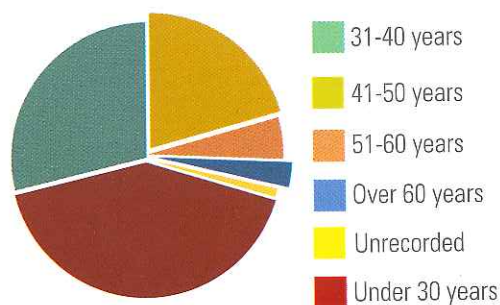
C. MEMBERSHIP BY GENDER (2001 - 2003)

	2001	2002	2003
Male	388	373	392
Female	128	131	139
	516	504	531



D. MEMBERSHIP BY AGE (2001 - 2003)

	2001	2002	2003
Under 30	231	232	223
31 to 40	137	125	155
41 to 50	100	104	101
51 to 60	26	24	30
Over 60	17	14	17
Unrecorded	5	5	5
	516	504	531





FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

CONTENTS	PAGE
Income and expenditure statement	16
Balance sheet	17
Statement of cash flows	18
Notes to and forming part of the financial statements	19 - 25

**STATEMENT BY THE COUNCIL OF FIJI INSTITUTE OF ACCOUNTANTS**

On behalf of the Council of the Fiji Institute of Accountants, we state that in our opinion the accompanying financial statements of the Institute set out on pages 16 to 25 for the year ended 31st December 2003 are drawn up so as to give a true and fair view of the state of affairs of the Institute at 31st December 2003 and of its results and cash flows for the year then ended.

PRESIDENT
Suva, Fiji

TREASURER
3rd June 2004

INDEPENDENT AUDIT REPORT**To the members of the Fiji Institute of Accountants****Scope**

I have audited the Financial Statements of the Fiji Institute of Accountants for the year ended 31 December 2003 as set out on pages 16 to 25. The Institute's committee members are responsible for the preparation and presentation of the Financial Statements and the information they contain. I have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the Institute.

My audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. My procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the Financial Statements are presented fairly in accordance with Fiji Accounting Standards and statutory requirements so as to present a view which is consistent with my understanding of the Institute's financial position, the results of its operations and its cash flow.

Audit Opinion

The audit opinion expressed in this report has been formed on the above basis.

In my opinion, the financial statements present fairly in accordance with Fiji Accounting Standards the financial position of the Fiji Institute of Accountants as at 31 December 2003 and the results of its operations and its cash flows for the year then ended.

Gardiner Whiteside
Chartered Accountant

3 June 2004
Suva, Fiji



INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003	2002
INCOME			
Admission fees		\$ 6,060	1,869
Members' subscription	2	51,798	49,801
Interest		4,216	6,710
Dividend		1,654	2,193
Special committees (net surplus)	3	83,285	59,966
Technical publications	4	9,009	10,565
Gain on dissolution of Professional Centre	5	78,789	-
Other		2,142	1,513
TOTAL INCOME		236,953	132,617
EXPENDITURE			
Advertising		1,305	3,791
Bank charges		2,188	949
Council and committee expenses		1,277	2,737
Depreciation		5,744	4,775
Electricity		1,752	1,922
Entertainment		-	727
General expenses		1,364	777
Gifts and awards		594	-
Handbook to members		6,730	3,724
Insurance		5,552	4,326
International activities	6	13,111	15,071
Legal and professional expenses		6,902	1,364
Loss on retirement of fixed assets		2,838	-
Postage and telephone		4,484	4,673
Printing and stationery		12,416	12,987
Rental		13,050	12,000
Repairs and maintenance		378	935
Salaries and wages & associated costs		45,007	39,848
Travelling and conferences		5,128	809
TOTAL EXPENDITURE		129,820	111,415
NET SURPLUS CARRIED FORWARD TO MEMBERS' FUNDS		\$ 107,133	21,202

The Income and Expenditure Statement is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 19 to 25.



BALANCE SHEET AT 31 DECEMBER 2003

CURRENT ASSETS

Cash at bank and on hand		\$	26,570	32,732
Cash on deposit			55,919	93,625
Interest receivable			1,858	2,115
Inventories	7		9,064	15,794
Other assets	8		23,858	17,234

TOTAL CURRENT ASSETS

117,269 161,500

NON-CURRENT ASSETS

Cash on deposit			122,172	65,000
Investments	9		135,316	45,320
Plant and equipment	10		20,904	24,042

TOTAL NON-CURRENT ASSETS

278,392 134,362

TOTAL ASSETS

395,661 295,862

CURRENT LIABILITIES

Creditors and accruals			12,648	16,783
Provisions	11		6,825	6,400
Subscriptions and fees received in advance			2,822	6,446

TOTAL CURRENT LIABILITIES

22,295 29,629

TOTAL LIABILITIES

22,295 29,629

NET ASSETS

373,366 266,233

MEMBERS' FUNDS

Balance brought forward			266,233	245,031
Surplus for the year			107,133	21,202

TOTAL MEMBERS' FUNDS

\$ 373,366 266,233

The Balance Sheet is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 19 to 25.

PRESIDENT

TREASURER



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members and others	\$	65,870	51,670
Receipts from special committees and technical publications		415,553	367,469
Interest received		4,216	5,861
Dividend received		1,654	2,193
Payment to suppliers and employees		(453,318)	(382,213)
Bank charges		(2,188)	(1,099)
Net VAT		(1,832)	3,144
Net cash flows from Operating Activities	13(a)	29,955	47,025
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(5,444)	(11,240)
Proceeds on sale of interest in FPC		78,790	-
Investments		(89,997)	-
Net cash flows (used in) Investing Activities	13(a)	(16,651)	(11,240)
Net increase in cash held		13,304	35,785
Cash at the beginning of the financial year		191,357	155,572
Net cash at the end of the financial year	13(b) \$	204,661	191,357

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 19 to 25.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the institute is set out in this note. The policies adopted are in accordance with the accounting principles generally accepted in Fiji, and unless stated otherwise are consistent with those applied in the prior year.

a) Basis of preparation of the financial statements

The financial statements have been drawn up in accordance with Fiji Accounting Standards. They have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. The accounting policies have been consistently applied.

b) Inventories

Inventories are valued at the lower of cost or net realizable value.

Cost is determined on a first-in first-out basis.

c) Plant and equipment

Plant and equipment is depreciated on a straight line basis at rates calculated to write off each asset over its estimated useful life. The principal rates in use are:

Office furniture and equipment - 10% and 25%

Profit and losses on disposal of plant and equipment are taken into account in determining surplus for the year.

d) Income tax

In accordance with the provisions of the Income Tax Act, the Institute is exempt from income tax.

e) Subscriptions

Subscriptions in arrears are not brought into account.

f) Investments

Investments are recorded at the original cost of investment.

g) Comparative figures

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

h) Donations in kind

Donations in kind are not separately recorded in the financial statements and have no effect on the results of the Institute for the year.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 2. MEMBERS SUBSCRIPTION

	2003	2002
Members holding a certificate of public practice	\$ 11,017	10,230
Members not holding a certificate of public practice	23,537	22,332
Provisional members	6,241	5,816
Licensed accountants	440	660
Affiliate members	7,152	6,365
Overseas members	2,876	3,728
Student members	535	670
	<u>\$ 51,798</u>	<u>49,801</u>

NOTE 3. SPECIAL COMMITTEES

(a) Annual Congress

Income

Registration fees	\$ 239,049	209,253
Sponsorship	51,778	50,909
Other	737	1,893
	<u>\$ 291,564</u>	<u>262,055</u>

Expenses

Accommodation, food and beverage	\$ 200,479	184,818
Advertising	672	304
Bank charges	270	150
Entertainment	7,971	3,483
Donation and gifts	636	1,646
Satchels	6,951	7,364
Publicity	0	3,100
Stationery, telephone and facsimile	5,886	5,440
Travelling	7,974	11,494
	<u>230,839</u>	<u>217,799</u>

Surplus

	<u>\$ 60,725</u>	<u>44,256</u>
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(b) Continuing Education Courses

Income

Registration fees and levies	\$ 105,477	82,127
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Expenses

Venue costs and refreshments	84,586	67,311
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Surplus

	<u>\$ 20,891</u>	<u>14,816</u>
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS [CONT'D] FOR THE YEAR ENDED 31 DECEMBER 2003

NOTE 3. SPECIAL COMMITTEES (CONT'D)

(c) Journal Committee

Income

Advertising revenue	\$	9,584	9,922
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Expenses

Production and other costs		12,599	9,753
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(Deficit)

	(3,015)	169
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(d) Western Division Committee

Income

Registration fees and levies	\$	10,050	2,800
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Expenses

Venue, refreshments and other costs		5,366	2,075
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Surplus

	\$	4,684	725
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Net surplus special committees	\$	83,285	59,966
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NOTE 4. TECHNICAL PUBLICATIONS

Sale of handbooks	\$	9,009	10,565
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NOTE 5. GAIN ON SALE OF INTEREST IN PROFESSIONAL CENTRE

The Fiji Professional Centre was sold in 2002 for \$165,000 (VIP). Upon dissolution of the Professional Centre in 2003 the Institute share of the proceeds, calculated in accordance with the constitution of the Professional Centre, amounted to \$78,790.

NOTE 6. INTERNATIONAL ACTIVITIES

Subscription to:

- International Federation of Accountants	7,191	8,147
- Confederation of Asian and Pacific Accountants	1,525	1,515
- International Accounting Standards Board	4,395	5,409

\$	13,111	15,071
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 7. INVENTORIES

Binders
Hand books

	2003	2002
\$	93	10,234
	8,971	5,560
	<u>9,064</u>	<u>15,794</u>

NOTE 8. OTHER ASSETS

Deposit – Congress
Other debtors and prepayments

	11,660	7,273
	12,198	9,961
	<u>23,858</u>	<u>17,234</u>

NOTE 9. INVESTMENTS

Interest in the Fiji Professional Centre
Unit fund investments

	-	1
	135,316	45,319
	<u>135,316</u>	<u>45,320</u>

The Institute had a 1/7th interest in the property known as the Fiji Professional Centre. The property was sold in 2002. The net return to the Institute has been recorded as income upon dissolution of the Fiji Professional Centre in 2003 (Refer Note 5).

At 31 December 2003, the units held at Colonial First State Investments and Unit Trust of Fiji respectively, were valued at \$89,784 (2002: \$47,101) and \$47,931 (2002: \$nil). However, the change in value over prior year has not been brought to account in accordance with note 1 (f).

NOTE 10. PLANT AND EQUIPMENT

Office furniture and equipment – at cost
Less: provision for depreciation

Total written down value

	46,253	49,344
	25,349	25,302
\$	<u>20,904</u>	<u>24,042</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 10. PLANT AND EQUIPMENT (CONT'D)

Reconciliations of the carrying amounts of property, plant and equipment by class at the beginning and end of the financial year.

Office furniture and equipment

Carrying amount at beginning

Additions

Loss on retirement of assets

Depreciation expense

Total written down value

	2003	2002
\$	24,042	17,577
	5,444	11,240
	(2,838)	-
	(5,744)	(4,775)
	20,904	24,042

NOTE 11. PROVISIONS

Annual leave entitlements

6,825	6,400
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NOTE 12. FUNDS HELD IN TRUST

The Institute administers the following funds in trust, which are not reflected in the financial statements of the Fiji Institute of Accountants.

CHAIR IN ACCOUNTING

Balance at the beginning of the year

Add: dividends

Less: bank charges

Less: investment fees

23,001	23,880
712	-
(66)	(79)
-	(800)

23,647	23,001
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Represented by:

Cash at bank

Investments at cost

3,647	3,001
20,000	20,000

\$	23,647	23,001
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The fund was set up from the money collected by the Institute to support the Chair in accounting at USP. It is not expected that the above amount will become payable in the current year. At 31 December 2003, the units held at Colonial First State Investments were valued at \$21,352 (2002: \$19,926). However, the change in value over prior year has not been brought to account in accordance with note 1 (f).



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 12. FUNDS HELD IN TRUST (CONT'D)

ADAM DICKSON MEMORIAL FUND

	2003	2002
Balance at the beginning of the year	\$ 22,405	22,108
Add: interest	1,123	901
Less: bank charges	(64)	(67)
Less: student assistance	-	(537)
	23,464	22,405
Represented by:		
Cash at bank	3,190	2,405
Interest receivable	274	-
Cash on deposit	20,000	20,000
	23,464	22,405

This fund, in memory of the Late Adam Dickson was set up in 1999 and is to be used to assist students at USP in the discipline of Accounting and Financial Management.

NOTE 13. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of the net cash provided by operating activities to the net surplus for the year

Net surplus for the year	107,133	21,202
Adjustment for items classified as investing activities:	(78,789)	-
Adjustment for non-cash item:		
Loss on disposal of assets	2,838	-
Depreciation	5,744	4,775
Net cash provided by operating activities before change in assets and liabilities	36,926	25,977
Change in assets and liabilities:		
Decrease in inventories	6,730	9,108
(Increase)/decrease in sundry debtors and prepayments	(6,625)	4,717
Decrease/(increase) in interest receivable	257	(849)
(Decrease) in creditors and accruals	(4,134)	(1,395)
Increase in provision for leave entitlements	425	6,400
(Decrease)/increase in subscriptions and fees in advance	(3,624)	3,067
Net Cash Flows from Operating Activities	\$ 29,955	47,025



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2003**

NOTE 13. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

b) Reconciliation of Cash

For the purpose of statement of cash flows, cash includes cash at bank and on hand net of outstanding bank overdraft. Cash at end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2003	2002
Cash at bank and on hand	\$ 26,570	32,732
Term deposits: Current	55,919	93,625
Term deposits: Non-current	122,172	65,000
	<u>204,661</u>	<u>191,357</u>

NOTE 14. EXPENDITURE COMMITMENTS

a) Capital commitments at balance date: Nil (2002: Nil)

b) Operating lease commitments are as follows:

- not later than one year	13,800	12,000
- later than one year but not later than two years	13,800	-
- later than two year but not later than five years	6,900	-
	<u>34,500</u>	<u>12,000</u>

Minimum lease rental payments
Analysed as:

Current Liability	13,800	12,000
Non – Current Liability	20,700	-
	<u>\$ 34,500</u>	<u>12,000</u>

NOTE 15. PRINCIPAL ACTIVITY

The principal activities and functions of the Institute during the course of the financial year were those set out in section 6 of the Fiji Institute of Accountants Act (Cap. 259) 1971. There were no significant changes in the nature of activities during the year.