



Fiji Institute of Accountants

Annual Report 2010

Vision Statement

To be the leading professional body in Fiji, promoting the Accounting Profession and providing business leadership.

Mission Statement

- We will encourage and expect of our members high ethical standards and delivery of quality services in their respective fields
- We will provide high quality continuing education and services to our members to enhance their skills, knowledge and working opportunities
- We will actively contribute to the communities in which we live and work representing the views of our members to the governmental, regulatory and other bodies, while accepting our public interest role in society
- We will create an awareness of the role of accountants and promote the profession in Fiji.

President's Report

2010 saw a marked recovery in the world economy with major recovery driven by Asia. All of Fiji's major trading partners recorded positive quarterly growth in their latest economic assessments.

On the domestic front the economy grew marginally by 0.1%. The tourism sector performed very well and saw record number of tourists visiting our shores. Apart from tourism, the mining sector, with gold also did well. The sugar industry had to deal with its own industry related issues as a result both cane and sugar production declined in 2010.

At the Institute we have had an eventful busy year. The membership of the institute has grown to record numbers, with a total of 719 members as at 31st of December 2010. This compares to a total of 692 members for the same period last year. This increase has been despite a reduction in the total number of Chartered Accountants. The reduction in Chartered Accountants category is largely due to more stringent requirements set for this category of membership, which includes the post graduate academic requirements together with mentored practical experience.

In 2010 a new external accreditor, Professor Keith Houghton of the Australian National University of Canberra was appointed, in succession to Professor Roger Hopkins, who has retired. The Council has since agreed to accept four of the University of the South Pacific's post graduate units, on the recommendation of the external accreditor, as an alternative post graduate qualification for candidates advancing to Chartered Accountant status.

The Council of the Institute also met with the representatives of the International Federation of Accountants (IFAC) in the later part of the year to discuss the draft Action Plans for achieving compliance with various Statements of Membership Obligations. Furthermore, the World Congress of Accountants was also held in 2010. This was hosted by the Malaysian Institute of Accountants and the

theme was "accountants: sustaining value creation". This event was attended by more than 6000 delegates from 124 different countries.

The Business & Government Committee of the Institute has been quite busy throughout the year. They met with FIRCA regularly to discuss issues and changes being proposed to the Income Tax Act. This included discussions on the subject of foreign investment, interpretation of profit in relation to export income deductions under section 21B of the Income Tax Act and Capital Gains Tax. Apart from this the committee made contribution on behalf of the Institute on the 2011 National Budget. There has also been significant work on the new Companies Decree which is expected to become effective in late 2011. The Capital Gains Tax legislation is also expected to become effective in mid 2011. Members of the Council have also had meetings with the Attorney General in an effort to have the changes to the Act & Rules, approved by the members, effected.

Professional Development activities continues to be high on the agenda as the Council views professional development activities as its most valuable service to the members, that offers members opportunities to keep themselves apprised of developments /changes within the profession. It is a requirement for all our members to do an average of 40 CPE hours annually or 120 hours over a three year period. This became effective from 1st January 2009. In 2010 a total of 7 seminars, 2 technical workshops and the annual congress were held. Three of the seven seminars were repeated in the Western Division together with a new topic, taking the total number of seminars held in the West as four.



The annual congress was held at Shangri-La Fijian Resort from June 11th to 12th and as usual attracted record number of participants. The theme of the Congress was "Getting Together-Moving Ahead". The speakers included our Prime Minister, Commodore Frank Bainimarama giving the opening address and the former Prime Minister of Papua New Guinea, Sir Julius Chan, giving the key note address.

The new committee formed in 2009 named as Marketing & Promotions Committee has now put in place firm plans to promote institute activities, which includes doing school visits in an effort to promote the profession amongst the younger, to be, members. Work is also in progress on an updated "new look" website and recruitment of a part time Media &

Communications Officer. All these initiatives are part of the previously approved corporate plan.

In general the profession is going through trying economic times and I am pleased that the profession as a whole has maintained its independence and commitments towards the society in a manner consistent of that required of our profession. There are a number of works and projects in progress within the institute and once completed, these should contribute towards better service to our members.



Uday Sen
President



THE COUNCIL FOR 2010/2011

President

Mr Uday Sen

Vice President

Mr Divik Deo

Treasurer

Mr Sikeli Tuinamua

Members

Ms Lisa Apted
Mr Nitin Gandhi
Mr Iowane Naiveli
Mr Camacakau Raimuria
Mr Ashwin Singh
Ms Stella Simpson (née Tiko)

Regional and International Events in 2010

In August, members of the Strategic and Finance Committee of CAPA (Confederation of Asian Pacific Accountants) held one of its four regular annual meetings - for the first time in Fiji - at the Westin Denarau Island Resort & Spa - a meeting that was facilitated, and partly hosted by the FIA. The Institute arranged to hold its Council meeting in the West at

the same venue in order to coincide with the visit of the CAPA Committee and Council members met with the Committee and presented a report on the Institute, and the Country, to the Committee members.

The CAPA Committee was accompanied by Mr Szymon Radziewicz, a staff member representing the Member Body Compliance Programme of the International

Federation of Accountants (IFAC), who held a meeting with Council members in Suva on 18th August to discuss the FIA's draft Action Plans for achieving compliance with various international standards.

Both the President and Vice President of the Institute attended the World Congress of Accountants held in Kuala Lumpur, Malaysia from 8th – 11th November, a meeting attended by 6,000 delegates from 124 countries.

Annual General Meeting

The Annual General Meeting for 2010 was held on 11th June at the Shangri-la Fijian Resort and Spa on Yanuca Island near Sigatoka and it was attended by a total of seventy-one members of whom sixty-five were full Chartered Accountant members, five were Provisional Members and the remaining one was an Affiliate Accountant. Mr Dinu Harry, President of the New Zealand Institute of Chartered Accountants, who was attending the Congress as a guest of the Institute, also attended by invitation.

Since only one valid nomination for Stella Tiko was received for the single Council position that would be rendered vacant by the impending resignation of Ms Regina Mar whose term of office was due to expire, and the other two Council members who had completed their three years in office had been automatically renominated under Rule 9, the following persons were re-elected or elected unopposed for a term of three years: **Nitin Gandhi** in Category A, **Uday Sen** in Category B and **Stella Tiko** in Category C.

Pradeep Patel was appointed as the Institute's Auditor, for the forthcoming year, replacing Arun Mishra, who had served as Auditor for the previous year, with the Council expressing appreciation to the latter for his services in the past year.

Those present were also informed by Nitin Gandhi about arrangements for the forthcoming visit to Fiji in August by the Strategic and Finance Committee of the Confederation of Asian and Pacific Accountants (CAPA).

The Council

As mentioned in the preceding section, **Nitin Gandhi** and **Uday Sen** were re-elected and **Stella Tiko** was elected, unopposed for a period of three years at the Annual General Meeting in June.

Following the Annual General Meeting, at a special Council Meeting, **Uday Sen** and **Divik Deo** were elected, as President and Vice President respectively for the year 2010/2011. **Sikeli Tuinamuana** was re-elected as Treasurer for the same period.

The Council held 12 meetings during the year of which 11 were regular monthly meetings and one was a special one to elect the President, Vice President and Treasurer for the year and also to appoint members of the Investigation and the Disciplinary Committees, following the Annual General Meeting. Eleven of the twelve meetings were held in Suva. Council members also met on one other occasion informally to discuss FIA action plans to achieve compliance with IFAC Standards.

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 2010 in the following table:

Uday Sen	11 out of 12	91.7%
Divik Deo	10 out of 12	83.3%
Sikeli Tuinamuana	11 out of 12	91.7%
Lisa Apted	10 out of 12	83.3%
Nitin Gandhi	9 out of 12	75.0%
Iowane Naiveli	10 out of 12	83.3%
Camacakau Raimuria	11 out of 12	91.7%
Ashwin Singh	9 out of 12	75.0%
Stella Simpson	6 out of 7	85.7%
Regina Mar	4 out of 5	80.0%

Stella Simpson (née Tiko) joined the Council in June replacing Regina Mar who had resigned from the Council at the end of her period in office and was not seeking re-election.

Congress 2010

The Annual Congress for the year 2010 was held, over the two-day period 11th - 12th June at the Shangri-la Fijian Resort. This was the seventh time in the Institute's history that the Congress had been held at the Shangri-la Fijian Resort. On eleven occasions, including nine years from 1997, the Congress had been held at the Sheraton Fiji, in large measure governed by the fact that only the Sheraton Fiji at that stage possessed a large enough conference Hall. Currently, only these two venues and the Sofitel Resort & Spa have a Conference Hall large enough to accommodate the total numbers of those attending Congress

The theme chosen by the Council and the Organising Committee for the 2010 Congress was **"Getting Together: Moving Ahead"** and the Opening Speech was delivered by **Commodore Voreqe Bainimarama**, Fiji's Prime Minister. The following programme 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:

"Moving Forward Together: The Pacific Way" by Sir Julius Chan, Governor for the New Ireland Province of Papua New Guinea and a past Prime Minister of Papua New Guinea;

"The Future for Fiji's Economy" by Mr Sada Reddy, Governor of the Reserve Bank of Fiji;

"Sustainability in the Business Environment – 2010 and Beyond" by Ms Anne Templeman- Jones, Head of Strategy and Sustainability for Westpac Pacific Banking; and

"The Law, Reform, Development and Nation Building" by Ms Nazhat Shameem, Barrister and Solicitor of the High Court of Fiji.

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

"Fiji's Future Plans for Power Development" by Mr Has Mukh Patel, Chief Executive of the Fiji Electricity Authority;

"Is Sand, Sea and Sun Sufficient?" by Mr John Perrottet, Founder and owner of his own private tourism consultancy firm Perrottet Partners ; and



“Microfinance: Caring and Catering for Small People” by Dr Vijay Mahajan, Founder and Chief Executive of Basix, a prominent microfinance organisation in India.

A total of 560 persons attended, comprising 336 delegates (of whom 167 were members and 169 non members), 124 partners and 100 children.

Mr Dinu Harry, President of the New Zealand Institute of Chartered Accountants and Mr John Cahill, Deputy President of CPA Australia – two of the three sister accounting organisations in Australia and New Zealand - also attended.

A Communique was issued at the end of the Congress stating:

We need to learn from the past, take stock of the present, and plan for the future. Development stakeholders must acknowledge and leverage off the richness of our Pacific heritage. Effective and sustainable law reforms and business growth can only come from being customer centric by engaging in meaningful relationships to achieve the desired behavioural changes. The Nation's strategic vision to create a sense of belonging, coming together and moving ahead requires the people's active involvement where doing nothing is unacceptable.

The Act, Rules and By-Laws

The Committee held extended meetings during 2004, 2005 and 2006 to review a considerable number of proposals for possible amendments to the FIA Act, the Rules and the By-Laws, and these were adopted by a large majority at a Special General Meeting held on 27th April 2006.

Copies of the revised annotated versions of the FIA Act and Rules, together with introductory summaries and a detailed commentary on all the proposed amendments, have been submitted to Government on more than one occasion - the first being on 21st June 2006, the most recent on 28th April 2010. Three Council members, Uday Sen, Divik Deo and Iowane Naiveli,

also met with the Attorney General on 15th December 2010 to discuss the proposed amendments, but no subsequent legislative provisions had been published or enacted by the end of 2010.

The Council has also considered and endorsed amendments to most of the By-Laws, including the Code of Ethics. The Council agreed to adopt the international Code of Ethics produced by IFAC from 1st July 2008, together with a supplement containing material from the FIA's own previous Code that is not currently included in the IFAC Code. Council is currently considering the latest revised version of the IFAC Code, which becomes effective from 1st January 2011.

Education and Membership

During the course of 2010, the Education, Membership and Admission Committee, which is now also responsible for the administration of the post Graduate Professional Programme, considered and recommended to Council the admission of the following, all of whom were subsequently approved by the Council:

- 7 Chartered Accountants (of whom 4 were previously Provisional Members)
- 75 Provisional Members (of whom 9 were previously Affiliate Accountants)
- 40 Affiliate Accountants

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
2005	36	42	30	118
2006	24	47	29	100
2007	37	66	34	137
2008	42	66	53	161
2009	36	74	61	171
2010	7	75	40	122

The number of new chartered accountants and affiliate accountants and, in consequence, the total numbers of

persons admitted during 2010 have markedly reduced and the marked reduction in chartered accountants is almost certainly due to the more stringent requirements set for this category of membership, including the increased post graduate academic requirements as well as the mentored practical experience.

During the latter part of 2010, the Institute engaged the services of Professor Keith Houghton of the Australian National University in Canberra, in succession to Professor Roger Hopkins, who has retired, to undertake an accreditation exercise of the main tertiary academic institutions in Fiji from which the FIA draws its members. He paid a brief familiarisation visit to Fiji in late October and early November and met with officials, staff and students at the three Universities.

He is expected to return in 2011 to undertake a detailed review of the courses offered by the three universities and other previously accredited tertiary institutions.

Following completion of the accreditation exercise in 2008, the University of the South Pacific submitted a list of post graduate 400-level courses which were to be incorporated into the new Post Graduate Diploma in Professional Accounting that the University had decided to introduce from the beginning of 2009, and nine of the ten courses submitted were subsequently accredited by Professor Roger Hopkins. Four of the nine accredited courses have since been accepted as an alternative post graduate qualification to the four core courses of the CPA Programme that are to be introduced by CPA Australia from 1st January 2010 for applicants for full FIA chartered accountant membership.

An extensive set of academic courses, including certificates, diplomas and degrees, submitted by the Fiji Institute of Technology (which has since become part of the new Fiji National University in 2010) for accreditation has yet to be evaluated. However, the new Advanced Diploma in Accounting has been accepted - for the time being - as a replacement for the previous FIT Diploma in Business Studies (Accounting Option), which has been discontinued.

The current requirements for the different categories of membership are as follows:

For **Affiliate Accountants**, the basic requirement is either the Diplomas in Accounting, issued by the University of the South Pacific and the University of Fiji, or Advanced Diplomas in Accounting issued by the Fiji Institute of Technology/ Fiji National University, or those issued by TAFE through either the Training and Productivity Authority of Fiji (TPAF) or the New Zealand Pacific Training Centre (NZPTC). Students who graduate with a degree majoring in accounting from the USP or UOF but who have not completed the full set of 20 academic units required by the FIA for its Provisional Members would also qualify for admission as Affiliate Accountants provided that they have substantially completed at least the equivalent of those academic courses required for recognised diplomas.

For **Provisional Members**, the basic academic requirement is for either a BA or BCom degree from USP or UOF majoring in Accounting and the completion of 14 specified and 6 elective academic units – the electives in any discipline.

For full **Chartered Accountant members**, the minimum academic undergraduate requirements continue to be the same as for Provisional Members, but with effect from 1st January 2010, Chartered Accountants were required to complete an extra four additional post graduate units either from the CPA Programme or from the USP's new Post Graduate Diploma in Professional Accounting.

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 future but future 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.

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.

Cash awards for students attending the University of the South Pacific graduating in Accounting and Financial Management have regularly accompanied Gold Medals awarded by the University itself. An award was made in 2010- in respect of the academic year 2009 - to Mr Kiran Khatri for being the most outstanding student in accounting and financial management.

No cash award or gold medal has been awarded by the Fiji Institute of Technology, specifically for the Diploma in Business Studies (Accounting Option) for some years. The FIT, which is now part of the Fiji National University, has in any case, since January 2009 replaced the previous Diploma in Business Studies (Accounting) with a new Certificate, Diploma, and an Advanced Diploma, in Accounting.

Professional Development

The single most valuable service provided by the Institute for all 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.

In line with International Education Standards (IESs) issued by the International Federation of Accountants, members of the accounting bodies that are full members of IFAC are expected to complete not less than 40 hours of professional education annually or a minimum of 120 hours over a three-year period. At the FIA Annual General Meeting held in June 2008, a motion was passed to increase the minimum number of CPE hours from 30 to 40 annually or to 120 over a three-year period, with effect from 1st January 2009.

To enable all FIA members to complete the new current

required minimum number of hours of "structured" Continuing Professional Education of either 30 hours annually or 90 hours over a three-year period, the Professional Development Committee had planned both a very varied and comprehensive programme for 2010 consisting of seven half day Seminars and two one and a half day Technical Workshops. Three of the Seminars were repeated in the West.

The ten organised activities, together with the five CPE hours that could be earned by those who attended the Annual Congress in June 2010, offered FIA members the opportunity to complete no less than a total of 35½ hours of structured continuing professional education.

The programme organised for 2010 provided opportunities for FIA members to gain CPE hours by attending various professional development activities as follows:

Seminar	January 26th and February 25th	2½
Seminar	February 23rd and March 24th	2½
Workshop	March 12th-14th	6½
Congress	June 11th-13th	5
Seminar	July 20th	2½
Seminar	August 17th	2½
Workshop	September 17th-19th	6½
Seminar	October 19th and December 10th	2½
Seminar	November 12th	2½
Seminar	November 24th	2½
Total		35½

A pattern established in many 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	Total
Seminar	Suva	January 26th	52	32	84
Seminar	Suva	February 23rd	40	44	84
Seminar	Nadi	February 25th	20	23	43
Seminar	Nadi	March 24th	13	19	32
Workshop	Natadola	March 12th-14th	81	87	168
Congress	Fijian	June 11th-12th	167	169	336
Seminar	Suva	July 20th	20	21	41
Seminar	Suva	August 17th	24	16	40
Workshop	Wrwk	September 17th-19th	103	66	169
Seminar	Suva	October 19th	60	37	97
Seminar	Nadi	November 12th	29	50	79
Seminar	Suva	November 24th	23	41	64
Seminar	Nadi	December 10th	17	32	49

It is encouraging to note that - for 2010 - a total of four professional development activities was mounted in the West - with two, organised by a new Committee, attracting a record number of participants.

A two-day "Congress" was also organised by CPA Australia in July 2010 at the Sheraton Resort on Corporate Governance. FIA members were also invited to attend. No professional development FIA activities were organised for the months of April or May.

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 seven Seminars for 2010 (three of which were held both in Suva and the Western Division) were as follows:

January 26th and February 25th

"Tax Administration Decree"
Presented by Ms Lisa Apted, Partner in KPMG

February 23rd and March 24th

"Tax Changes and Developments"
Presented by Mr Madhu Sudhan, Director Taxation Services in G Lal & Co

No professional development seminars were held in either April or May. A proposed seminar planned for April on "Fraud" was postponed to a later date and one that had been planned

for May on "Internal Auditing - Outsourcing Pros and Cons" was abandoned because of the lack of interest shown by would-be participants.

July 20th

"SME Developments in Fiji - An RBF Perspective" and "Update of the Fiji Economy"
Presented respectively by Mr Filimone Waqabaca and Mr Jitendra Singh of the Reserve Bank of Fiji.

August 17th

"A Pacific Bank and Its Future Plans"
Presented by Mr Kevin McCarthy, Country Manager for Bank South Pacific.

October 19th and December 10th

"IFRS for SMEs"
Presented by Professor Michael White, of the University of the South Pacific

November 12th

"Tax in Practice" Presented by 3 Officials from FIRCA in Lautoka and "Fraud Awareness"

Presented jointly by Mr Ryan Singh from the University of Fiji and Mr Robert Cohen from KPMG.

[This Seminar was held only in the West]

November 24th

"Fraud"

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

Workshops

Two Technical Workshops were arranged for 2010 - the first being held at the Intercontinental Fiji Golf Resort and Spa at Natadola in March and the second held at the Warwick Fiji Resort in September.

The pattern for the programme for the first March Technical Workshop in 2010 was very similar to that used for the March Workshops in 2008 and 2009, with most of the actual working part of the Workshop compressed into a single day, on the Saturday and only one plenary session on the Sunday morning. The working programme was restricted to 3 plenary sessions and 2 break-out sessions. This pattern was repeated for the September Technical Workshop.

The time allowed for the plenary sessions was one hour and one and three-quarter hours for each of the break-out sessions. An after dinner speaker was included in the programme for the March workshop but this was not repeated for the September workshop.

The first Technical Workshop for 2010 was held at the Intercontinental Fiji Golf Resort and Spa at Natadola – a new venue for the Institute and, as it turned out, a very popular one with all the participants, with excellent conference facilities. The Workshop was held from the 12th – 14th March incorporating 3 plenary and 2 "break-out" sessions covering the following topics:

The three Plenary sessions were:

"Voluntary Liquidations"

Presented by Ms Lisa Apted, Partner in the firm of KPMG;

"An Overview of the New IFRS for SMEs Standards"

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

"Due Diligence"

Presented by Mr Atu Siwatibau, Partner in the law firm of Siwatibau and Sloan



and the two "Break-Out" sessions were:

"Valuation of a Company"

Presented by Mr Bruce Sutton, Partner in the firm of KPMG; and

"Financial Instruments – IFRS 7"

Presented by Mr Peni Tora, Manager in the firm of Ernst & Young.

A total of 246 people attended of whom 168 were delegates, 43 were partners and 35 were children.

A second Technical Workshop was held at the Warwick Fiji Resort on 17th to 19th September 2010, that was run in conjunction with CPA Australia, incorporating 3 Plenary and 2 "Break-Out" sessions (one plenary session being run on the Sunday morning):

The three Plenary sessions were:

"Financial Reporting Statements"

Presented by Ms Janice Loftus, Senior Lecturer in the Discipline of Accounting and Business Law at the University of Sydney;

"Role and Duties of an Auditor"

Presented by Mr Robert Cohen, Partner in the firm of KPMG; and

"Deregulation and Competition"

Presented by Ms Nehla Basawaiya, Senior Associate in the law firm of Munro Leys.

And the two break-out sessions were:

"Consolidation - IAS 27"

Presented by Ms Janice Loftus, Senior Lecturer in the Discipline of Accounting and Business Law at the University of Sydney; and

"Impairment of Assets – IAS 36"

Presented by Mr Kaushik Chandra, Partner in the firm of PricewaterhouseCoopers.

A total of 260 people attended of whom 169 were delegates, 44 were partners and 47 were children.

Journal

Four issues of the Institute's "Accountant" Journal were produced and distributed to members during 2010:

A 48-page March issue which was distributed by mail in the last week of April;

A 48-page June issue which was distributed at the time of the Congress; and

A 48-page September issue, distributed by mail in mid November; and

A 48-page December issue which was distributed by mail in February 2011.

With effect from the September 2009 issue, copies of the Journal are also being sent to all Fiji secondary schools. This is being done to ensure that students are encouraged to start thinking about a career in the accounting profession.

Copies of past issues of the Journal are now also posted onto the FIA website www.fia.org.fj

Disciplinary Proceedings

The Investigation Committee held only three meetings during 2010. The three cases outstanding from 2007, two of which had been addressed to other parties and the third being of a generalised and unspecific nature from an unidentified source, were all dismissed since there had been no subsequent follow up from the "complainants" despite enquiries addressed to them. Two others, one from 2008 and one from 2009, were also dismissed; despite enquiries to the complainant of the 2008 case, there had been no response and the complainant in the 2009 case was untraceable and his complaint related to a dismissal from work, which was not a legitimate area upon which the Committee could rule.

One complaint outstanding from 2008, and two from 2009, together with three new cases which were received in 2010, were also considered by the Committee. However, two of these had been referred to the Courts for adjudication and were therefore kept under review pending the result of the Court actions. The case outstanding from 2008 was initially referred to the Disciplinary Committee but it had to be abandoned since the member's membership had lapsed. The second outstanding case - from 2009 - was also referred to the Disciplinary Committee. The

remaining 2010 cases were outstanding at year's end, one awaiting a response from the complainant.

The Disciplinary Committee held two meetings during 2010, to consider the two cases that had been referred to it. One had to be abandoned, as recorded above, because the member against whom the complaint had been made had had his name removed from the Register for failing to pay his membership subscription. The second complaint was found to be only partly justified, and the member concerned was censured for minor negligence.

Business And Government Committee

During the year, members of the Committee have been in discussion with various entities on the subject of foreign investment. In January, Ms Lisa Apted, Mr Pradeep Patel and Mr Chirk Yam met with officials in the Office of the Attorney General to discuss legislation to give effect to measures included in the previous year's Budget Address – in particular provisions relating to foreign investment. On 11th February, Mr Francis Chung attended a workshop organised by the Ministry of Industry, Tourism, Trade and Communications on the implementation of investment projects. And, in June, responding to an invitation from the Fiji Trade and Investment Bureau, the Committee sent a submission to Government on the Foreign Investment decree.

The Committee has also held detailed discussions with FIRCA officials on the interpretation of "profit" in relation to export income deductions under section 21B of the Income Tax Act. The Committee has pointed out that action by FIRCA to re-assess export income deductions, going back as far as 2001, on the basis of a revised interpretation of section 21B, appears to contradict the provisions of FIRCA's own Practice Statement on the subject, and it had corresponded with FIRCA on the subject on 10th September 2010. This matter (and discussions on the retrospective application of law and policy) was also discussed during a follow-up meeting on 11th November. Subsequent to that meeting, the Chair of the Committee had written to FIRCA confirming the discussions and

FIRCA's confirmation that it would, without limiting its powers under the law, cease to apply policies and laws retrospectively.

Committee members have also been in discussions with officials from the Office of the Attorney General regarding the long awaited review of the Companies Act. Ms Lisa Apted had attended a meeting in the Attorney General's Office in February with representatives from the law firm of Minter Ellison which had been engaged by Government to review the Act and had produced a comprehensive and detailed set of proposals. A detailed submission was sent to Government in March. However, at the year's end, no revised draft of the legislation had been sighted.

Two workshops were organised by the Committee in mid May and early June to brief members of the Institute who were registered Tax Agents on discussions that the Committee had held with FIRCA on issues relating to Tax. The first, held at the Tanoa Plaza on 18th May, and addressed by Ms Lisa Apted, attracted an audience of 29 members; disappointingly, the second, that was held in Nadi on 4th June 2010, was only attended by 6 members.

In August, Ms Lisa Apted attended a meeting at the Fiji National Provident Fund to consider a number of proposed changes to the current FNPF Act that would introduce penalties, including Departure Prohibition Orders, for failure by officials of organisations and companies to remit FNPF contributions on time, and other statutory obligations. The meeting had been dominated largely by officials from the trade unions.

On 7th September, in response to an invitation from the Commerce Commission, the Committee made a submission on a proposal by the Commission to introduce a revised electricity tariff for the Fiji Electricity Authority. And, on 13th September, the Committee commented on a proposal submitted by the CMDA section in the Reserve Bank of Fiji to introduce changes affecting the supervision of auditors.

On 13th September, following a meeting with the Chief Justice on 8th September, the Committee sent a submission to the Chief Justice advocating the appointment of a Tax Tribunal (a position currently

vacant) to consider appeals against assessments made by FIRCA.

In response to an invitation dated 8th September from the Ministry of Finance, the Committee submitted the Institute's detailed proposals for inclusion in the 2011 Budget to the Ministry of Finance on 17th September. The FIA was not invited to discuss its submission with Ministry officials, as it had been in the past.

The Committee members also held regular quarterly meetings with representatives from FIRCA, at which a number of issues were discussed, including voluntary registration for VAT, the tax lodgement programme and dividend withholding tax. The Committee also considered a number of other issues that would need to be discussed with FIRCA including Practice Statements on unincorporated companies and branch profit remittances. The Committee maintains that FIRCA should include in the relevant Practice Statements its position regarding taxability, rather than introducing new interpretations, leading to re-assessments. It is understood that the Government intends to introduce a completely new Income Tax Act, in consultation with representatives of the International Monetary Fund.

The Committee members met with FIRCA officials during November and December 2010 on the Government's proposed introduction of capital gains tax, as announced in the 2011 Budget address. Following the initial meeting, the Committee had forwarded a paper summarising the potential issues and factors to be considered by FIRCA and Government in designing the CGT legislation. The FIA requested that it be given the opportunity to review and comment on draft legislation when it was available.

On 8th November, Mr Pradeep Patel represented the Committee at a meeting held with Professor Robert Scollay, a consultant, and Ms Sovaia Marama of the Ministry of Foreign Affairs, on the subject of the development of Fiji's Trade Policy Framework.

The Council responded to criticisms levelled at Accountants and Auditors during the Congress, suggesting that they should act as public whistle blowers, informing the public of any possible wrong

decisions made by their clients, pointing out that under their Code of Ethics Accountants and Auditors owe a duty of confidentiality to their clients.

Similarly, Council responded to a criticism contained in a report by the Commerce Commission that the Accountants for hardware companies had failed to comply with international accounting standards when evaluating the costs that such companies should take into account when setting prices for hardware items, pointing out that IFRS Standards are applicable to costs reflected in an entity's annual accounts, not to pricing formulas adopted by retailers.

On 25th June 2010, Government published the Media Industry Development Decree, which was to come into force from 28th June and under which all those organisations that would qualify as "media organisations" were required to register with the Media Industry Development Authority by 27th July. Since the Institute published a quarterly Journal and operated a website – both of these being critical criteria under the definition of a "media organisation" – Council decided to temporarily suspend its quarterly publication, to take down its website and apply for exemption. A subsequent revised ruling was published on 30th August, exempting any "statutory body" from the provisions of the Decree, and the Institute's Journal and website were re-established.

Standards

The Institute, in honouring its obligation as a member body of the International Federation of Accountants (IFAC) to introduce international financial and reporting standards, adopted the full suite of the IASB's international financial accounting and reporting standards (IFRSs) – for accounting periods commencing on or after 1st January 2007.

However, the full IFRS standards are only mandatory for entities falling within the following categories:

- Public companies, as defined in the Companies Act;
- Government majority owned companies;
- Banking and financial institutions;
- Superannuation, insurance and insurance broking entities;

Government entities established under their own statute with annual turnover of at least \$5m;

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

Entities that are publicly accountable with annual turnover of at least \$5m (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), provided the turnover of such entities exceeds \$5m, as equity accounting would be applicable for the parent company reporting.

[Smaller entities will, pending the adoption of the IFRS for SME Standard, need to comply with the current Fiji Accounting Standards]

In March 2007, the International Accounting Standards Board (IASB) produced a proposed 450 page draft set of international accounting standards for small and medium enterprises ("SMEs") whose reporting needs are significantly different from those of the larger commercial and multi national enterprises. Following submissions on the initial draft, made by member bodies, IASB produced a revised version of the SME Standard in August 2009, and much of the Committee's time in the latter part of 2009 was spent in examining the revised version and its suitability for adoption by the Institute. After thorough and careful consideration the Committee recommended and Council has agreed, that the new IFRS for SMEs Standard should be adopted for accounting periods beginning on or after 1st January 2011.

The new SME Standards will only apply to SMEs that:

- a) do not have **public accountability**; and
- (b) publish **general purpose financial statements**.

[An entity with "public accountability" is defined as one whose debt or equity instruments are traded in a public market or one which holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.]

Professor Michael White – a member of the Committee – was to attend a Training for Trainers workshop in Malaysia organised jointly by the Confederation of Asian and Pacific Accountants (CAPA) and the IASCF (parent body of the IASB) in January 2010 and, upon his return, he was to be conducting training sessions for other trainers, to ensure that information on the new SME Standards is disseminated as widely as possible through professional development activities. In the event, however, Professor White was unable to attend the workshop but it is hoped that, with the assistance of modules produced by IASB, a thorough training programme will be organised.

At the Technical Workshop held in March, Professor Mick White had presented an overview of the provisions included in the new SME Standard and he repeated an amplified version of this at a half-day workshop held for Chartered Accountants in public practice (CPPs) on 9th April 2010. In October, Professor Mick White also presented a half-day Seminar on sections 4,5 and 6 of the Standard in Suva, and this was repeated in the West on 10th December. (See the earlier report on Professional Development).

The Institute had also adopted the full suite of international audit related standards issued by the International Federation of Accountants (IFAC). The suite comprises International Standards on Auditing (ISAs), International Audit Practice Statements (IAPs), 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). These Standards were adopted from 1st July 2008, in conjunction with the IFAC International Code of Ethics.

The Committee also spent time in the later half of the year examining the new "Clarity" auditing standards produced by IFAC, replacing the previous International Standards on Auditing (ISAs) and has recommended that these be adopted by the Institute for accounting periods on or after 1st January 2011.

The Committee also recommended an amendment to FAS 103 clarifying the treatment of VAT in Accounts in March, which was accepted by Council.

The Committee also produced during 2009, and recommended to Council, the publication of a standard format for general purpose and consolidated audit reports, as additional guidance for FIA members, both of which were approved by Council in March 2010. The Committee has also been liaising with the Chief Registrar of the High Court regarding an acceptable format for audit reports for Solicitors' Trust Accounts.

In 2008, after many years of seeking to provide access to IFRS standards for Institute members, an agreement was reached with the International Accounting Standards Committee Foundation in March 2008, enabling registered FIA members (with a password) through a link on the FIA's website, to access and download current IFRS standards.

Surveillance Panel

The Surveillance Panel is appointed by the Standards Committee and it is tasked with the responsibility to review the published annual financial reports of statutory bodies and entities listed on the South Pacific Stock Exchange, with the objective of improving compliance with quality standards in reporting.

Corporate Plan

A Second Corporate Plan was published and distributed to all FIA members in the latter part of 2007. It included 10 sections dealing with various different aspects of the Institute's activities as follows:

- Marketing and Promotions
- Membership
- Professional Development
- Act and Rules
- Discipline Process
- Business and Government
- Annual Congress
- Journal and Website
- Institute Support and Services
- Accounting and Auditing Standards

An update on the progress achieved in implementing the objectives of the Plan was published in the June 2010 issue of the Institute's Journal.

Membership Statistics

The total number of FIA members, of all categories, listed on the Institute's Register, as at 31st December 2010, was 719 – reflecting an increase of just under 40 on the total membership for 2009. This makes 2010 a record year, for the second year in succession, for membership, in the last ten years.

During 2010, the names of 138 members (slightly less than usual) were removed from the FIA Register for failing to pay their membership subscriptions before 30th June 2010. However, 19 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. A further 24 are accounted for in transfers between categories.

During the year, a total of 122 new members were admitted to membership, of whom 7 were admitted as Chartered Accountants, 75 as Provisional Members and the other 40 as Affiliate Accountants.

The comparative figures for 2009 and 2010 for each of the various categories were as follows:

	2009	2010
Chartered Accountants in Public Practice	37	37
Chartered Accountants not in Public Practice	277	266
Provisional Members	205	244
Affiliate Accountants	152	149
Licensed Accountants	1	1
Students	20	22
Total	692	719

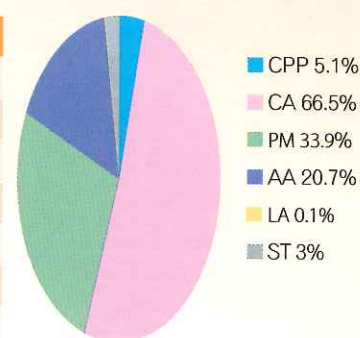
Seventy-one members were resident overseas of whom 60 were Chartered Accountants, 5 were Provisional members and 6 were Affiliate Accountants.

Only one of the original 72 Licensed Accountants remains on the Register.

Membership Statistics

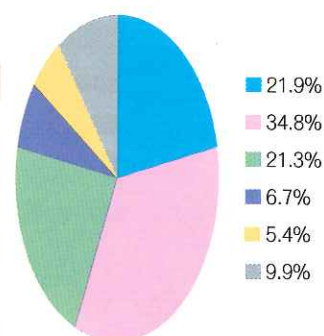
A. MEMBERSHIP by Category (2004 - 2010)

	CPP	CA	PM	AA	LA	ST	TOTAL
2004	39	249	124	159	4	43	618
2005	37	243	111	142	3	53	589
2006	35	248	121	132	2	27	565
2007	36	251	166	128	1	14	596
2008	36	270	190	151	1	14	662
2009	37	277	205	152	1	9	681
2010	37	266	244	149	1	22	719



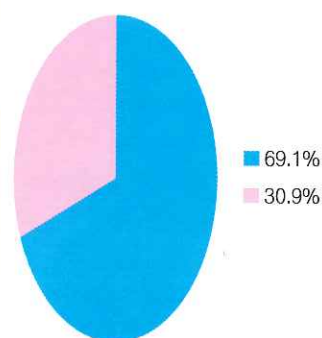
B MEMBERSHIP by Occupation (2010)

	CPP	CA	PM	AA	LA	ST	TOTAL
Public Practice	37	26	87	7	1	-	158
Industry and Commerce	-	95	74	81	-	-	250
Public Sector	-	59	62	32	-	-	153
Education and Training	-	13	7	6	-	22	48
Other	-	13	9	17	-	-	39
Overseas	-	60	5	6	-	-	71
	37	266	244	149	1	22	719



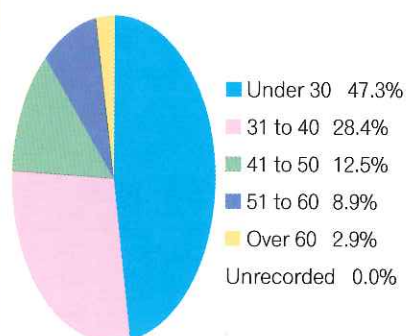
C MEMBERSHIP by Gender (2004 - 2010)

	2004	2005	2006	2007	2008	2009	2010
Male	449	420	400	409	462	473	497
Female	169	169	165	187	200	208	222
	618	589	565	596	662	681	719



D MEMBERSHIP by Age (2004 - 2010)

	2004	2005	2006	2007	2008	2009	2010
Under 30	265	256	232	269	278	315	340
31 to 40	188	173	169	177	203	208	204
41 to 50	107	102	94	86	94	84	90
51 to 60	36	39	47	47	64	59	64
Over 60	18	15	18	15	20	13	21
Unrecorded	4	4	5	2	3	2	-
	618	589	565	596	662	681	719



Committee Members 2010 – 2011

Investigation Committee

Divik Deo (Chair)
Stella Simpson
Ashwin Singh
Fay Yee
Caroline Pickering

Professional Development Committee

Stella Simpson (Chair)
Lorraine Seeto
Kavin Rathod
Pradeep Lal
Rusco Bavon
Elena Wakolo

Business & Government Committee

Iowane Naiveli (Chair)
Lisa Apted
Pradeep Patel
Francis Chung
Jerome Kado
Camacakau Raimuria

Act & Rules Committee

Nitin Gandhi (Chair)
Zarin Khan
Deepa Kapadia
Kathleen Hope
Leonard Chan

Marketing & Promotions Committee

Ashwin Singh (Chair)
Camacakau Raimuria
Asit Sen
Glen Finau

Disciplinary Committee

Uday Sen (Chair)
Nitin Gandhi
Iowane Naiveli
Tomas Vakatora
Ravendran Achari

Congress Organising Committee

Sikeli Tuinamuana (Chair)
Divik Deo
Beverly Seeto
Renu Chand
Lanieta Senibulu

Journal and Website Committee

Camacakau Raimuria (Chair)
Arvinbhai Patel
Vikash Harikishan
Arbin Singh
Swastika Rekha

Awards Committee

Uday Sen (Chair)
Vijay Naidu
Myrtle Smith
Bimlesh Dutt

Corporate Plan Committee

Nitin Gandhi (Chair)

Membership Committee

Lisa Apted (Chair)
Regina Mar
Prity Singh
Finau Nagera
Ronesh Dayal
Suliano Ramanu

Accounting and Auditing Standards Committee

Sikeli Tuinamuana (Chair)
Bruce Sutton
Michael White
Inia Naiyaga
Naushad Ali
Tevita Bolanavanua

Surveillance Panel Sub Committee

Uday Sen (Chair)
Michael White
Kuruwara Tunisalevu
Ashishma Lal
Rajesh Kuttiam
Kaushik Chandra

Staff & Administration

Uday Sen (Chair)
Sikeli Tuinamuana

Western Division Committee

Robert Cohen (Chair)
Ben Coutman
Shaneel Nandan
Rajesh Sangekar
Deepti Lal
Sanjini Nair
Denise Charan

A Brief Commentary on the Financial Statements for the year 2010.

Net Surplus

FIA's net surplus for the year was \$25,768 compared to \$19,368 achieved in the previous year 2009. Most of this surplus is attributable to the surplus from Special Committee activities.

Revenue

Members' subscriptions amounted to \$112,933 (2009: \$110,306), an increase of \$2,627 from the previous year, representing a growth of 2.38%. While total membership has increased by 38 from 681 in 2009 to 719 in 2010, the number of chartered accountants (whose subscription rate is \$225) has decreased by 11 compared with the increase of 39 in the number of provisional members (who pay \$125), resulting in a net increase of only \$2,400.

The total income from special committees amounted to \$600,169 (2009: \$633,857) - a decrease of \$33,688 from the previous year. However, the net surplus from special committees activities had increased to \$68,214 (2009: \$46,417), an increase of \$21,797, representing a growth of just under 47%. This largely resulted from an increased surplus of \$9,200 from the Annual Congress as well as a net change from deficit to surplus in respect of Education Courses (Professional Development) of \$30,344 – offset by an increased deficit of \$17,747 for the Journal.

Expenditure

Total expenditure amounted to \$190,951 (2009: \$175,708) an increase of \$15,243 (8.7%) from the previous year. This was largely attributable to an impairment loss in the value of Unit Trust of Fiji units (\$3,899), a provision for obsolescence of Members' Handbooks (\$7,200) and an increase in the cost of International activities (\$16,336), offset by the previous year's loss on redemption of an investment in the Colonial First State Managed Income & Growth Fund (\$8,529).

Balance Sheet

The balance sheet has continued to strengthen, with year ended cash holdings of \$131,227 (2009: \$43,490) and financial assets of \$428,787 (2009: \$444,391). Net Assets for the year increased from \$598,137 in 2009 to \$611,700 in 2010. A review will be undertaken at the end of June 2011 of cash and short term investments, with a view to placing further funds into new investments

There was a substantial increase in the value of subscriptions in advance at year end, as a result of members paying in advance of the increase in the rate of Value Added Tax from 1st January 2011.

FIJI INSTITUTE OF ACCOUNTANTS

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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FIJI INSTITUTE OF ACCOUNTANTS

Statement by the Council of Fiji Institute of Accountants

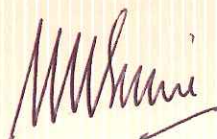
FOR THE YEAR ENDED 31 DECEMBER 2010

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 the pages 23 to 35 for the year ended 31 December 2010 are drawn up so as to give a true and fair view of the state of affairs of the Institute as at 31 December 2010 and the results of its operations, its cash flows and changes in members' funds for the year then ended.

Dated this 19th day of May 2011.



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PRESIDENT



.....
TREASURER

FIJI INSTITUTE OF ACCOUNTANTS

Independent Audit Report To the Members of Fiji Institute of Accountants

FOR THE YEAR ENDED 31 DECEMBER 2010

Report on the Financial Statements

I have audited the accompanying financial statements of Fiji Institute of Accountants, which comprise the balance sheet as at 31 December 2010, and income and expenditure statement, statement of changes in members' fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 23 to 35.

Council's Responsibility for the Financial Statements

The Council of the Institute is responsible for the preparation and fair presentation of these financial statements in accordance with Fiji Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion, the financial statements presents fairly in accordance with Fiji Accounting Standards the state of affairs of the Institute as at 31 December 2010 and of the results, cash flows and changes in members' funds of the Institute for the year ended 31 December 2010.

Suva, Fiji
19 May 2011

Pradeep Patel
Chartered Accountant

FIJI INSTITUTE OF ACCOUNTANTS

Income And Expenditure Statement

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$	Restated 2009 \$
INCOME			
Admission fees		7,740	5,640
Member's subscription	2	112,933	110,306
Interest		18,286	13,000
Dividend		4,512	3,624
Special committees (net surplus)	3	68,214	46,417
Members handbooks		-	615
Other		5,034	15,474
		216,719	195,076
EXPENDITURE			
Audit fees		889	889
Bank charges		516	672
Council and committee expenses		10,039	11,683
Depreciation		2,972	4,043
Impairment loss on financial assets		3,899	-
Electricity		3,541	2,655
General expenses		7,051	2,012
Gifts and awards		723	1,749
Members handbooks		1,390	-
Members handbooks - obsolescence		7,200	-
Insurance		5,317	4,516
International activities	5	37,127	20,791
Legal and professional expenses		6,482	8,666
Loss on redemption of financial assets	4	-	8,529
Postage, telephone and internet		6,865	9,439
Printing and stationery		7,563	8,970
VAT refunds written off – prior years		1,701	-
Rental		12,650	12,506
Repairs and maintenance		1,032	3,110
Salaries, wages and associated costs		70,387	72,727
Travelling		2,207	2,751
Website		1,400	-
TOTAL EXPENDITURE		190,951	175,708
NET SURPLUS FOR THE YEAR		25,768	19,368

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 2010

	Accumulated Surplus \$	Investment Valuation Reserve \$	Total \$
Balance as at 31 December 2008	566,564	9,790	576,354
Net surplus for the year as restated	19,368	-	19,368
Gain on re-measurement of available-for-sale financial assets to fair value	-	2,415	2,415
Balance as at 31 December 2009	585,932	12,205	598,137
Net surplus for the year	25,768	-	25,768
Loss on re-measurement of available-for-sale financial assets to fair value	-	(12,205)	(12,205)
Balance as at 31 December 2010	611,700	-	611,700

The statement of changes in members' fund 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 2010

	Notes	2010	Restated 2009
CURRENT ASSETS			
Cash at bank and on hand		131,227	43,490
Interest receivable		6,869	2,816
Dividend receivable		2,830	2,818
Inventories	6	2,400	11,583
Other receivables	7	60,717	90,922
Financial assets	8	106,089	140,914
TOTAL CURRENT ASSETS		310,132	292,543
NON CURRENT ASSETS			
Financial assets	8	322,198	303,477
Plant and equipment	9	11,925	14,897
TOTAL NON-CURRENT ASSETS		334,123	318,374
TOTAL ASSETS		644,255	610,917
CURRENT LIABILITIES			
Creditors and accruals		3,456	5,643
Provisions	10	2,717	-
Subscriptions received in advance		26,382	7,137
TOTAL CURRENT LIABILITIES		32,555	12,780
TOTAL LIABILITIES		32,555	12,780
NET ASSETS		611,700	598,137
MEMBERS' FUNDS			
Accumulated surplus		611,700	585,932
Investment valuation reserve		-	12,205
TOTAL MEMBERS' FUNDS		611,700	598,137

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 2010

	Notes	2010	Restated 2009
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES			
Receipts from members		139,918	111,945
Receipts from special committees and technical publications		605,796	649,946
Payment to suppliers and employees		(674,649)	(782,035)
Interest received		12,172	12,523
Dividend received		4,500	2,804
Net cash flows from/ (used in) Operating Activities	12(a)	87,737	(4,817)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from redemption of investments		-	75,467
Payments for investments		-	(95,297)
Acquisition of plant and equipment		-	(2,529)
Net cash flow used in Investing Activities		-	(22,359)
Net increase/ (decrease) in cash held		87,737	(27,176)
Cash at the beginning of the financial year		43,490	70,666
Net cash at the end of the financial year	12(b)	131,227	43,490

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

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been drawn up in accordance with Fiji Accounting Standards.

The principal accounting policies adopted by the Institute are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

All amounts are stated in Fijian currency.

a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below and do not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and that it can be reliably measured.

Member fees and subscription

Admission fees are recognised as revenue on receipt.

The subscription year runs 1 January to 31 December. Subscriptions are payable annually in advance. Only those membership fees and subscription payments that are attributable to the current financial year are recognised as revenue. Fees and subscription payments that relate to future periods are shown in the balance sheet as subscriptions received in advance.

Interest

Interest income is recognised on accrual basis.

Sponsorships and contributions in kind

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

c) Inventories

Inventories are valued at the lower of cost or net realisable value. Cost of standards volumes includes cost of printing, royalties, binders and other direct acquisition costs.

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

d) 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.

e) Income Tax

Income of the Institute is exempt from income tax in accordance with Section 50 of the Fiji Institute of Accountants Act and Section 17(24) of the Fiji Income Tax Act.

f) Financial Assets

Investments are recognised and de-recognized 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.

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

Income from financial assets is recognized as it accrues or when the right to receive payment is established.

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 capitalized as equipment and depreciated over their period of expected benefit.

h) Employee Benefits

Provision is made for annual leave estimated to be payable to employees on the basis of statutory and contractual requirements.

i) Comparatives

Where necessary, amounts relating to prior years have been reclassified to conform to presentation in the current year. Prior year balances have also been restated as explained under Note 4.

j) Value Added Tax (VAT)

Revenue, expenses, assets and liabilities are recognised net of VAT, except:

- Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense; and
- For receivables and payables which are recognised inclusive of VAT.

The net amount of VAT payable to, or receivable from, the taxation authority is included as part of payables/receivables.

NOTE 2. MEMBERS' SUBSCRIPTION

	2010	Restated
	\$	2009
		\$
Members holding a Certificate of Public Practice	13,174	13,269
Members not holding a Certificate of Public Practice	48,284	51,450
Provisional members	31,273	25,788
Licensed Accountants	110	110
Affiliate members	15,200	15,285
Overseas members	4,732	4,314
Student members	160	90
	112,933	110,306

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 3 SPECIAL COMMITTEES

	2010	Restated
	\$	2009
		\$
(a) Annual Congress Income		
Registration fees and levies	277,851	332,630
Sponsorship	81,020	77,256
Other	1,665	-
	360,536	409,886
Expenses		
Accommodation, food and beverage	236,156	289,061
Advertising	2,998	7,427
Bank charges	185	148
Compendium bags	12,631	9,200
Donation and gifts	2,133	2,044
Entertainment	5,111	2,156
Equipment hire	365	436
Lanyards	-	800
Speaker fees and costs	23,576	33,656
Stationery, telephone and fax	4,912	2,841
Travel	2,036	884
	290,103	348,653
Surplus	70,433	61,233

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 3 SPECIAL COMMITTEES (Cont'd)

	2010 \$	Restated 2009 \$
(b) Education Courses		
Income		
Registration fees and levies	226,437	205,670
Expenses		
Hall hire, accommodation, food and beverage	186,177	200,333
Advertising, publicity and other costs	12,447	8,984
Speaker fees and costs	3,521	803
CPAA Fiji's share of surplus	1,827	3,429
	203,972	213,549
Surplus/ (Deficit)	22,465	(7,879)
(c) Journal Committee		
Income		
Advertising revenue	13,196	18,301
Expenses		
Production and other costs	37,880	25,238
Deficit	(24,684)	(6,937)
Net surplus special committees	68,214	46,417

(d) Western Division

Western Division activities have, in recent years, been limited to seminars and workshops organized under the professional development programme, many of them being seminars that were earlier conducted in Suva, and amounts of income and expenses have therefore been included under the Education Courses, item (b) above.

NOTE 4. RESTATEMENT OF PRIOR YEAR BALANCES

During year ended 31 December 2009, investments in Colonial First State Managed Funds were redeemed upon closure of the Fund. Funds received upon redemption of these investments were inclusive of funds invested on behalf of Chair in Accounting Fund. However, redeemed funds in respect of Chair in Accounting amounting to \$17,946 were accounted and incorporated in the balance sheet and income and expenditure statement of the Institute.

Furthermore, during prior years, interest withholding taxes were deducted by financial institutions from interest earned from investment in term deposits which were not recognised in the financial statements of the Institute.

The financial statements of 2009 have been restated to correct these errors. The effect of the restatement on those financial statements is summarised below. There is no effect in 2010.

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 4. RESTATEMENT OF PRIOR YEAR BALANCES (Cont'd)

	2010 \$	Effect on 2009 \$
Decrease in other income		(9,417)
Increase in interest income		3,548
Increase in loss on redemption of financial assets		(8,529)
Decrease in profit		(14,398)
Increase in interest withholding tax receivable		3,548
Decrease in short term deposits with financial institutions		(17,946)
Decrease in equity		(14,398)

NOTE 5. INTERNATIONAL ACTIVITIES

Subscription to :		
- International Federation of Accountants	8,506	3,578
- Confederation of Asia and Pacific Accountants	1,753	1,547
- eIFRS link to International Accounting Standards Board	16,256	14,676
CPAA - IASC Foundation workshop	1,383	990
World Congress of Accountants	4,611	-
Hosting CAPA committee meeting	4,618	-
Total International Activities	37,127	20,791

NOTE 6. INVENTORIES

Fiji Accounting and Auditing Standards Volume	9,600	11,583
Less: provision for obsolescence	(7,200)	-
Total inventories, net	2,400	11,583

NOTE 7. OTHER RECEIVABLES

VAT receivable	28,530	35,741
Interest withholding tax receivable	5,609	3,548
Deposit - Congress and Technical Workshop	12,000	21,942
Other receivables and prepayments	14,578	29,691
Total other receivables	60,717	90,922

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 8. FINANCIAL ASSETS

	2010 \$	Restated 2009 \$
Current		
Held-to-maturity investments		
Short term deposits with financial institutions	106,089	140,914
Non-Current		
Held-to-maturity investments		
Long term deposits with financial institutions	224,775	189,951
Available-For-Sale Financial Assets - quoted securities		
Unit Trust of Fiji	97,423	113,526
Total non-current financial assets	322,198	303,477
Financial Assets held to maturity attract interest ranging from 3.5 percent per annum to 7.5 percent per annum and have maturities up to December 2013.		
Reconciliation of available-for-sale financial assets		
Opening balance	113,526	111,111
Gain/(loss) on re-measurement to fair value	(16,103)	2,415
Total available-for-sale financial assets	97,423	113,526

During the year, quoted securities were valued at fair value. The valuation increment /(decrement) arising thereon has been taken to investment valuation reserve, with decrease in value below cost has been expensed under income and expenditure statement.

NOTE 9. PLANT AND EQUIPMENT

Office furniture and equipment - at cost	73,863	74,748
Less: accumulated depreciation	(61,938)	(59,851)
Total written down value	11,925	14,897

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	14,897	16,411
Additions	-	2,529
Depreciation expense	(2,972)	(4,043)
Total written down value	11,925	14,897

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 10. PROVISIONS

	2010 \$	Restated 2009 \$
Annual leave entitlements	2,717	-
Employee Numbers		
Average number of employees during the financial year	4	4

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	24,924	26,525
Less: Loss on redemption of investments	-	(2,053)
Less: Bank charges	(60)	(60)
Add: Interest	1,240	-
Add: Dividends	-	512
	26,104	24,924
Represented by:		
Cash at bank	6,917	6,977
Term deposits	19,187	17,947
	26,104	24,924

The fund was set up from the money collected by the Institute to support the Chair In Accounting at University of the South Pacific. It is not expected that the above amount will become payable in the current year.

As at 31 December 2009 and 2010, the funds in respect to Chair In Accounting were invested in term deposits with Home Finance Company Ltd. This term deposit is held under the name of the Fiji Institute of Accountants, which is held by the Institute in trust for the Chair In Accounting.

ADAM DICKSON MEMORIAL FUND

Balance at the beginning of the year	28,093	27,949
Add: Interest and deposits	1,874	204
Less: Bank charges	(60)	(60)
	29,907	28,093
Represented By:		
Cash at bank	6,130	6,190
Interest receivable	3,777	1,903
Term deposit	20,000	20,000
	29,907	28,093

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

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 12. NOTES TO THE STATEMENT OF CASH FLOWS

	2010 \$	Restated 2009 \$
a) Reconciliation of the net cash provided by operating activities to the net surplus for the year		
Net surplus for the year	25,768	19,368
Depreciation	2,972	4,043
Loss on redemption of financial assets	-	8,529
Impairment loss on financial assets	3,899	-
Net cash provided by operating activities before change in assets and liabilities	32,639	31,940
Change in assets and liabilities:		
(Increase) / Decrease in inventories	9,183	(6,741)
(Increase) / Decrease in other assets	30,205	(11,397)
(Increase) / Decrease in interest receivable	(4,053)	3,071
(Increase) / Decrease in dividend receivable	(12)	(820)
Increase / (Decrease) in creditors and accruals	(2,187)	(11,929)
Increase / (Decrease) in provision for leave entitlements	2,717	(4,940)
Increase / (Decrease) in subscriptions and fees in advance	19,245	(4,001)
Net cash provided by/ (used in) operating activities	87,737	(4,817)

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	131,227	43,490
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NOTE 13. EXPENDITURE COMMITMENTS**a) Capital Expenditure Commitments**

Capital commitments as at 31 December 2010 amounted to \$Nil (2009 - \$Nil).

b) Operating Lease

Operating lease commitments are as follows:

Not later than one year	13,800	13,800
Later than one year but not later than two years	13,800	13,800
Total operating lease commitments	27,600	27,600

FIJI INSTITUTE OF ACCOUNTANTS

Notes to and Forming Part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 14. CONTINGENT LIABILITIES

Contingent liabilities as at 31 December 2010 amounted to \$Nil (2009 - \$Nil).

NOTE 15. RELATED PARTY TRANSACTIONS

The Institute has related party relationships with its Council Members. The following were the members of the Council during the year:

Sikeli Tuinamuana	Divik Deo
Lisa Apted	Camacakau Raimuria
Nitin Gandhi	Stella Tiko
Iowane Naiveli	Regina Mar
Uday Sen	Ashwin Singh

Furthermore, number of Institute members have served on various Committees, and have presented seminars and workshops. No fees or remuneration was paid to any Council Member or Committee Members during the year.

NOTE 16. PRINCIPAL ACTIVITIES

The Fiji Institute of Accountants is a statutory entity constituted under the Fiji Institute of Accountants Act (Cap 259) 1971. The principal office is situated at 3 Berry Road, Suva, Fiji.

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.

As a professional body, it promotes quality, expertise and integrity in the accounting profession. Its aim is to uphold the highest level of responsibility and trust that are vested in the profession, by providing appropriate standards, policies and services to support members in their work.

There were no significant changes in the nature of activities during the year.

NOTE 17. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Council and authorised for issue on 19 May 2011.

We're mouth guards,

double checks

and
double knots



We're a bank you can bank on