

**Council
Approved Budget
2009: Income &
Expenditure**

Income

	\$
Government Grants	49,923,430
Tuition Fees	25,000,000
Aid & Donations	21,204,900
Trading Activities	14,667,485
Other Income	7,793,971
Release of Deferred Revenue	4,741,400
Interest Income	1,000,000
Total Income	124,331,186

Expenditure

Pay 60,100,000

Non-Pay

General Expenses	48,999,427
Depreciation	5,776,600
Provisions & Accruals	850,000
Provisions for Restructure	2,600,000
Provision for Grants Shortfalls	
Strategic Fund	1,000,000
Contingency	500,000
Total Non-Pay	59,726,027
Total Expenditure	119,826,027
Operating Surplus	4,505,159



Financial Statements

Statement by Appointed Officers	46
Auditor's Report	47
Statement of Accounting Policies	48
Statement of Income and Expenditure	51
Statement of Financial Position	52
Statement of Cash Flows	53
Statement of Changes in Equity	54
Notes to the Financial Statements	55 - 70

THE UNIVERSITY OF THE SOUTH PACIFIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2009

STATEMENT BY APPOINTED OFFICERS


In our opinion the accompanying Financial Statements give a true and fair view of the financial position of The University of the South Pacific as at 31 December 2009 and of the transactions for the year ended on that date.

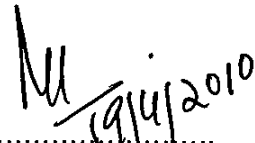
We are not aware of any circumstances which would render any particulars included in the Financial Statements misleading or inaccurate.


.....
Professor Rajesh Chandra

Vice-Chancellor

19/4/2010


.....
Ms Fay Yee
Chair - Finance and
Investments Committee


.....
Munish Malik
Director of Finance

19 April 2010

INDEPENDENT AUDIT REPORT

To the Council of the University of the South Pacific

Scope

We have audited the accompanying financial statements of the University of the South Pacific, which comprise the statement of financial position as at 31 December 2009 and the statement of income and expenditure, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on the pages 48 to 70.

The University Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. 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 the management, as well as evaluating the overall presentation of the financial statements.

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

Audit Opinion

In our opinion:

- a) proper books of account have been kept by the University, so far as it appears from our examination of those books; and
- b) the accompanying Financial Statements which have been prepared in accordance with International Financial Reporting Standards:
 - i) are in agreement with the books of account; and
 - ii) to the best of our information and according to the explanations given to us give a true and fair view of the state of affairs of the University as at 31 December 2009 and of the results, cash flows and changes in equity of the University for the year ended on that date.

Suva, Fiji
19 April 2010


Ernst & Young
Chartered Accountants

Statement of Accounting Policies

REPORTING ENTITY

The University of the South Pacific was established by Royal Charter of the University in 1970. It is a not for profit educational institution providing higher education to member regional countries, with its main operations domiciled in Fiji. The registered office is at Laucala Bay Campus, Suva, Fiji.

The financial statements were authorised for issue by the University's Finance and Investments Committee on 19th April 2010.

1 SIGNIFICANT ACCOUNTING POLICIES

The following summary of significant accounting policies is given in order to assist in understanding the amounts presented in the financial statements.

a Reporting Period

The financial statements are reported for the financial year from 1 January to 31 December 2009.

b Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB").

c Basis of Preparation

The financial statements are prepared on the basis of historical costs and, except where stated, do not take into account current valuation of non-current assets.

The concepts of the accrual method and going concern basis of accounting are applied. The Finance and Investments Committee and officers of the University believe that the basis for preparation of the accounts is appropriate and that the University will be able to continue its normal operations in the next 12 months. The Committee and the officers resolved that the classification and carrying amounts of assets and liabilities included in these accounts are appropriate.

All amounts shown in the financial statements are expressed in Fijian dollars.

d Basis of Consolidation

The format of the University's Annual Financial Statements is approved by the Finance and Investments Committee on behalf of Council.

The Statement of Financial Position, Statement of Income and Expenditure and Statement of Cash Flows are prepared on a consolidated basis including all the funds of the University.

e Principal Activities

The University is the premier provider of tertiary education

in the Pacific region and an international centre of excellence for teaching, research and consulting on all aspects of Pacific life.

f Segmental Reporting

The University's academic activities are regarded as a single segment of activity since they are undertaken by the same staff, using the same premises and financed substantially from the same income streams. None of the University's other, peripheral activities achieve the 10% threshold which would require separate reporting under IFRS 8 or IAS 14. As a regional institution, the University does not consider reporting of geographical segmentation below regional level to be appropriate and cash flows outside the region fall below the reporting threshold.

g Property, Plant and Equipment

The policy of the University is not to revalue its property, plant and equipment. In view of the specialised nature and wide geographical distribution of much of the University's estate and equipment, it is considered that the costs of any revaluation to reflect current values would outweigh the benefit to users of these financial statements. The value of its fixed assets is therefore either their value when originally incorporated within the University's Statement of Financial Position, or historical cost if acquired at a later date.

Depreciation

Property, plant and equipment acquired since 31 December 1993 are recorded at cost and depreciated over their estimated useful life:

- i Motor vehicles are written down on a straight line basis over 5 years.
- ii Buildings are written down on a straight line basis over 50 years i.e. 2% per annum.
- iii Equipment, Furniture, Fittings and Vessels are written down on a straight line basis over 5 years.
- iv Computer equipment is written down on a straight line basis over 5 years, effective from 1 July 2009.
- v Freehold land is not depreciated.

The depreciation applicable to donated assets is offset by a transfer from the Deferred Revenue Reserve to the Statement of Income and Expenditure.

Impairment

Tangible fixed assets are inspected annually by a Board of Survey. If the inspection identifies that the carrying amount of the fixed asset is overstated, a provision is made for the impairment. No such provisions have been found necessary at the reporting date.

*Significant Accounting Policies (continued)**Deferred Capital Grants*

Fixed assets acquired with the aid of specific grants are capitalised and depreciated in accordance with the above policy, with the related grant being credited to a Deferred Revenue Reserve and released to the Statement of Income and Expenditure over the expected useful economic life of the related fixed assets. The exception to this is when the acquisition of a fixed asset is financed either through University's own funds or a loan or finance lease when no revenue is deferred to the Reserve.

h Leased Assets

The University leases some property under operating leases. The rentals are charged as an expense over the term of the lease.

Assets held under leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. These are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term and the useful economic life of the assets. The capital element outstanding is shown as obligations under finance leases. The interest element of the lease payments is charged to the Statement of Income and Expenditure over the term of the lease.

i Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined predominantly on the first-in, first-out basis of valuation. Only inventories which are purchased and controlled centrally have been reported within the financial statements. Consumables purchased by the University for departmental use and held under the control of individual departments have been expensed within the accounts at the time of purchase.

j Accounts Receivable

No provision for doubtful debts is made for sovereign debts on the premise that, despite the age of the debt, all such debts will eventually be paid.

For all other debts, specific provisions are made against debtors to cover debts where the recovery is considered doubtful and for all non-sovereign debts six months old or more.

The amounts required to fund the provision for doubtful debts are charged to expenditure in the period. Bad debts are generally written off against the provision when identified.

k Statement of Cash Flows

The following are the definitions of the terms used in the statement of cash flows:

Operating Activities include all transactions and other events that are not investing or financing activities.

Investing Activities are those relating to the acquisition, holding and disposal of property, plant and equipment and of investments. Investments can include securities not falling within the definition of cash.

Financing Activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.

Cash and cash equivalents comprise cash on hand, deposits held with banks, deposits held at call with banks, other short-term deposits and bank overdrafts. Bank overdrafts are included as current liabilities on the Statement of Financial Position.

l Employee Benefits

Provision is made in respect of the University's liability for annual leave and is calculated as the amount unpaid as at reporting date at current pay rates. Accrued leave is expected to be utilised in the following year.

m Foreign Currency Transactions

All foreign currency transactions during the year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date.

Exchange differences on the University's assets and liabilities are charged to the Statement of Income and Expenditure in the financial period in which they arise.

n Income Tax

The University is exempt from income tax in accordance with the provision of Section 17 of the Fiji Income Tax Act.

o Revenue Recognition

Revenue is recognised in the financial statements as follows:

- Government grants are recognised as revenue on due date;
- Sponsored Student tuition fees are recognised as revenue on due date;
- Revenue from major donors is recognised on due date; revenue from other donors is recognised on receipt;
- Revenue from trading operations is recognised on receipt;
- Other income is recognised on receipt except where a department of the University has arranged for a University invoice to be raised to a third party; the revenue associated with these invoices is recognised on due date;
- Interest income is recognised on due date.

p Gifts & Donations

Gifts and donations from Governments and Aid Agencies are usually for specified purposes. These funds are separately identified in the accounting system, with expenditure recorded against each fund. Gifts which are applied to capital items are taken to the Deferred Revenue Reserve, at the lower of cost and valuation, and transferred to the Statement of Income and Expenditure as income over the life of the asset.

*Significant Accounting Policies (continued)***q Endowment Funds**

The University has established Endowment Funds for specific purposes. The capital amount of such funds is maintained at its original nominal value. The revenue generated through the investment of the capital is used in accordance with any conditions imposed by Council, deed, gift or by the terms of the endowments or bequests. Endowment funds are transferred to the Statement of Income and Expenditure only when no longer required for the purpose for which the fund was originally established.

r Commitment Accounting

The University operates a system of commitment accounting for its non-salary expenditure. Expenditure is recognised when purchase orders are placed and charged against the appropriate cost centre.

s Trade Creditors and Accruals

Liabilities for trade payable and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the University.

t Superannuation Funds

The University contributes to a number of defined contribution superannuation schemes.

Contributions are made by employees and by the University as a percentage of salary or specified amounts as required by relevant agreements. The cost to the University is charged as an expense at the time it is incurred.

u Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The University of the South Pacific has on-going exposures to foreign currency, liquidity risk and interest rate risk through its normal operations.

The overarching policies and objectives of the University's treasury management activities are defined as being the "management and control of its cash flow, banking, and investment transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

The Finance and Investments Committee reviews and agrees policies for managing each of these risks, which are summarised below.

Liquidity Risk

The University's objective is to maintain a balance between continuity of funding to meet its day-to-day obligations, whilst minimising the utilisation of bank overdrafts, which in practice, are to be used for contingency purposes only.

Daily operating funds are maintained with the approved bankers in the University's operating bank accounts while

surpluses are invested within approved guidelines. This arrangement covers local, regional and international bank accounts which are operated by the University.

Subventions within campuses or from the main Laucala campus to other campuses are carried out in order to maintain sufficient cash balances in all campuses for the funding of day-to-day operations.

Foreign Currency Risk

The University has transactional currency exposures. Such exposures arise from receipts or payments in currencies other than the University's main operating currency (FJD), as well as accounting for the regional campuses various currency denominations.

The University maintains off-shore bank accounts in its efforts to provide natural hedge against currency exposures.

Interest Rate Risk

The University's exposure to the changes in market interest rates relates primarily to the investment of surplus cash into at call or short term deposits as well as through finance lease and utilisation of bank overdrafts.

Short-term investments are either rolled over at maturity at interest rates applicable on roll-over dates, or converted to operational use if the need arises at the time of maturity. Interest on bank overdrafts is subject to changes in market interest rates.

Long-term investments are not feasible due to the nature of operations within the University, therefore, avoiding the risk of a cashflow mismatch or a liquidity shortfall.

Lending Facilities - Debt, Refinancing and Granting Security

The University ensures that its borrowing, private financing and partnership arrangements are negotiated, structured, documented and the maturity profile of the raised monies managed, with a view to obtaining competitive and favourable terms in light of market conditions prevailing at the time.

Prior to entering into or negotiating for any agreement to increase lending facilities (including leases) or re-finance the University's current borrowing arrangements, approval from the Finance and Investments Committee (FIC) must be obtained.

In raising capital finance, those with delegated authority will take account of:

- i the University's powers and rules and, in particular the University's Charter, Statutes, Financial Regulations and Scheme for Financial Delegation;
- ii any legal or fiscal statutory restrictions; and
- iii the terms and covenants of borrowing.

Statement of Income & Expenditure

FOR THE YEAR ENDED
31 DECEMBER 2009

Income	Notes	2009	2008
		\$	\$
Government Grants	1	49,923,430	49,923,430
Student Tuition Fees	2	27,339,344	25,522,779
Aid & Donations	3	22,844,291	24,845,892
Trading Activities	4	13,373,779	13,330,307
Consultancy Income	4a	1,870,590	1,506,585
Other Income	5	7,273,430	6,640,705
Release of Deferred Revenue	6	3,633,384	12,321,879
Interest Income		1,352,417	711,473
Foreign Currency Gain - Realised		1,375,625	-
Total Operating Income		128,986,290	134,803,050

Expenditure	Notes	2009	2008
		\$	\$
Staff Costs	7	55,536,695	60,323,271
Operating Costs	8	51,808,523	52,549,493
Depreciation	14	5,101,458	13,877,455
Provision for Doubtful & Bad Debt Expense		(317,634)	1,026,665
Write down in value of Inventories		141,468	234,424
Foreign Currency Loss - Unrealised		-	1,296,416
Interest on Finance Lease		31,250	70,356
Total Operating Expenditure		112,301,760	129,378,080

Surplus for the Year		16,684,530	5,424,970
-----------------------------	--	-------------------	------------------

Statement of Financial Position

AT 31 DECEMBER 2009

	Notes	2009	2008
Current Assets			
		\$	\$
Inventories	9	4,748,803	4,803,413
Accounts Receivable	10	7,595,861	4,816,986
Prepayments	11	451,962	687,115
Cash and Cash Equivalents	12	44,773,378	28,364,986
		57,570,004	38,672,500
Non-Current Assets			
Property, Plant and Equipment	14	126,803,711	127,771,666
		126,803,711	127,771,666
Total Assets		184,373,715	166,444,166
Current Liabilities			
Creditors and Accruals	16	17,039,906	14,348,869
Bank Overdraft	12	103,000	69,436
		17,142,906	14,418,305
Non-Current Liabilities			
Creditors and Accruals	17	-	99,681
		-	99,681
Total Liabilities		17,142,906	14,517,986
Total Assets Less Liabilities		167,230,809	151,926,180
<i>Represented by:</i>			
Funds and Reserves			
Statement of Income & Expenditure		44,973,024	28,288,494
Endowment Capital		7,163,327	4,860,381
Deferred Revenue Reserve		115,094,458	118,777,305
		167,230,809	151,926,180

Statement of Cash Flows

FOR THE YEAR ENDED
31 DECEMBER 2009

	Notes	2009	2009	2008	2008
		\$	\$	\$	\$
Operating Activities					
Government Contributions		47,490,919		52,125,473	
Student Fees		27,923,655		27,849,815	
Aid & Donations		22,969,125		29,768,205	
Trading Activities		12,738,864		13,068,879	
Other Receipts		7,307,365		8,326,835	
Interest Received		1,352,418		711,473	
		119,782,346		131,850,680	
Salaries		(54,704,522)		(61,992,537)	
Other Expenses		(46,499,224)		(56,651,009)	
		(101,203,746)		(118,643,546)	
Cash provided from Operating Activities		18,578,600		13,207,134	
Interest Paid		(31,250)		(70,356)	
Net Cash flows provided from Operating Activities	13		18,547,350		13,136,778
Investing Activities					
Purchase of Fixed Assets		(4,182,963)		(2,397,384)	
Net Cash flows used in Investing Activities			(4,182,963)		(2,397,384)
Financing Activities					
Payment of Finance Lease Liabilities		(292,504)		(278,456)	
Other financing activities		2,302,945		-	
Net Cash flow provided from (used in) Financing Activities			2,010,441		(278,456)
Net Increase in Cash and Cash Equivalents			16,374,828		10,460,938
Cash & Cash Equivalents at 1 January			28,295,550		17,834,612
Net Increase in Cash & Cash Equivalents			16,374,828		10,460,938
Cash & Cash Equivalents at 31 December	12		44,670,378		28,295,550

The accompanying notes form an integral part of this statement.

Statement of Changes in Equity

AT 31 DECEMBER 2009

Income & Expenditure Account	2009	2008
	\$	\$
Balance at 1 January	28,288,494	22,863,524
Surplus for the Year	16,684,530	5,424,970
Balance at 31 December	44,973,024	28,288,494

Endowment Capital		
Balance at 1 January	4,860,381	4,860,381
Foreign Exchange Gain during the year	2,302,946	-
Balance at 31 December	7,163,327	4,860,381

Analysed as:

Endowments - General	94,133	94,133
Endowments - Specific	7,069,194	4,766,248
Total Endowment Capital	7,163,327	4,860,381

Deferred Revenue Reserve		
Balance at 1 January	118,777,305	131,888,864
Net Additions during the year	599,296	849,511
Releases during the year - Depreciation	(4,122,469)	(13,171,390)
Releases during the year - Disposals	(159,674)	(789,680)
Balance at 31 December	115,094,458	118,777,305

The accompanying notes form an integral part of this statement.

Notes to the Financial Statements

1 Government Contributions	<i>General Grant</i>	<i>Special Grant</i>	2009 Total	2008 Total
	\$	\$	\$	\$
Cook Islands	282,899	78,213	361,112	361,112
Fiji	23,999,857	14,364,635	38,364,492	38,619,103
Kiribati	1,278,040	158,091	1,436,131	1,597,550
Marshall Islands	106,503	59,908	166,411	216,335
Nauru	73,221	29,954	103,175	173,068
Niue	33,282	59,908	93,190	108,167
Samoa	975,171	718,897	1,694,068	1,770,618
Solomon Islands	3,804,166	81,542	3,885,708	3,359,846
Tokelau	23,298	-	23,298	51,586
Tonga	1,048,392	101,511	1,149,903	1,189,842
Tuvalu	462,624	59,908	522,532	454,304
Vanuatu	1,194,834	928,576	2,123,410	2,021,899
	33,282,287	16,641,143	49,923,430	49,923,430

2 Student Tuition Fees	2009	2008
	\$	\$
Regional Students	10,847,563	11,041,487
International Students	493,575	461,700
	11,341,138	11,503,187
Distance & Flexible Learning	6,470,541	6,886,001
	17,811,679	18,389,188
College of Foundation Studies	2,746,272	3,151,743
Republic of Marshall Islands (RMI)	1,132,700	21,613
Master of Business Administration	1,937,803	1,712,504
Others	3,710,890	2,247,731
	27,339,344	25,522,779

Notes to the Financial Statements

3 Aid & Donations	2009	2008
	\$	\$
Australian Aid	10,207,297	8,329,651
New Zealand Aid	6,377,848	4,235,791
European Union Aid	1,457,358	7,116,482
IAS & Other Institute Projects	2,260,579	2,858,016
United Nations	1,185,536	212,202
Others	1,355,672	2,093,750
	22,844,291	24,845,892

4 Trading Units	2009	2009	2008	2008
	\$	\$	\$	\$
Book Centre		8,087,226		8,569,603
<i>Catering Services:</i>				
Laucala	1,077,743		877,280	883,533
Alafua	-	1,077,743	6,253	
<i>Residential Services:</i>				
Laucala	2,541,054		2,465,479	
Emalus	714,630		551,372	
Alafua	235,315	3,490,999	223,426	3,240,277
Gym & Community Recreation Centre		270,486		244,842
ICT Park		251,110		281,897
Others		196,215		110,155
		13,373,779		13,330,307

4a Consultancy Income	2009	2008
	\$	\$
Professional Services Provided & Project Consultancies	1,224,845	1,069,070
Training & Teaching	385,059	277,324
Consultancy work with Tonga Police	83,728	-
Review of Dept of Co-operative	46,000	-
Dairy Farms Fiji - Blue Prawns Project	96,082	144,905
Others	34,876	15,286
	1,870,590	1,506,585

Notes to the Financial Statements

5 Other Income	2009	2008
	\$	\$
Miscellaneous Student Activities	1,000,397	1,242,948
Course Material & Text Book Sales	3,362,941	2,262,849
Faculty & Support Units Income	91,235	-
Laboratory Income	719,648	552,588
Rental Income	322,041	202,057
ITS Domain Name Registration	152,709	172,470
Administration Cost Recovery	430,065	247,348
Publication Sales	234,272	231,586
Other Income	960,122	1,728,859
	7,273,430	6,640,705

6 Release of Deferred Revenue	2009	2009	2008	2008
	\$	\$	\$	\$
Depreciation Charge for the Year	5,101,458		13,877,455	
<i>Less: Charge on items acquired</i>				
through loans or finance leases	(372,434)		(372,434)	
through normal operating activities	(606,554)		(333,631)	
Release of Deferred Revenue - Depreciation		4,122,470		13,171,390
Fixed Asset Additions for the Year	(4,293,176)		(2,361,384)	
<i>Less: Items acquired through loans</i>				
or finance leases	-		-	
or normal operating activities	3,693,879		1,511,873	
Increase in Deferred Revenue - Additions		(599,297)		(849,511)
Adjustments				
Reversal of prior year additions		110,211		-
Net Transfer		3,633,384		12,321,879

Notes to the Financial Statements

7 Staff Costs	2009	2008
	\$	\$
Academic & Comparable staff	38,870,692	42,438,660
Intermediate & Junior staff	10,751,480	10,949,065
Permanent Hourly Paid staff	6,321,773	6,806,546
Accrual for Leave Entitlements	(407,250)	129,000
Total Staff Costs	55,536,695	60,323,271

Staff Numbers (Headcounts) by category as at 31 December:

Academic & Comparable staff	508	548
Intermediate & Junior staff	508	560
Permanent Hourly Paid staff	368	482
Total Staff Numbers	1,384	1,590

<i>Annualized Taxable Emoluments for higher paid staff</i>	2009	2008
	<i>Number</i>	<i>Number</i>
\$100,000 - \$119,999	27	26
\$120,000 - \$139,999	7	18
\$140,000 - \$159,999	9	5
\$160,000 - \$179,999	2	5
\$180,000 - \$199,999	2	1
\$200,000 - \$219,999	1	1
\$220,000 - \$239,999	-	-
\$240,000 - \$259,999	1	-
\$260,000 - \$279,999	-	-
\$280,000 - \$299,999	-	-
>\$300,000	-	-
	49	56

Notes to the Financial Statements

8 Operating Costs	2009	2008
	\$	\$
Major Items of Expenditure		
Cost of Sales	8,972,509	8,836,507
Travel-Related Expenses	3,856,307	2,942,429
Student-Related Expenses	3,924,172	3,689,955
Grounds & Maintenance	2,527,981	2,424,901
Consultancy Expenses		
<i>GMES Project</i>	636,570	82,459
<i>Other</i>	1,712,066	2,444,619
Utilities	2,736,312	3,102,257
Telecommunications	2,489,794	2,451,806
PRIDE In-Country Expenses	1,707,183	4,227,494
Library Books	2,100,239	1,696,809
Staff Recruitment & Passages	1,296,836	1,816,373
Printing & Stationery	2,167,617	1,964,182
Insurance Premiums	1,278,677	1,312,040
Computer Software & Hardware	1,273,224	1,193,858
Workshop Expenses	1,344,314	1,261,436
Teaching Materials	1,406,955	1,333,590
Sub-Total	39,430,756	40,780,715
Other Items of Expenditure	12,022,190	11,491,815
<i>Fees paid to auditors:</i>		
External audit	39,229	39,002
Internal audit	223,806	141,256
Other services	16,542	12,246
Projects	37,000	45,459
<i>Honorarium:</i>		
Council	21,000	21,000
Finance & Investments Committee	6,000	6,000
Audit Committees	12,000	12,000
Total Operating Costs	51,808,523	52,549,493

Notes to the Financial Statements

9 Inventories	<i>Goods & Publications</i>	<i>Academic Gowns</i>	<i>Maintenance</i>	<i>Catering & Domestic</i>	Total
	\$	\$	\$	\$	\$
Balance b/f at 1 January 2008	4,473,485	506,300	196,498	69,889	5,246,172
Additions	7,758,973	64,439	165,614	558,078	8,547,104
Expensed	(7,864,115)	(78,303)	(202,331)	(610,690)	(8,755,439)
Write down in value	(234,424)	(2,000)	-	-	(234,424)
Cost or Valuation at 31 December 2008	4,135,919	490,436	159,781	17,277	4,803,413
Balance b/f at 1 January 2009	4,135,919	490,436	159,781	17,277	4,803,413
Additions	6,022,474	(15,191)	(213,840)	470,387	6,263,830
Expensed	(5,870,025)	(8,598)	163,129	(461,478)	(6,176,972)
Write down in value	(230,520)	47,116	41,936	-	(141,468)
Cost or Valuation at 31 December 2009	4,057,848	513,763	151,006	26,186	4,748,803

<i>Analysis of Value of Inventories</i>	2009	2008
	\$	\$
Total cost of Inventories	6,328,875	6,242,016
Less: Unrealised profit	(871,517)	(1,104,400)
Less: Provision for Obsolescence	(708,555)	(334,203)
Cost or Valuation at 31 December	4,748,803	4,803,413

<i>Analysis of Goods & Publications:</i>	2009	2008
	\$	\$
Book Centre - Inventory	1,759,151	1,757,725
Book Centre - Goods in Transit	992,723	517,221
Regional Campuses - Books	300,701	810,405
Regional Campuses - Course Materials	991,912	460,271
Institute of Pacific Studies	617,477	707,433
Institute of Education	84,491	108,067
	4,746,455	4,361,122
Less: Provision for Obsolescence	(688,607)	(225,203)
Cost or Valuation at 31 December	4,057,848	4,135,919

Notes to the Financial Statements

10 Accounts Receivable	Notes	2009	2008
		\$	\$
Government Contributions	10a	1,975,240	1,299,690
Trade	10b	1,423,626	797,620
Students	10c	2,454,364	3,006,501
Staff	10d	118,453	99,290
Other	10e	3,708,381	2,015,724
		9,680,064	7,218,825
Less: Provision for Doubtful Debts	10f	(2,084,203)	(2,401,839)
		7,595,861	4,816,986

10a Contributions due from Governments:	2009	2008
	\$	\$
Cook Islands	-	35,320
Fiji	130,451	34,948
Marshall Islands	279,521	215,536
Nauru	398,552	345,700
Niue	189,353	197,970
Solomon Islands	907,067	470,216
Tonga	70,296	-
	1,975,240	1,299,690

Ageing of Government Contributions due:	2009	2008
	\$	\$
'0 to 90 days	1,154,092	672,341
'91 to 180 days	90,693	131,856
'181 to 365 days	107,213	128,232
Between 1 & 2 Years Old	365,730	197,374
Between 2 & 3 Years Old	154,095	123,952
More than 3 Years Old	103,417	45,935
	1,975,240	1,299,690

Notes:

Any overpayments by member countries are classified as creditors

Notes to the Financial Statements

10b Trade Debtors	2009	2008
	\$	\$
Laucala Campus & Book Centre	1,165,833	651,949
Emalus Campus & Book Centre	257,793	145,671
	1,423,626	797,620
Less: Provision for Doubtful Debts	(99,154)	(148,606)
	1,324,472	649,014

Ageing of Trade Debtors due:

	\$	\$
'0 to 90 days	1,041,860	563,318
'91 to 180 days	169,798	41,897
'181 to 365 days	124,462	20,384
Between 1 & 2 Years Old	79,483	172,021
Between 2 & 3 Years Old	6,755	-
More than 3 Years Old	1,268	-
	1,423,626	797,620

10c Student Debtors	2009	2008
	\$	\$
Laucala	1,127,540	781,624
Alafua	32,748	125,457
Emalus	49,476	871,363
Other Regional Campuses	1,244,600	1,228,057
	2,454,364	3,006,501
Less: Provision for Doubtful Debts	(1,885,689)	(2,154,805)
	568,675	851,696

Ageing of Student Debtors due:

	\$	\$
'0 to 90 days	272,139	58,240
'91 to 180 days	509,863	719,730
'181 to 365 days	349,140	227,982
Between 1 & 2 Years Old	237,800	1,381,808
Between 2 & 3 Years Old	386,012	262,642
More than 3 Years Old	699,410	356,099
	2,454,364	3,006,501

Notes to the Financial Statements

10d Staff Debtors	2009	2008
	\$	\$
Laucala	114,585	98,769
Alafua	3,868	3
Emalus	-	518
	118,453	99,290
Less: Provision for Doubtful Debts	(99,360)	(98,428)
	19,093	862

Ageing of Staff Debtors due:

	\$	\$
'0 to 90 days	-	-
'91 to 180 days	-	-
'181 to 365 days	-	946
Between 1 & 2 Years Old	19,920	-
Between 2 & 3 Years Old	188	98,344
More than 3 Years Old	98,345	-
	118,453	99,290

10e Other Debtors

2009	2008
	\$
Aid Agencies	129,466
VAT Receivable	1,421,774
Interest Receivable	196,873
Other Debtors	267,611
	3,708,381
	2,015,724

Ageing of Others Debtors due:

	\$	\$
'0 to 90 days	539,807	216,017
'91 to 180 days	703,711	134,576
'181 to 365 days	790,134	427,170
Between 1 & 2 Years Old	540,495	463,131
Between 2 & 3 Years Old	398,685	417,150
More than 3 Years Old	735,549	357,680
	3,708,381	2,015,724

Notes to the Financial Statements

10f Movement in Provision for Doubtful Debts	2009	2008
	\$	\$
Balance at 1 January	1,989,418	1,436,393
Debts written off in the year	-	(61,219)
Additional provision made in the year	94,785	1,026,665
	2,084,203	2,401,839

11 Prepayments	2009	2008
	\$	\$
Prepayments - Laucala	357,359	531,163
Prepayments - Alafua	6,089	6,089
Prepayments - Emalus	49,248	48,325
Prepayments - Book Centre	39,266	101,538
	451,962	687,115

Notes to the Financial Statements

12 Cash & Cash Equivalents	2009	2008
	\$	\$
Term Deposits	35,962,696	19,960,513
Current Accounts	8,787,295	8,384,382
Cash on hand & petty cash	23,387	20,091
	44,773,378	28,364,986
Bank Overdraft	(103,000)	(69,436)
	44,670,378	28,295,550
Where held:		
<i>In Fiji</i>		
Term Deposits	34,414,860	12,564,247
Current Accounts (net of bank overdrafts)	6,975,297	1,311,297
Cash on hand & petty cash	23,387	20,091
	41,413,544	13,895,635
<i>With Other Regional Banks</i>		
Term Deposits	1,532,431	1,066,643
Current Accounts (net of bank overdrafts)	863,619	2,736,813
	2,396,050	3,803,456
<i>In Other Overseas Accounts</i>		
Term Deposits	15,404	6,329,623
Current Accounts (net of bank overdrafts)	845,379	4,266,836
	860,783	10,596,459
Comprising:		
University Funds	28,211,711	14,886,450
Project Funds	6,921,776	6,229,830
Endowment Funds	9,536,891	7,179,270
	44,670,378	28,295,550

Notes to the Financial Statements

13 Reconciliation of Net Cash from Operating Activities to Statement of Income & Expenditure	2009	2008
	\$	\$
Surplus - Statement of Income & Expenditure	16,684,530	5,424,970
Adjustments to Income & Expenditure:		
Release of Deferred Revenue	(3,633,384)	(12,321,879)
Depreciation	5,101,458	13,877,455
Provision for Doubtful Debts	(317,636)	965,445
Write down in Value of Inventories	141,469	234,424
Provision for Employee Entitlement	(407,250)	129,000
I&E Cash Surplus	17,569,187	8,309,415
(Increase)/Decrease in Inventories	(86,859)	208,337
(Increase)/Decrease in Accounts Receivable	(2,461,239)	7,185,502
Decrease/(Increase) in Prepayments	235,153	(436,827)
Increase/(Decrease) in Creditors	3,291,108	(2,129,649)
Net Cash provided from Operating Activities	18,547,350	13,136,778

Notes to the Financial Statements

14 Property, Plant & Equipment	<i>Property</i>	<i>Equipment & Furniture</i>	<i>Vehicles & Vessels</i>	<i>Work In Progress</i>	Total
Description	\$	\$	\$	\$	\$
Cost or Valuation					
Deemed Gross Cost at 1 January 2009	139,164,322	8,517,473	1,649,035	809,184	150,140,014
Additions	372,724	1,951,424	389,940	1,579,088	4,293,176
Disposals	-	(433,264)	(448,085)	-	(881,349)
Transfers	308,018	-	-	(308,018)	-
Deemed Gross Cost at 31 December 2009	139,845,064	10,035,633	1,590,890	2,080,254	153,551,841
Accumulated Depreciation					
Accumulated Depreciation at 1 January 2009	16,526,075	4,957,854	884,419	-	22,368,348
Charge for the year	3,084,667	1,631,427	385,364	-	5,101,458
Adjustment on disposals	-	(353,722)	(367,954)	-	(721,676)
Accumulated Depreciation at 31 December 2009	19,610,742	6,235,559	901,829	-	26,748,130
Net Carrying Amount at 31 December 2009	120,234,322	3,800,073	689,061	2,080,254	126,803,711
Net Carrying Amount at 31 December 2008	122,638,247	3,559,619	764,616	809,184	127,771,666

Assets under finance lease

The carrying amount of tangible fixed assets include an amount of \$106,350 (2008: \$366,564) in respect of assets held under finance lease reported under the equipment category relating to PABX equipment. The depreciation charge for the year was \$260,215 (2008: \$260,215).

Work in Progress

Work in Progress relates to costs for property-related projects where the project has not been completed. The costs will be capitalised once all major items of expenditure, other than the payment of retention monies, have been incurred.

<i>Carrying Value of Work in Progress Projects at 31 December 2009</i>	2009	2008
	\$	\$
Continuing from 2008		
ICT Building Project	934,936	809,184
New Projects		
Austra Learn Accommodation	84,931	-
Tree Tops/Baristas/USPSA Renovation	285,622	-
Medical Centre Renovations	5,897	-
Student Carpark	248,037	-
FBE Roof Replacement	412,302	-
Regional Campuses - MYOB Implementation	108,529	-
	2,080,254	809,184

Notes to the Financial Statements

14 Property, Plant & Equipment (Continued)

Reconciliation of fixed assets to related accounts

	\$
Carrying amount of property, plant and equipment at 31 December 2009	126,803,711
<i>This is represented by:</i>	
Deferred Revenue	115,094,458
Carrying amount of equipment acquired via finance leases: PABX telephone system	106,350
Carrying amount of properties acquired directly or through loans: Statham Street Campus	4,109,409
Services Complex	115,200
Residential Block	808,000
Carrying amount of assets acquired in 2007 funded from normal operating activities	1,062,483
Carrying amount of assets acquired in 2008 funded from normal operating activities	2,184,345
Carrying amount of assets acquired in 2009 funded from normal operating activities	3,323,466
	126,803,711

15 Financing Facilities

The University has access to overdraft facilities of \$4,075,007 (2008: \$4,068,785) with various banks across the region for which all conditions precedent have been met. As at 31 December 2009, \$103,000 (2008: \$69,436) was utilised.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents as at 31 December 2009 is \$44,773,378 (2008: \$28,364,986) which includes endowment assets of \$9,536,891 (2008: \$7,179,270).

16 Creditors & Accruals	2009	2008
	\$	\$
Trade Creditors	9,924,043	6,657,846
Student Creditors	78,098	75,683
Member Countries Contributions Received in Advance	1,788,585	3,545,546
Student Fees Received in Advance	173,353	141,177
Payroll Creditors	1,557,105	318,888
Accrual for Leave entitlement	2,775,384	3,182,634
Obligations under Finance Leases	99,681	292,504
Other Creditors & Accruals	643,657	134,591
	17,039,906	14,348,869

Notes to the Financial Statements

17 Commitments	2009	2008
	\$	\$
(a) Finance lease commitments		
<i>The commitment in respect of leased assets are as follows:</i>		
Not later than one year	101,906	323,755
Later than one year and not later than two years	-	101,906
Later than two years and not later than five years	-	-
Minimum lease payments	101,906	425,661
Deduct future finance charges	(2,225)	(33,475)
Lease liability	99,681	392,186
<i>Analysed as:</i>		
Current liability	99,681	292,505
Non-current liability	-	99,681
	99,681	392,186
(b) Operating lease commitments		
<i>The commitment in respect of leased assets are as follows:</i>		
Expiring within one year	683,255	750,080
Expiring within more than one year but less than two years	683,255	750,080
Expiring within more than two years but less than five years	877,169	1,710,780
	2,243,679	3,210,940

The University has an operating lease with Fuji Xerox Fiji for the provision of managed multi function device services. Minimum monthly lease of \$54,371 for five years subject to adjustments based upon actual utilization.

Notes to the Financial Statements

18 Contingent Asset & Liabilities	2009	2008
	\$	\$
<i>As at 31 December, the University's contingent liabilities are estimated to be:</i>		
Fiji Electricity Authority - guarantees given	158,857	158,857
EDF Programme Management Unit - guarantees given	223,744	223,744
FIRCA - customs bond	331,645	-
Ministry of Primary Industries, Land & Water	8,963	-
VAT on grants received from Government	39,802,087	39,802,087
	40,525,296	40,184,688
Contingent Assets	39,802,087	39,802,087

The Fiji Islands Revenue Customs Authority advised in a letter dated June 2007 that the University might be liable to pay VAT on contributions received from the Government of Fiji since 1992. The University has made an effort in 2009 to close the matter with FIRCA, but no reply nor any formal assessment has been issued by FIRCA since the University's last communication dated 20 October 2009. Accordingly, no provision for liability has been made in the financial statements.

The University claims Government grants on a VAT exclusive basis. In the event that the tax liability is considered probable, the University would make a claim for the short fall in payment of grant and recognise a receivable amount to the same value as the potential tax liability.

There are various legal claims and trade disputes pending against the University at the reporting date. The University considers these claims, arising in the normal course of business, to be immaterial and mostly spurious. No amounts have been provided in relation to any of these matters.

19 Insurance

The University has taken cover for combined material damage and business interruption at a replacement value of \$317,717,612.