



FIJI INSTITUTE OF ACCOUNTANTS

Annual Report 2006



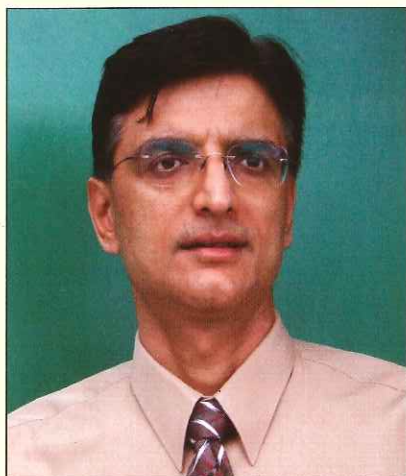
Vision Statement

To be the leading professional institute in Fiji, providing excellent service to members, the best opportunities to maintain and improve their skills and achieve international recognition.

Mission Statement

To uphold among its members the highest standards of professionalism and level of performance and to fully accept its public interest responsibilities.

President's Message



The Institute faces challenges to respond effectively to the needs of our members and to the changes in the accounting profession globally, particularly changes in international standards dealing with accounting, auditing, ethics and education. Pressure for global convergence in standards has been growing. The Institute continued to progress in 2006, and the progress achieved was the result of the combined effort of many people who have contributed to the activities of our Institute.

Having considered the obligations of the Institute as a member of the International Federation of Accountants (IFAC) and the practical aspects of adopting IFRS, the Council has decided that International Financial Reporting Standards (IFRS) will apply, from 2007, to entities considered to be large or publicly accountable, including certain government owned entities. However, the Council has also recognized the urgent need to have accounting standards for Small and Medium Entities (SMEs). This will be introduced at the earliest possible opportunity and will be based on IFRS for SMEs.

Our Standards Committee has also commenced a review and examination of the International Standards on Auditing and other related standards, with a view to adopting new international standards in Fiji. These are expected to be introduced by the end of 2007.

Our Surveillance Panel continues to provide excellent work on the review of published accounts with the objective of improving quality standards in reporting. There is a need to improve communication and feedback from reporting entities to the Panel, and we seek support from the members on this initiative. I thank the members of the Panel for their commitment and dedicated effort.

Our professional development committee continued to provide valuable service to the members for their professional development with a very varied and comprehensive program. On the basis of feedback from the members, the focus of our activities was on IFRS. Our seminars and workshops are highly recognised for professional development activities, and they appeal to a wide cross section of the community.

Our Annual Congress continues to be acknowledged as perhaps the most important gathering of private and public sector interest in Fiji. The Annual Congress, held in late June 2006 and with distinguished speakers, attracted a high level of interest in both attendance and news reporting. The Council is keen to ensure that our forum continues to address topical and thought provoking topics using a good mix of local and overseas speakers.

During the year, we provided key input, through submissions and representation, to the Government and FIRCA. These included submissions for the Government's National Budget for 2007, the draft Financial Transactions Reporting Regulations, the Qoliqoli Bill and matters and issues relating to taxation. The Council made these submissions on behalf of the profession and is careful to ensure that our submissions are balanced and constructive.

A special general meeting, on 27 April 2006, by a majority approved proposed amendments to the FIA Act and Rules. These were submitted to the Minister for Finance during June 2006, followed by a meeting during July 2006 with the Minister for Finance and the Solicitor General. It was indicated to the Institute that a Bill to give effect to the amendments to the Act would be presented to the Parliament in



February 2007. However, the political developments during late 2006 affected this process. While the proposed amendments are very desirable, the hold-up in the process has not affected, at this stage, the continued functioning of the Institute.

The first Corporate Plan of the Institute covering the periods 2001–2006 was developed in 2001. The Institute made significant progress in the implementation of our Corporate Plan, especially on Standards, Admission Criteria, Professional Development and Advocacy. However, difficulties were faced in implementing certain key activities identified in the Corporate Plan, mainly due to resource constraints and certain practical difficulties. Early in 2007, the Council has engaged a resource person/facilitator for the review and development of an updated Corporate Plan for the period 2007–2012.

With technological advancements and the objective of improving communication with our members, the process to revamp the FIA website was commenced late 2006. The revamp of the website is to be completed in early 2007.

The Institute enjoys international recognition as a full voting member of the global accounting body, the International Federation of Accountants (IFAC), and the Confederation of Asian and Pacific Accountants (CAPA). The Institute will continue to exercise its best endeavors to comply with the IFAC Statements of Membership Obligations (SMOs) and to keep abreast with international practice on the governance of accounting institutions.

The Institute has also developed a good working relationship with CPA Australia and the Institute of Chartered Accountants of New Zealand, and we would like to take this opportunity to acknowledge the support provided by them. Our Institute has entered into an agreement with CPA Australia allowing our Institute to use part of CPA Australia's CPA program for our Graduate Professional Programme, and look forward to make this arrangement a success.

Fiji is going through challenging times, given the political events and developments which occurred in December 2006. The interim Government has announced a road map to parliamentary democracy, and it is important that these are achieved at the earliest opportunity for political stability, promoting investments, retaining skilled resources and recovery of the economy.

I wish to thank fellow Council members, Committee Members, the Executive Director and other staff members for their commitment and dedicated efforts to support the activities of the Institute. I also thank our members and others who continue to support our activities.



Pradeep Patel
President

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, so as to allow for greater participation by younger members. In response to this suggestion, Annual General Meetings of the Institute in 2003, 2004 and 2005 were held in conjunction with the Technical Workshops at the Warwick Fiji Resort in June of each of those years.

Having reviewed the level of attendance by full chartered members at the annual general meetings in those three years - 50 in 2003, 66 in 2004 and 50 in 2005 - the Council reluctantly came to the conclusion that future annual general meetings would have to revert to being held at the same time as the annual Congress, since a much greater number of chartered accountants attend the Congress.

The Annual General Meeting for 2006 was held on 23rd June at the Sofitel Resort and Spa in Denarau and was attended by a total of eighty-four members of whom eighty-two were full Chartered Accountant members while the remaining two were Provisional Members. The change in arrangements certainly made a difference to the number of full members attending.

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

Iowane Naiveli was re-elected as the Institute's Auditor, for a second year with the Council expressing appreciation to him for his services in the past year.

The Council expressed sincere appreciation to **Lisa Apted** who completed her one year term as **President** in 2006.

A Special General Meeting was held on 27th April 2006. A report on this is included under the Act and Rules part of this Report.

THE COUNCIL FOR 2006/2007

President	: Pradeep Patel
Vice President	: Pradeep Lal
Treasurer	: Lisa Apted
Members	: Deepak Rathod Anjnish Jokhan Deo Saran Sikeli Tuinamuana Nitin Gandhi Rajeshwar Sharma

THE COUNCIL

As mentioned in the preceding section, Sikeli Tuinamuana, Deo Saran and Pradeep Patel all retired, having completed their three-year periods in office in 2006, and they were re-elected, unopposed, for a further period of three years.

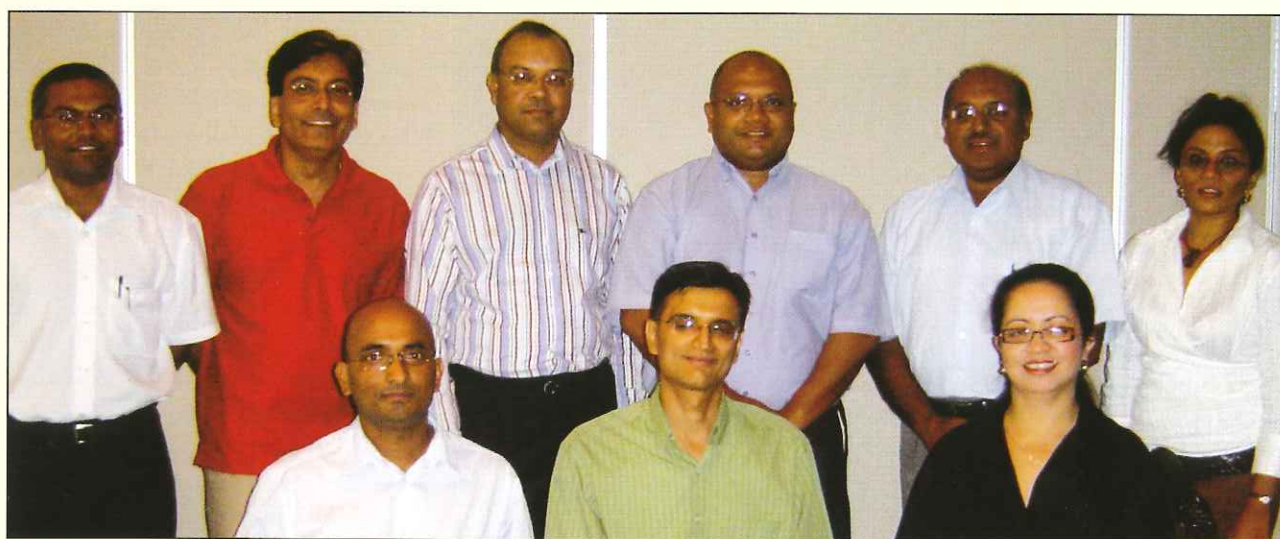
Following the Annual General Meeting, Pradeep Patel and Pradeep Lal were elected by Council, as President and Vice President respectively for the year 2006/2007. Lisa Apted was elected as Treasurer for the same period.

The Council held 11 meetings during the year of which 10 were regular monthly meetings and one was a special one, to elect the President, Vice President and the Treasurer and also to appoint the members of the Investigation and the Disciplinary Committees, following the Annual General Meeting. The Council members met briefly to consider proposed amendments to the FIA Act and Rules prior to the Special General Meeting on 27th April 2006.

Of the eleven meetings, nine were held in Suva, one at the new Sofitel Resort and Spa on Denarau and the other one at the Tanoa International Hotel in Nadi.

The Council decided in 2002 that a record should be kept of the attendance by members at Council meetings during each year. This is reproduced for 2006 in the following table:

Pradeep Patel	11 out of 11	100.0%
Pradeep Lal	9 out of 11	81.8%
Deepak Rathod	11 out of 11	100.0%
Anjnish Jokhan	9 out of 11	81.8%
Deo Saran	7 out of 11	63.6%
Sikeli Tuinamuana	10 out of 11	90.9%
Lisa Apted	10 out of 11	90.9%
Nitin Gandhi	9 out of 11	81.8%
Rajeshwar Sharma	11 out of 11	100.0%



The Council for 2006/2007



Panel discussion at the 2006 Congress

CONGRESS 2006

The Annual Congress for the year 2006 was held, over the two-day period 23rd - 24th June at the new Sofitel Resort and Spa, on Denarau, which had only recently been opened. This was the first time since 1997 that the Congress had not been held at the Sheraton Fiji Resorts, which, in large measure, had been governed by the fact that only the Sheraton Fiji possessed a conference hall large enough to accommodate the total numbers of those attending Congress. Over the past nine years the Institute had also developed a very amicable relationship with Sheraton Resorts.

The theme chosen by the Council and the Organising Committee for the 2006 Congress was "Making the Right Choices" and featured four speakers, and two panel discussions, on the first day and three speakers, and a panel discussion, on the second day.

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

"Making the Right Choices" the Keynote Address, by Ratu Joni

Madraiwiwi, the Vice President

"A Guided Economy - China: an Awakening Giant" by Mr Alex Malley, the Deputy National President of CPA Australia;

"Globalisation and the Lesser Beneficiaries" by Mr Richard Naidu, Partner in the Fiji law firm of Munro Leys; and

"Identity Theft and Internet Fraud" by Mr Brett Warfield, an independent expert consultant in forensic accounting from Australia.

On the second day, three speakers were featured with very diverse topics:

"A Commitment to Diversity and Accommodating Difference" by Ms Gina HOUNG LEE, Chief Resource Trainer for the Suva-based Regional Rights Resource Team and Chairperson of the Fiji Women's Rights Movement;

"Cost and Consequences of 9/11" by Mr Richard Butler, CA widely regarded as Australia's most influential diplomat in contemporary times and past Executive Chairman of the United Nations Commission charged with the disarmament of Iraq; and

"The Pros and Cons of a Flat Tax Regime" by Ratu Jone Kubuabola, Fiji's Minister for Finance.

A total of 556 persons attended, comprising 253 resident delegates (of whom 131 were members and 122 non members), 131 partners, 90 children, 41 non resident day delegates (11 of them being members) and 41 non resident "session delegates" (of whom 28 were members).

Representatives of two out of the three sister accounting organisations in Australia and New Zealand also attended, one being also a speaker.

A Communique was issued at the end of the Congress, which welcomed the formation of a multi party Cabinet but agreed that caution and dialogue would be essential, in the light of controversy arising from Government's affirmative action plan, the Promotion of Reconciliation, Tolerance and Unity Bill and the impasse with the Military.

THE ACT, RULES AND BY-LAWS

During the latter part of 2003 and the early part of 2004, a number of detailed commentaries were compiled for the Council and the Committee charged with responsibility for examining the need for possible amendments to the Act, the Rules and the By-Laws.

The Committee held two extended meetings during 2004, a further four in 2005 and two in 2006. Effectively, the Committee had finalised its recommendations in respect of amendments to the FIA Act and the Rules by the end of 2005, but still had certain issues to address in respect of the By-Laws - notably the proposed Admission By-Laws and the Code of Ethics. The former have been finalised but the Code of Ethics is still under consideration.

The Council held a special meeting, in December 2005, to consider the recommendations on the Act and

Rules and an annotated copy of both documents was sent to all members of the Institute in early March 2006 seeking comments by the end of that month and advising members that a Special General Meeting to consider the proposed amendments was to be held on 27th April 2006.

The Special General Meeting attracted a disappointingly small attendance of members with only 52 full chartered accountants, 8 Provisional Members and 2 Affiliate Accountants. However, by a large majority (85%) of the chartered accountants present the proposed amendments to the Act previously circulated were passed (together with one additional amendment introduced at the meeting). The proposed amendments to the FIA Rules were also passed by a similar (83%) majority with two additional amendments introduced at the meeting, including one to reduce the required quorum for general meetings from 50 to 30 full chartered accountant members.

The significant amendments proposed for the Act include:

- changes to the membership category titles for Provisional and Affiliate members;

- removal of distinctions between the different categories of members and deletion of the separate provisions for Affiliate and Licensed Accountants;

- changes to the disciplinary procedures to make them both simpler and more transparent;

- changes to attendance requirements for Council members;

- increases in the quantum of the financial penalties for breaches of the Act;

- widening the scope for investment of Institute funds; and

a proposal for the Institute to have power to amend the FIA Rules without first having to obtain Ministerial approval.

The significant amendments proposed for the FIA Rules include the following:

- provision for the specific academic and other practical experience requirements for admission to membership to be prescribed under By-Laws;

- provision for taxation services provided by registered Tax Agents not to be regarded as being "accounting services to the public" (reserved for holders of certificates of public practice);

- changes to voting procedures for general meetings (and a reduction of the quorum, to 30 full chartered accountant members);

- amendment to the current Fundamental Rule that prohibits advertising; and

- prescription of the role of the FIA Treasurer.

Copies of the revised annotated versions of the FIA Act and Rules, together with an introductory summary and a detailed commentary on all the proposed amendments, were submitted to the Ministry of Finance on 21st June 2006, with a covering letter from the FIA President.

This was followed by a meeting held at the Ministry of Finance on 25th July 2006, attended by Pradeep Patel, Sikeli Tuinamuna and Lisa Apted to brief the Minister, his Chief Executive Officer and the Solicitor General on the proposed amendments. At a subsequent meeting on 13th November 2006 with the Minister, attended by the FIA President and the Executive Director, the two FIA representatives were informed that a Cabinet Paper was to be submitted to Cabinet the following week endorsing the proposed amendments to the Act. The Minister stated however that he personally favoured retaining a right to approve any amendments to the FIA Rules.

Subsequent developments in Fiji place the future of the proposed amendments in some doubt.



Congress participants, Richard Butler, Anjnish Jokhan and Keith and Joanne Wedlock of NZICA

EDUCATION AND MEMBERSHIP

During the course of 2006, the Education, Membership and Admission Committee, which is now also responsible for the development of the post Graduate Professional Programme, considered and recommended to Council the admission of the following, all of whom were approved by the Council:

24 Chartered Accountants (of whom 9 were transfers from other categories)

47 Provisional Members (of whom 4 were previously Affiliate Accountants)

29 Affiliate Accountants

At the final Council Meeting of the year, Council gave approval for a certificate of public practice to be issued to **Ms Renu Ragini Chand**, who was to become a new partner in KPMG with effect from 1st January 2007.

The following table reflects the variations in the level of **new admissions** to membership in recent years:

Year	Chartered Accountants	Provisional Members	Affiliate Accountants	Total
2002	13	24	27	64
2003	27	34	36	97
2004	32	33	42	107
2005	36	42	30	118
2006	24	47	29	100

It is important to note that although the numbers being admitted as Provisional Members and Affiliate Accountants remain reasonably constant, the number of full chartered accountant members has reduced by one-third.

During 2004, the Institute undertook a detailed review of requirements for admission to all categories of membership and introduced the following requirements with effect from 1st January 2005 (although the mentoring requirements for chartered

accountants have been deferred to 2007):

For **Affiliate Accountants**, where previously only diplomas in Accounting Studies, issued by the USP, or diplomas in Business Studies (Accounting Option), issued by the Fiji Institute of Technology, had been accepted as the basic qualification, in future advanced diplomas in Accounting issued by TAFE through both the Training and Productivity Authority of Fiji (TPAF) and also the New Zealand Pacific Training Centre (NZPTC) are considered acceptable. Those students who graduate with a degree majoring in accounting from either the USP or CQU but who have not completed the full set of 20 academic units which is required by FIA for its Provisional Members, would also qualify for admission as Affiliate Accountants provided that they have completed at least the equivalent of those academic courses required for recognised diplomas.

For **Provisional Members**, the previous basic requirement had been a BA degree from the USP, majoring in Accounting and the completion of 16 specified and 4 elective academic units in specific disciplines. This

requirement has been modified slightly to 14 specified and 6 elective units - (the electives in any discipline). In addition, degrees in Accounting issued by the CQU will also be accepted, subject to completion of the minimum 20 academic units.

For full **Chartered Accountant members**, the minimum academic requirements will continue to be the same as for Provisional Members, but Chartered Accountants will also be required to complete an extra three

additional core post graduate units from the CPA Programme:

Reporting and Professional Practice;
Corporate Governance and Accountability; and
Business Strategy and Leadership.

Applicants for admission as Chartered Accountants have in the past been required to complete three years' practical experience under the supervision and guidance of a Chartered Accountant member, after completing their 20 academic units. This will continue to be the case in the future, but applicants will be required to demonstrate a proficiency in at least three out of six specified areas of practical experience and, out of the minimum period of three years practical experience, two years at least will need to be served under a mentor. A mentoring Workshop was organised in November 2005, but was poorly attended.

All of these modifications to the previous requirements have been made in the interests of raising the standards for the profession and of bringing the FIA's requirements closer into line with those of related sister accounting bodies in the region.

Subject to the proposed amendments to the Act and Rules being approved by the government, these new requirements will be incorporated in a set of Admission By-Laws.

AWARDS AND MEDALS

In the interests of promoting the study of, and the highest standards of excellence and achievement among students in accounting, the Institute has, in the past, offered sponsorship by way of cash awards to students attending two tertiary institutions in Fiji that provided courses in accounting.

Awards for students attending the **University of the South Pacific** accompanied gold medals awarded by the University itself. Awards were made



in respect of 2005, in 2006, for the two outstanding students graduating in Accounting and Financial Management: **Mr Shyman Reddy and Ms Asvina.**

No cash award or gold medal is awarded specifically for the Diploma in Business Studies (Accounting Option) by the **Fiji Institute of Technology.** The award system has been changed and a gold medal is now awarded to a best student overall - across the entire spectrum of courses.

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 all members to complete the required minimum number of hours of "structured" Continuing Professional

Education of either 20 hours annually or 60 hours over a three-year period, the Professional Development Committee had planned a very varied and comprehensive programme for the year 2006, comprising eight Seminars and two Technical Workshops.

Two out of the eight seminars were hosted by organisations other than the Institute itself, but were to be attended by FIA members, as delegates. The one in February by CPA Australia on "Corporate Governance" was well attended by 110 delegates, of whom 42 were FIA members, but the other, in July, by CMDA on

"Financial Modelling" unfortunately had to be cancelled because of insufficient support.

Regrettably, the same fate attended three out of the six other seminars planned for Suva, although two of these were successfully mounted in the Western Division with a reasonable attendance.

The only seminar topic that was cancelled for Suva which was not later repeated in the West was on the subject of "Auditing".

The eight successful activities, together with the five hours that could be earned by those attending the Annual Congress in June 2006, offered FIA members the opportunity to complete no less than a total of 45½ hours of structured continuing professional education, as follows:

Seminar	February 25th (with CPA Australia)	7½
Seminar	April 4th	2½
Workshop	April 21st-23rd	6½
Seminar	May 20th	6
Congress	June 23rd-24th	5
Seminar	September 8th/23rd	5
Workshop	October 13th-15th	7
Seminar	November 14th/22nd	2½
Seminar	December 8th	3½
Total		45½



The pattern established in previous years reflecting the fact that the Institute's professional development programme appeals to a wider audience than just its own members is evident from the record of participation at the various activities demonstrated in the following table:

			Delegates	
			Members	Non Members
Seminar	Suva	February 25th	42	68
Seminar	Nadi	April 4th	12	3
Workshop	Wrwk	April 21st-23rd	93	56
Seminar	Suva	May 20th	11	12
Congress	Softl	June 23rd-24th	170	165
Seminar	USP	September 23rd	36	24
	Nadi	September 8th	10	19
Workshop	Wrwk	October 13th-15th	104	71
Seminar	Suva	November 14th	23	21
	Nadi	November 22nd	14	4
Seminar	Nadi	December 8th	13	18

It is disappointing to note that two of the eight planned seminars had to be cancelled for lack of support, but it is encouraging to reflect that two of those cancelled for Suva were successfully mounted in the West and reasonably well attended.

Once again, the seminars and workshops programme featured a substantial number of sessions on accounting standards, and this is reflective of the popularity expressed by the majority of delegates attending technical workshops in the choice of topics for any future sessions. The Institute is also the only organisation in Fiji providing for specialist training in this field.

SEMINARS

The topics and presenters for the six Seminars for 2006 (of which two were held both in Suva and the Western Division) were as follows:

February 25th

"Corporate Governance"

Presented by Mr Ron Switzer, Director for the New South Wales Division of CPA Australia, and Mr Neil Underhill, President of the Fiji Island Branch of CPA Australia.

April 4th

"Developments in the Public Sector and the Fiji Economy"

Presented by Mr Parmesh Chand, Chief Executive Officer of the Ministry of Public Enterprises and Public Sector Reform and Mr Filimone Waqabaca of the Reserve Bank of Fiji

May 20th

"International Accounting Standards IAS 38 and IAS 41"

Presented by Mr Simons Sim, a Lecturer at the University of the South Pacific

September 8th and 23rd

"International Reporting and Accounting Standards IFRS 1, IAS 1 and IAS 36"

Presented by Professor Michael White of the University of the South Pacific

November 14th and 22nd

"Accounting Ethics & Current Issues on Financial Reporting"

Presented by Dr Arvindbhai Patel of the University of the South Pacific

8th December

"Taxation on Gains from Property Sales and Analysis of Section 11(a) of the Income Tax Act"

Presented by Mr Michael Scott, Legal Consultant to the Fiji Islands Revenue and Customs Authority

TECHNICAL WORKSHOPS

Only two Technical Workshops were organised for 2006, one in April and a second one in October, both of them being held at the Warwick Fiji Resort, which has become the most convenient venue for these workshops.

For 2006, the Professional Development Committee decided to vary the previous practice of having three break-out sessions and two plenary sessions for both the Technical Workshops.

There were two major reasons for making this change: the first one being that there were really only two convenient locations for the break-out

sessions, one being the main Talanoa Hall and the other one the being the Koral Coast Conference Centre; and the second reason was that the break-out presenters would only be required to make two presentations rather than three.

The first Technical Workshop was held at the Warwick Fiji Resort on 21st to 23rd April 2006, incorporating 3 plenary and 2 "break-out" sessions covering the following topics:

The three Plenary sessions were:

"Change Management"

Presented by Mr Josaia Mar, Chairman of Telecom Fiji, the Fiji Electricity Authority and the Fiji Audio Visual Commission

"Corporate Social Reporting"

Presented by Mr Vikash Singh, Corporate Regulatory Affairs Manager with British American Tobacco Ltd

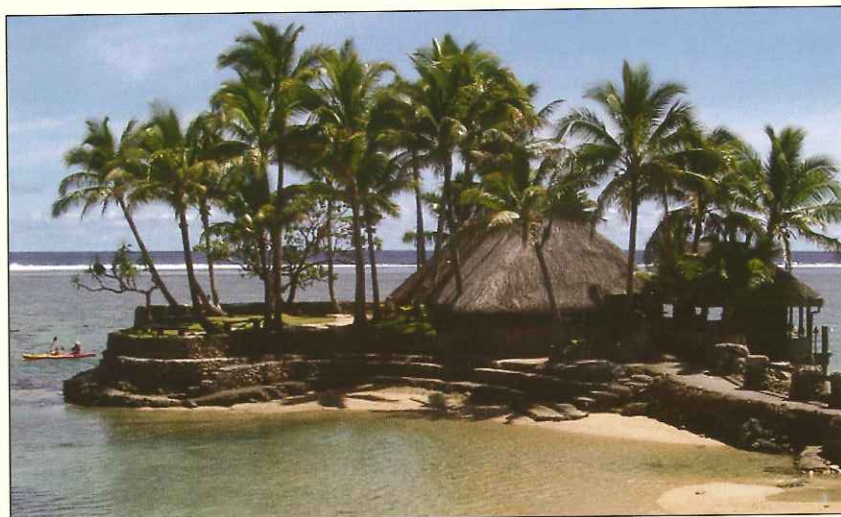
"Embracing IFRSs - Fiji Style"

Presented by Professor Michael White of the University of the South Pacific

and the two "Break-Out" sessions, both of which were on banking issues, were:

"Leadership and the Current Banking Environment"

Presented by Mr Ross Munn, General Manager, Banking with the Colonial National Bank and



"Banking for the SMEs Market"

Presented by Mr David Evans, Chief Manager for Fiji for the Westpac Banking Corporation.

The after dinner speaker on the first evening was **Lenora Qereqeretabua**, from **Vodafone Fiji**, addressing the subject of Corporate Social Responsibility

A total of 225 people attended of whom 149 were delegates, 42 were partners and 34 were children.

A second Technical Workshop was held at the Warwick Fiji Resort on 13th to 15th October 2006, run in conjunction with CPA Australia, and also incorporating 3 Plenary and 2 "Break-Out" sessions:

The three Plenary sessions were:

"Fiji's Economic Performance and Challenges Ahead"

Presented by Mr Savenaca Narube, Governor of the Reserve Bank of Fiji

"Recent Tax Legislation, Updates and Problems"

Presented by Mr Jitoko Tikolevu, National Manager Policy, Economic Analysis & Research with the Fiji Islands Revenue and Customs Authority and

"Corporate Governance-Stakeholders, Sustainability and Transparency"

Presented by Mr Jim Mitchell, previously Deputy Auditor General for New South Wales and currently the Chief Executive of a government owned organisation providing management and assurance services

and the two "Break-Out" sessions were:

"Governance and Risk Management in Business"

Presented by Mr Jim Mitchell and

"Preparing Statements of Cash Flows"

Presented by Mr Pradeep Patel, Partner in Deloitte

The after dinner speaker on the first evening was **Mr Tony Cooper**, General Manager of the Trustee Corporation Ltd, who spoke on the subject of **"The Importance of Wills"**



A total of 244 people attended of whom 175 were delegates, 40 were partners and 29 were children.

JOURNAL

Three issues of the Institute's **"Accountant"** Journal were produced and distributed to members during 2006:

A 42-page April 2006 issue which was distributed in April 2006 to coincide with the Technical Workshop;

A 66-page June 2006 issue which was distributed at the time of the Congress; and

A 50-page November/December issue (earlier designed to be printed in October), distributed in November.

DISCIPLINARY PROCEEDINGS

The **Investigation Committee** met on four occasions during 2006 - on 2nd August, 6th September, 16th October and 21st December - to consider a total of seven cases of which only two had been outstanding from the previous year. One of these cases was, however, more in the nature of an enquiry than a complaint.

Of the remaining 6 cases, one had been referred to Council, because it concerned a request for the restoration of a certificate of public practice, one was in abeyance, in view of an outstanding court action between the parties, one has been dismissed, one was awaiting

a decision because information had been sought from parties who had been overseas and the final two cases had been received in late November and both complainees had been given time to respond.


Disciplinary Committee did not meet during the year since no cases had been referred to it for consideration.

BUSINESS AND GOVERNMENT COMMITTEE

The roles of the Business and Government and Law Review Committees were merged from May 2005 in view of the fact that their areas of interest and responsibility often overlapped, especially in the area of draft legislative proposals.

The Institute was asked by the Fiji Islands Revenue and Customs Authority to comment upon a Bill to introduce a 5% surcharge on accommodation provided by hotels and by other similar operations; and a submission on this was submitted on 9th January 2006. The original draft Hotel Surcharge Act was subsequently amended to introduce a 3% charge on overall turnover for hotels and similar operators with effect from 1st June 2006.

In early April 2006, the Institute received a request from Mr Razim Buksh of the Financial Intelligence Unit of the Reserve Bank of Fiji to comment upon the draft regulations and reporting forms to be introduced under the



Financial Transactions Reporting Act. A detailed submission was sent to the Reserve Bank on 17th May, 2006 and was acknowledged with appreciation.

The Business and Government Committee submitted in July, at the request of the Ministry of Finance, a series of recommendations for incorporation into the Government's National Budget for 2007. The Institute is pleased to note that a number of the Institute's recommendations were accepted and incorporated in the Government's National Budget during recent years.

During the months of July and August 2006, the Government produced two controversial items of draft legislation: an **Indigenous Claims Tribunal Bill** No 11 of 2006 and the **Qoliqoli Bill** No 12 of 2006 - the second of these being the more contentious of the two - resulting in substantial public criticism from the Fiji Law Society and others, and requests for them to be withdrawn. The Institute provided a submission to a Sector Standing Committee on the Qoliqoli Bill on 15th November 2006.

The Fiji Islands Revenue and Customs Authority issued two draft Practice Statements (No 24 on **Land Sales Tax: the Meaning of "Substantial Development"** and No 25 on the Application of the Income Tax Act Section 11(a) to **Profit from Property Sales**) on 25th May 2006, on which they sought the Institute's comments.

The Business and Government Committee provided a fairly detailed response on the Practice Statement No 25, that highlighted a number of significant issues, in a letter dated 23rd October to which it received a robust and disparaging reply on 25th October which concluded by stating that in view of the "generalised" nature of the observations made by the Institute, the Authority did not propose to make any alteration to the Practice Statement No 25. The Committee subsequently made further submissions on 28th November and met with the Special Project Team of FIRCA on this matter. Thereafter, the Committee received a relatively positive response from FIRCA on 29th November

agreeing to review and update the Practice Statement on certain matters and issues.

During the year, members of the Business and Government Committee held two joint meetings with representatives from the Fiji Islands Revenue and Customs Authority on issues relating to taxation - one on 7th August and the second on 26th October 2006.

And lastly, the Committee reviewed the material provided by representatives from the larger CA firms for a series of simple workshops designed to assist small enterprises, to familiarise them with the basic elements and concepts of accounting, but reluctantly decided that the disparate character of the material produced would necessitate very careful editing and redrafting to create a more harmonised style and that much of the material was already the subject of courses run by the Training and Productivity Authority of Fiji. The project was therefore reluctantly abandoned.

STANDARDS

The Fiji Institute, as a full member body of IFAC (the International Federation of Accountants), is obligated to use its best endeavours to take steps to adopt in full the International Accounting and Financial Reporting Standards (now referred to as "IFRS") published by the International Accounting Standards Board and the International Standards on Auditing produced by IFAC. Council accordingly decided that the Institute should adopt the full suite of IFRSs - initially planning for their introduction for accounting periods commencing on the 1st January 2006. However, having subsequently recognised the complexity of some of the new standards and the time needed to familiarise members with them, the Council agreed to defer the introduction of the full suite of IFRSs by twelve months to 1st January 2007.

Since international standards are under continuous review and revision, it should be understood that the initial version of IFRSs to be introduced with effect from 1st January 2007 will be IFRS

standards that were current as at 30th June 2006, but this will be subject to annual review.

The Council has, however, recognised that the international reporting and accounting standards are far too complex for adoption for smaller enterprises and they should only become mandatory for entities falling within the following categories:

Public entities, as defined in the Companies Act;

Government majority owned entities;

Banking and financial institutions;

Superannuation, insurance and insurance broking entities;

Government entities established under their own statute;

Entities with annual group turnover of at least F\$20M or with assets exceeding F\$20M;

Entities that are publicly accountable (which have debt or equity instruments on public issue or have coercive power to tax, rate or levy to obtain public funds); or

Entities where any of the above listed entities have a significant influence (through more than 20 percent ownership), as equity accounting would be applicable for the parent company reporting.

Internationally, there has been some attention - although of a low priority - given to addressing the needs of small and medium enterprises ("SMEs"), whose reporting needs are significantly different from those of the larger commercial and multi national enterprises.

Bearing in mind a possible delay in the production of a set of international accounting standards for SMEs, which may possibly not eventuate before 2009, the Council has decided to reprint the current Fiji Accounting Standards (FASs), for use by SMEs, as an interim measure. Stocks of these had been deliberately allowed to run down during 2005 in anticipation of an introduction of the full suite of IFRSs from the beginning of 2006.



The Standards Committee has been engaged during much of the year 2006 with an examination of the International Standards on Auditing (ISAs), International Auditing Practice Statements (IAPSs), International Standards on Assurance Engagements (ISAEs), International Standards on Review Engagements (ISREs), International Standards on Related Services (ISRSs) and International Standards on Quality Control (ISQCs), with a view to determining whether they are suitable for adoption with or without modification by the FIA.

A provisional assessment indicates that the majority of these international standards should be capable of being adopted without modification.

SURVEILLANCE PANEL

The Surveillance Panel, which is appointed to examine the annual financial reports of statutory bodies and entities listed on the South Pacific Stock Exchange, met on a total of eight occasions during 2006, and reviewed the financial reports of 26 reporting entities that will be required to comply with IFRSs for reporting periods commencing on or after 1st January 2007. In 24 of these instances, the Panel contacted the entities to point out various shortcomings.

Repeated non compliance on certain issues, particularly the haphazard use of fair value accounting with regard to property, plant and equipment is clearly due to the costs of compliance and a lack of professional expertise within Fiji to make the valuations. Another shortcoming relates to the indisposition by reporting entities to update the templates used in compiling reports.

On limited occasions the Panel found itself to be at odds with the reporting entity on matters which require judgement. However, the fact that such differences arise suggests that greater care has to be taken to determine both the intent of the Standard setter and the economic reality which underlines the reporting issue in question.

The Panel has been pleased to note some improvement in dialogue between

the Panel and the reporting entities to whom it has written. This improvement has been noted in entities audited by two particular agencies, from which the Panel infers that these agencies have prompted their clients to respond to the Panel, and this is appreciated by the Panel.

CORPORATE PLAN

During the year, Council continued to make progress on implementation of the Corporate Plan. The programmes and activities of all the various committees, especially those concerned with Accounting and Auditing Standards, the criteria for admission, professional development and advocacy were based on and driven by the objectives of the Corporate Plan. Steps are also being taken to achieve compliance with standards set by the International Federation of Accountants, in accordance with the Institute's obligations as a member body of IFAC.

Council, after exploring a number of possible options, has decided to approach an overseas consultant who has had experience with reviewing the corporate plans of a number of organisations in Fiji to review the corporate plan produced for the Institute in 2001. The consultant in question is expected to be in Fiji in February 2007.

The Institute's Act and Rules, as is reported under the Act and Rules section of this Report, have been reviewed and proposed amendments have been approved by the Institute's membership and forwarded to Government.

MEMBERSHIP STATISTICS

The total number of members, of all categories, listed on the Institute's Register, as at the 31st December 2006, was 565 - a reduction of more than 20 on the total for 2005. This is the second year in succession that there has been a decrease in membership.

During 2006, the names of 133 members and 26 students were removed from the Register for failing to pay their membership subscriptions before 30th June 2006. However, 41 members subsequently paid their arrears and so had their names restored to the Register. The majority of those who fail to pay their subscriptions are usually those who have migrated.

During the year, a total of 100 members were admitted to membership, of whom 24 were admitted as Chartered Accountants, 47 as Provisional Members and the other 29 as Affiliate Accountants.

The comparative figures for 2005 and 2006 for each of the various categories were as follows:

	2005	2006
Chartered Accountants in Public Practice	37	35
Chartered Accountants not in Public Practice	243	248
Provisional Members	111	121
Affiliate Accountants	142	132
Licensed Accountants	3	2
Students	53	27
Total	589	565

Eighty-one members were resident overseas of whom 70 were Chartered Accountants, 6 were Provisional members and 5 were Affiliate Accountants.

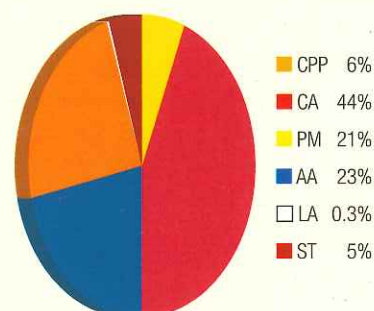
Only two of the original 72 Licensed Accountants remain on the Register; one, Mr Ellugan Chinnana, having passed away on 20th November 2006.

We record also with sincere regret the passing away of Mr Sambhu Hari Prasad in Brisbane on 13th February 2006. He was admitted to the FIA as a Chartered Accountant on 27th February 1975 and was granted his certificate of public practice in 1980.

Membership Statistics

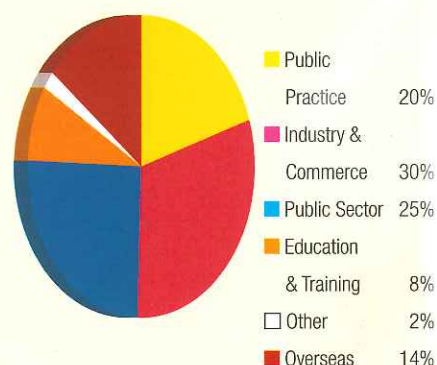
A. MEMBERSHIP by Category (1999 – 2006)

	CPP	CA	PM	AA	LA	ST	TOTAL
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
2004	39	249	124	159	4	43	618
2005	37	243	111	142	3	53	589
2006	35	248	121	132	2	27	565



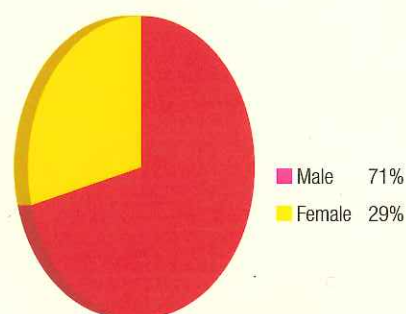
B. MEMBERSHIP by Occupation (2006)

	CPP	CA	PM	AA	LA	ST	TOTAL
Public Practice	35	29	36	11	2	-	113
Industry & Commerce	-	80	37	55	-	-	172
Public Sector	-	54	36	52	-	-	142
Education & Training	-	10	4	5	-	27	46
Others	-	5	2	4	-	-	11
Overseas	-	70	6	5	-	-	81
Total	35	248	121	132	2	27	565



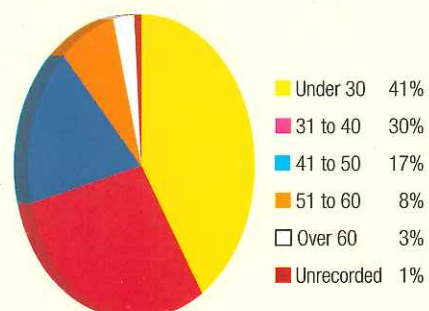
C. MEMBERSHIP by Gender (2002 - 2006)

	2002	2003	2004	2005	2006
Male	373	392	449	420	400
Female	131	139	169	169	165
Total	504	531	618	589	565



D. MEMBERSHIP by Age (2002 - 2006)

	2002	2003	2004	2005	2006
Under 30	232	223	265	256	232
31 to 40	125	155	188	173	169
41 to 50	104	101	107	102	94
51 to 60	24	30	36	39	47
Over 60	14	17	18	15	18
Unrecorded	5	5	4	4	5
Total	504	531	618	589	565





New Committee Members (2006-2007)

Investigation Committee

Rajeshwar Sharma (Chair)
Anjnish Jokhan
Pradeep Lal
Regina Mar
Kamlesh Tappoo

EMA

Anjnish Jokhan (Chair)
H N Pande
Michael Yee – Joy
Nacanieli Rika
Archana Kumar

Accounting & Auditing Standards

Sikeli Tuinamuana (Chair)
Bruce Sutton
Eroni Vatuloka
Iowane Naiveli
Michael White

Business & Government Law Review

Pradeep Patel (Chair)
Jerome Kado
Francis Chung
Annie Yuen
Ross McDonald
Deo Saran
Sunil Deo Sharma

Disciplinary

Pradeep Patel (Chair)
Sikeli Tuinamuana
Nitin Gandhi
Rajesh Lal
Susan Arti Kumar

Congress Organising

Lisa Apted (Chair)
Daphne Fong
Indravadan Hasji
Suiva Yee
Camacakau Raimuria
Stella Tiko

Professional Development

Pradeep Lal (Chair)
Kavin Rathod
Lorraine Seeto
Neil Underhill
Kee Fong
Freeman Gock
Sholeen Nair
Arvind Patel

Journal

Deepak Rathod (Chair)
Fay Yee
Beverly Seeto
Ajay Nand
Morgan Pillay
Daphne Fong
Peni Tora

Western Division

Nitin Gandhi
Robert Cohen
Susie King
Vijay Naidu
Ashvin Nandha
Shaneel Nandan

Act & Rules

Deo Saran
Clyde King
Zarin Khan
Uday Sen
Joveci Tuinamuana

Staff & Administration

Pradeep Patel (Chair)
Lisa Apted

Treasurer

Lisa Apted

Awards

Deo Saran (Chair)
Deepak Rathod
Atma Maharaj



A Brief Commentary on the Financial Statements for 2006

NET SURPLUS

- FIA's net surplus for the year was \$6,241 compared to \$37,335 achieved in the previous year 2005. The significant decline in surplus was mainly due to the decline in net surplus from special committees.

REVENUE

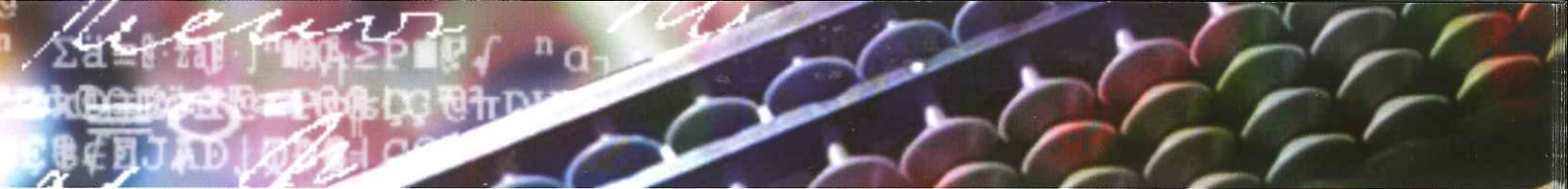
- Members' subscriptions amounted to \$59,520 (2005: \$58,442), a marginal increase of \$1,078 from the previous year.
- Total income from special committees increased to \$562,821 (2005: \$551,012), an increase of \$11,809 from the previous year, representing a marginal growth of 2.1%. An increase amounting to \$36,430 was recorded under the annual congress, and a decrease amounting to \$23,166 was recorded under continuing education courses.
- However, the net surplus from special committees amounted to \$48,868 (2005: \$94,621), a decrease of \$45,753 from the previous year, representing a decline of 48.3%. The decline is largely due to a reduced surplus of \$32,761 (2005: \$72,610) from the annual congress and of \$17,040 (2005: \$21,070) from continuing education courses. The decline in the surplus from the annual congress was due to an unexpected increase in certain expenses and the impact of a newly introduced hotel turnover tax.

EXPENDITURE

- Total expenditure amounted to \$122,846 (2005: \$136,275), a decrease of \$13,429 from the previous year.
- Major items contributing to the overall decrease in expenditure were advertising, international conference and salaries, wages, gratuity and associated costs. Expenditure under awards and legal and professional activities recorded an increase compared to the previous year.

BALANCE SHEET

- The year end balances under cash at bank and term deposits was \$258,801 (2005: \$255,818), and investments was \$183,839 (2005: \$200,509). In accordance with FAS 39, listed/ quoted securities were re-measured at fair value and the reduction in value arising thereon amounting to \$16,670 has been debited to investment valuation reserve.
- Members' funds amounted to \$486,014 (2005: \$496,443), comprising accumulated surplus of \$487,492 (2005: \$481,251) and investment valuation reserve of (\$1,478) (2005: \$15,192).



FIJI INSTITUTE OF ACCOUNTANTS

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2006

CONTENTS

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Income and Expenditure statement	18
Statement of Changes in Members' Funds	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to and Forming Part of the Financial Statements	22-28



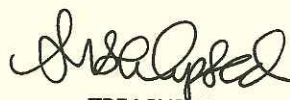
Statement by the Council of the Fiji Institute of Accountants

On behalf of the Council of Fiji Institute of Accountants, we state that in our opinion the accompanying financial statements of the Institute set out on pages 18 to 28 for the year ended 31 December 2006 are drawn up so as to give a true and fair view of the state of affairs of the Institute at 31 December 2006 and the results of its operations, its cash flows and changes in members' funds for the year then ended.



PRESIDENT

Dated this 24th day of May 2007.



TREASURER



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 2006 as set out on pages 18 to 28. The Institute's council 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, its cash flows and changes in members' funds.

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

Audit Opinion

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 2006 and the results of its operations, its cash flows and changes in members' funds for the year then ended.

Suva, Fiji
25th May 2007


Ioane Naiveli
Chartered Accountant

FIJI INSTITUTE OF ACCOUNTANTS

Income and Expenditure Statement

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 \$	2005 \$
INCOME			
Admission fees		6,000	6,180
Members' subscription	2	59,520	58,442
Interest		4,725	5,279
Dividend		9,146	7,765
Special committees (net surplus)	3	48,868	94,621
Technical publications	4	176	456
Other		652	867
TOTAL INCOME		129,087	173,610
EXPENDITURE			
Audit fees		889	889
Advertising		1,452	2,233
Bank charges		434	623
Council and committee expenses		7,811	8,159
Depreciation		7,370	6,239
Electricity		2,104	2,156
General expenses		1,237	1,712
Gifts and awards		1,200	-
Handbook to members		840	1,743
Insurance		5,684	5,635
International activities	5	3,503	10,789
Legal and professional expenses		5,061	1,334
Loss on retirement of fixed assets		-	62
Postage, telephone and internet		8,458	7,331
Printing and stationery		6,893	7,724
Rental		13,800	13,800
Repairs and maintenance		1,145	963
Salaries, wages, gratuity and associated costs		53,730	62,280
Travelling		1,235	2,004
Website		-	599
TOTAL EXPENDITURE		122,846	136,275
NET SURPLUS FOR THE YEAR		\$ 6,241	37,335

The income and expenditure statement is to be read in conjunction with the notes to and forming part of the financial statements.

FIJI INSTITUTE OF ACCOUNTANTS

Statement of Changes in Members' Funds

FOR THE YEAR ENDED 31 DECEMBER 2006

	Accumulated Surplus	Investment Valuation Reserve	Total
	\$	\$	\$
Balance as at 31 December 2005	443,916	-	443,916
Adjustment on adoption of Fiji Accounting Standard FAS 39 in relation to financial assets	-	8,088	8,088
Net surplus for the year	37,335	-	37,335
Gains on re-measurement of available – for – sale financial assets to fair value	-	7,104	7,104
Balance as at 31 December 2006	481,251	15,192	496,443
Net surplus for the year	6,241	-	6,241
Loss on re-measurement of available – for – sale financial assets to fair value	-	(16,670)	(16,670)
	487,492	(1,478)	486,014

The statement of changes in members' funds is to be read in conjunction with the notes to and forming part of the financial statements.

FIJI INSTITUTE OF ACCOUNTANTS

Balance Sheet

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 \$	2005 \$
CURRENT ASSETS			
Cash at bank and on hand		74,771	71,788
Interest receivable		1,346	1,510
Inventories	6	3,051	4,054
Other assets	7	43,006	35,713
Financial assets	8	149,080	26,357
TOTAL CURRENT ASSETS		271,254	139,422
NON-CURRENT ASSETS			
Financial assets	8	218,789	358,182
Plant and equipment	9	17,398	24,021
TOTAL NON-CURRENT ASSETS		236,187	382,203
TOTAL ASSETS		507,441	521,625
CURRENT LIABILITIES			
Creditors and accruals		14,364	15,177
Provisions	10	3,332	3,607
Subscriptions received in advance		3,731	6,398
TOTAL CURRENT LIABILITIES		21,427	25,182
TOTAL LIABILITIES		21,427	25,182
NET ASSETS		486,014	496,443
MEMBERS' FUNDS			
Accumulated surplus		487,492	481,251
Investment valuation reserve		(1,478)	15,192
TOTAL MEMBERS' FUNDS		\$ 486,014	496,443

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements.


PRESIDENT


TREASURER

FIJI INSTITUTE OF ACCOUNTANTS

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members		\$ 66,665	65,984
Receipts from special committees and technical publications		559,837	550,184
Payment to suppliers and employees		(636,807)	(597,426)
Interest received		4,889	7,133
Dividend received		9,146	7,765
Net cash flows from Operating Activities	12(a)	3,730	33,640
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of plant and equipment		(747)	(9,844)
Net cash flows (used in) Investing Activities		(747)	(9,844)
Net increase in cash held		2,983	23,796
Cash at the beginning of the financial year		255,818	232,022
Net cash at the end of the financial year	12(b)	\$ 258,801	255,818

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements.

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2006

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% - 25%

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

d) Income tax

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

e) Financial assets

Investments are recognised and de-recognised on trade where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Financial assets are classified as either held-to-maturity or available-for-sale. Available-for-sale financial assets are measured at subsequent reporting dates at fair value. Held to maturity investments are measured at subsequent reporting dates at amortised cost. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income and expenditure for the period.

Changes in Accounting Policy

In 2005, the Institute adopted FAS 39 – Financial Instruments: Recognition and Measurement. The impact of adoption of this standard has resulted in a change in the accounting policy relating to the classification and measurement of financial assets. The financial impact on this change in policy in 2005 is reflected in the investment valuation reserve.

f) Donations and contributions in kind

Donations and contributions in kind received are accounted for at estimated fair values.

g) Website costs

Costs in relation to the Institute's website development, maintenance and operations have been treated as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised as equipment and depreciated over their period of expected benefit.

Notes to and Forming Part of the Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

h) Comparative figures

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

NOTE 2. MEMBERS SUBSCRIPTION

	2006	2005
	\$	\$
Members holding a certificate of public practice	10,179	10,454
Members not holding a certificate of public practice	27,328	27,274
Provisional members	7,707	7,047
Licensed accountants	392	330
Affiliate members	8,220	7,814
Overseas members	5,434	5,233
Student members	260	290
	59,520	58,442

NOTE 3. SPECIAL COMMITTEES**(a) Annual Congress****Income**

Registration fees	283,423	260,246
Sponsorship	65,333	52,069
Other	42	53
	348,798	312,368

Expenses

Accommodation, food and beverage	260,313	208,092
Advertising and publicity	4,241	4,481
Bank charges	168	207
Conference costs	4,958	-
Donations and gifts	383	1,564
Entertainment	5,034	6,269
Satchels	12,444	11,378
Speaker fees	20,693	-
Stationery	1,633	902
Travelling	6,170	6,865
	316,037	239,758
Surplus	32,761	72,610

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 3. SPECIAL COMMITTEES (CONT'D)

(b) Continuing Education Courses

Income

Registration fees and levies

2006
\$

2005
\$

201,556

224,722

Expenses

Accommodation, food and beverage

177,285

193,738

Advertising and publicity

6,462

4,946

Fees

-

2,997

General

181

847

Stationery and photocopy

508

1,124

Travelling

80

-

184,516

203,652

Surplus

17,040

21,070

(c) Journal Committee

Income

Advertising revenue

8,872

10,289

Expenses

Production and other costs

10,787

12,153

(Loss)

(1,915)

(1,864)

(d) Western Division Committee

Income

Registration fees and levies

3,595

3,633

Expenses

Venue and refreshments

2,076

586

Bank charges

76

78

General

266

164

Travelling

195

-

2,613

-

Surplus

982

2,805

Net surplus special committees

48,868

94,621

NOTE 4. TECHNICAL PUBLICATIONS

Net proceeds of handbooks

176

456

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 5. INTERNATIONAL ACTIVITIES

Subscription to:

- International Federation of Accountants
- Confederation of Asia and Pacific Accountants
- International Accounting Standards Board

Conference:

- International Federation of Accountants conference, United Kingdom
- CPA conference, Australia

Total international activities

2006	2005
\$	\$

1,751	1,708
1,372	1,314
380	383

3,503	3,405
-------	-------

-	6,210
-	1,174

-	7,384
---	-------

3,503	10,789
-------	--------

NOTE 6. INVENTORIES

Binders

Hand books

-	93
---	----

3,051	3,961
-------	-------

3,051	4,054
-------	-------

NOTE 7. OTHER ASSETS

Deposit – Congress

Other receivables and prepayments

35,556	27,920
--------	--------

7,450	7,793
-------	-------

43,006	35,713
--------	--------

NOTE 8. FINANCIAL ASSETS

Current

Held-to-maturity investments

Short term deposits with financial institutions

Total current financial assets

149,080	26,357
---------	--------

149,080	26,357
---------	--------

Non-Current

Held-to-maturity investments

Long term deposits with financial institutions

34,950	157,673
--------	---------

34,950	157,673
--------	---------

Financial assets held to maturity attract interest ranging from 1.25 percent per annum to 5.50 percent per annum and have maturities ranging from January 2007 to December 2010.

Notes to and Forming Part of the Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 8. FINANCIAL ASSETS (CONT'D)

Available-For-Sale Financial Assets

Listed / quoted securities

Colonial First State Managed Funds
Unit Trust of Fiji

2006
\$

2005
\$

78,364
105,475

92,619
107,890

183,839

200,509

Total non-current financial assets

218,789

358,182

Reconciliation of available-for-sale financial assets

Opening balance
Additions
Adjustment on adoption of FAS 39
(Loss)/Gain on re-measurement to fair value

200,509
-
-
(16,670)

185,317
-
8,088
7,104

Total available-for-sale assets

183,839

200,509

During the year, listed or quoted securities were valued at fair value. The valuation (decrement)/increment arising thereon has been debited/credited to investment valuation reserve.

NOTE 9. PLANT AND EQUIPMENT

Office furniture and equipment – at cost

Less: provision for depreciation

61,633
(44,235)

60,887
(36,866)

Total written down value

17,398

24,021

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the financial year are as follows:

Office furniture and equipment
Carrying amount at beginning
Additions
Disposals
Depreciation expense

24,021
747
-
(7,370)

20,478
9,844
(62)
(6,239)

Total written down value

17,398

24,021

NOTE 10. PROVISIONS

Annual leave entitlements

3,332

3,607

Employee Numbers

Average number of employees during the financial year

4

4

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 11. 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

Represented by:

Cash at bank
Investments at cost

2006 \$	2005 \$
24,911	24,237
959	736
(63)	(62)
25,807	24,911
5,807	4,911
20,000	20,000
25,807	24,911

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 2006, the units held at Colonial First State Managed Funds were valued at \$18,636 (2005: \$22,026). However, the change in value over prior years has not been brought to account.

ADAM DICKSON MEMORIAL FUND

Balance at the beginning of the year
Add: interest
Less: bank charges
Less: Prior year adjustments

Represented by:

Cash at bank
Interest receivable
Cash on deposit

25,586	24,783
850	870
(68)	(67)
(359)	-
26,009	25,586
5,404	4,459
605	1,127
20,000	20,000
26,009	25,586

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.

Notes to and Forming Part of the Financial Statements (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

NOTE 12. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2006 \$	2005 \$
Net surplus for the year	\$ 6,241	37,335
Adjustment for non-cash item:		
Loss on disposal of assets	-	62
Depreciation	7,370	6,239
Net cash provided by operating activities before change in assets and liabilities	13,611	43,636
Change in assets and liabilities:		
Decrease in inventories	1,003	1,743
(Increase) in sundry debtors and prepayments	(7,293)	(13,616)
Decrease in interest receivable	164	1,854
(Decrease) in creditors and accruals	(813)	(2,144)
Increase / (decrease) in provision for leave entitlements	(275)	2,128
Increase / (decrease) in subscriptions and fees in advance	(2,667)	39
Net Cash Flows from Operating Activities	3,730	33,640

b) Reconciliation of Cash

For the purpose of statement of cash flows, cash includes cash at bank and on hand. 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:

Cash at bank and on hand	74,771	71,788
Term deposits: Current	149,080	26,357
Term deposits: Non-current	34,950	157,673
	258,801	255,818

NOTE 13. EXPENDITURE COMMITMENTS

a) Capital commitments at balance date	7,000	-
b) Operating lease commitments are as follows:		
- not later than one year	13,800	5,750
- later than one year but not later than two years	5,750	-
- later than two years but not later than five years	-	-
	19,550	5,750
Minimum lease rental payments		
Analysed as:		
Current Liability	13,800	5,750
Non-Current Liability	5,750	-
	19,550	5,750

NOTE 14. PRINCIPAL ACTIVITIES

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.