



FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2025**

Contents

Executive Management's Report	1
Independent Auditor's Report	3
Statement of Financial Position	5
Core Fund Statement of Comprehensive Income	6
Statement of Changes in Funds and Reserves	7
Statement of Cash Flows.....	8
Notes to the Financial Statements	9
Disclaimer	27
Donor and programme fund liability - Detailed Movement Schedule	28
Expenditure by function and comparison to budget	31

Executive Management's Report

The Executive Management present the annual report together with the financial statements of the Secretariat of the Pacific Regional Environment Programme (SPREP) for the year ended 31 December 2025 and independent auditors' report as set out on the following pages thereon in accordance with the SPREP's Regulations.

Executive Management:

The Executive Management in office as at the date of this report are:

Sefanaia Nawadra	–	Director General
Easter Chu Shing	–	Deputy Director General
Tagaloa Cooper	–	Director Climate Change Resilience
Salesa Nihmei	–	Director Climate Science & Information
Amenatave Yauvoli	–	Director Biodiversity Conservation
Anthony Talouli	–	Director, Waster Management and Pollution Control
Jope Davetanivalu	–	Director, Environmental Governance
Clark Peteru	–	Director Legal Services and Governing Bodies
Simeamativa Vaai	–	Director Human Resource & Administration
Petra Chan Tung	–	Director Finance

Principal Activity:

The principal activity of SPREP is to promote co-operation in the Pacific region and to provide assistance in order to protect and improve its environment and to ensure sustainable development for present and future generations.

Operating Results:

We are pleased to present the following operating results of the Secretariat for the financial year as at 31 December 2025:

- During the year the Secretariat expended US\$8.7 million dollars compared to expenditure of US\$7.2 million in 2024.
- The net surplus for the period was US\$2,252,421 compared to the net surplus of US\$660,824 in 2024.
- Foreign exchange exposure continues to be strictly monitored within the \$100,000 tolerance threshold. The year-end loss of \$406,299 (2024: \$58,138) reflects an exceptional impact mainly from the conclusion of three Euro-denominated projects, given the Secretariat's USD reporting base. Absent these project closures, underlying foreign exchange impact would have been approximately \$67,000, within the normal tolerance range.
- At year-end, reserves totalled US\$5.2 million (2024: US\$3.0 million), equivalent to 54% of the approved 2026 Core expenditure budget of US\$9.7 million. This exceeds the minimum reserve policy threshold of 25% (three months of operating expenditure).
- While this progress on overall financial and reserves position materially enhances organizational resilience, the funding environment remains constrained. The 2026 budget framework includes an identified US\$6.4 million unfunded gap for the Core budget. Accordingly, Management will continue to prioritise funding sustainability, disciplined cost management, and the preservation of reserves to safeguard long-term financial stability.
- Sustained financial stewardship will require collective and proactive engagement by Members and Executive Management to secure diversified and predictable funding streams, maintain disciplined expenditure controls and safeguard reserves to ensure long term organisational sustainability.

Responsibility for Financial Reporting and State of Affairs

The accompanying financial statements are the responsibility of management. The financial statements have been prepared according to International Financial Reporting Standards and include amounts based on management's best estimates and judgments.

Management has established and had been maintaining accounting and internal control systems which include clearly stated policies and procedures. These systems are designed to provide reasonable assurance that our financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements, and that our assets are properly safeguarded.

SPREP Members oversee management's responsibilities for financial reporting. The financial statements have been reviewed and approved by the SPREP Members on recommendation from management.

Our independent auditors LOCHAN & CO, India, having been appointed by the SPREP Members, have audited our financial statements. The accompanying independent auditors' report outlines the scope of their examination and their opinion.

In our opinion:

- a. The accompanying statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Secretariat for the year ended 31 December 2025;
- b. The accompanying statement of financial position is drawn up so as to give a true and fair view of the state of the Secretariat's affairs as at 31 December 2025;
- c. The accompanying statement of movement in reserves is drawn up so as to give a true and fair view of the movement of funds and reserves of the Secretariat for the year ended 31 December 2025; and
- d. The accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows for the Secretariat for the year ended 31 December 2025.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorize the attached financial statements for issue on behalf of the Executive Management of the Secretariat.



Sefanaia Nawadra
Director General



Easter Chu Shing
Deputy Director General

24 April 2026

INDEPENDENT AUDITOR'S REPORT

Secretariat of the Pacific Regional Environment Programme (SPREP) Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Secretariat of the Pacific Regional Environment Programme ("SPREP" or "Organisation"), which comprise the statement of financial position as at 31 December 2025, and the core fund statement of comprehensive income, statement of changes in fund and reserve, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on **pages 9 to 26**.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisation as at 31 December 2025, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organisation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Organisation's financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Executive Management's report which we obtained prior to the date of the auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

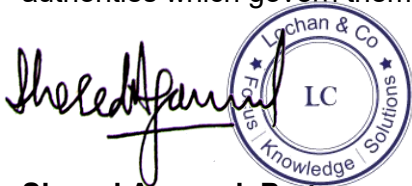
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Also, in our opinion, expenditure and income for the Organisation for the fiscal year 2025 has been spent, in all material aspect, for the purpose intended and the financial transactions conform to the authorities which govern them.



Sharad Agarwal, Partner

Membership Number: 088861

Lochan & Co

Chartered Accountants

Firm Registration Number: 008019N

UDIN: 26088861AUWROM5729

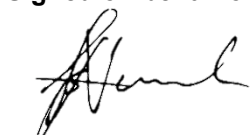
Date: 24 April 2026

Place: Delhi (India)

Statement of Financial Position
as at 31 December 2025

		Amount (USD)	
	Notes	2025	2024
ASSETS			
Non-current assets			
Property and equipment	12	10,116,358	9,408,491
Total non-current assets		10,116,358	9,408,491
Current assets			
Cash and cash equivalents	13	55,250,087	48,636,270
Receivables and prepayments	14	383,430	215,161
Total current assets		55,633,517	48,851,431
TOTAL ASSETS		65,749,875	58,259,922
RESERVES AND LIABILITIES			
Reserves			
Core funds		5,217,516	2,965,095
Total reserves		5,217,516	2,965,095
Non-Current Liabilities			
Employee benefits	15	1,051,408	1,113,618
Deferred income - property and equipment	8	8,722,638	8,962,112
Total non-current liabilities		9,774,046	10,075,730
Current Liabilities			
Programme/donor funds	17 (b)	38,669,730	36,319,223
Payables	16	2,457,746	1,207,437
Employee entitlements	15	1,017,998	925,776
Deferred income - property and equipment	8	239,474	239,474
Income received in advance	9	8,373,365	6,527,187
Total current liabilities		50,758,313	45,219,097
TOTAL RESERVES AND LIABILITIES		65,749,875	58,259,922

Signed on behalf of the SPREP Members



Sefanaia Nawadra
Director General



Easter Chu Shing
Deputy Director General

The accompanying notes form an integral part of the financial statement

Core Fund Statement of Comprehensive Income

For the for year ended 31 December 2025

Amount (USD)

	Notes	2025	2024
Income			
Member contributions	5	1,106,936	1,271,981
Programme management charges	17(b)	4,034,153	2,917,705
Other donor fund income	6	5,652,171	3,210,393
Amortisation of deferred income - property and equipment	8	239,474	239,474
Other income	7	283,772	102,683
Total income		11,316,506	7,742,236
Expenses			
Advertisements		12,841	12,372
Consultancies		491,410	91,980
Depreciation	12	314,159	277,383
Electricity & Water		81,708	95,339
Freight and Postal Expenses		4,585	768
Impairment Expense		23,356	18,681
Insurance		205,834	479,728
Legal Fees		195,000	-
Printing, Stationery and Office Supplies		176,722	228,111
Professional Services		378,230	139,500
Program Support Costs		636,509	201,087
Repairs & Maintenance		64,333	36,532
Remuneration Costs		4,445,050	4,032,490
Superannuation expense		433,418	393,123
SPREP Meeting		139,695	41,149
Telephone and Internet		63,191	50,670
Travel		245,838	174,772
Workshops & Trainings		210,996	298,880
Other Expenses	19	602,749	582,582
Total expenses		8,725,624	7,155,147
Surplus before net finance costs and foreign exchange		2,590,882	587,089
Net finance income	10	67,838	131,873
Foreign exchange loss		(406,299)	(58,138)
Net Surplus		2,252,421	660,824

Statement of Changes in Funds and Reserves

as at 31 December 2025

Amount (USD)

	Core Fund	Total
Balance at 1st January 2024	2,304,271	2,304,271
Net Surplus for the year	660,824	660,824
Balance at 31 December 2024	2,965,095	2,965,095
Balance at 1st January 2025	2,965,095	2,965,095
Net Surplus for the year	2,252,421	2,252,421
Balance at 31 December 2025	5,217,516	5,217,516

Statement of Cash Flows

For the year ended 31 December 2025

Amount (USD)

	Notes	2025	2024
Cash flows from operating activities			
Member contributions		1,038,306	1,206,876
Interest received		97,132	143,152
Core donor funds received	6	5,652,171	3,210,393
Other receipts		358,496	151,260
Personnel costs - Corporate Services		(4,610,123)	(3,786,242)
Corporate Services costs		(40,749)	(1,673,109)
Programme Income/(Expenditure)		5,577,726	7,086,706
Net cash flows from/(used in) operating activities		8,072,959	6,339,036
Cash flows from investing activities			
Purchase of property and equipment		(1,029,487)	(45,217)
Proceeds from drawdown of term deposit		4,704,332	4,561,409
New term deposit		(10,984,071)	(4,704,332)
Net cashflows from/(used in) investing activities		(7,309,226)	(188,140)
Cash flows from financing activities			
Lease payments		-	-
Net cashflows from/(used in) financing activities		-	-
Net change in cash held		763,733	6,150,896
Cash at beginning of the year		44,194,156	38,101,398
Effects of foreign exchange		(406,299)	(58,138)
Cash balance at the end of the year	13	44,551,590	44,194,156

Notes to the Financial Statements

For the year ended 31 December 2025

Note 1: General information

The Secretariat of the Pacific Regional Environment Programme (SPREP) is an inter-governmental organization of the Pacific Region and is domiciled in Samoa.

The principal activity of SPREP is to promote co-operation in the Pacific Region and to provide assistance in order to protect and improve its environment and to ensure sustainable development for future generations.

These financial statements were authorized for issue by the Director General of SPREP on 22 April, 2026.

Note 2: Statement of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the SPREP Financial Regulations which requires the adoption of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) in preparing its financial statements.

b. Basis of accounting

The financial statements have been prepared on the historical cost basis unless otherwise stated. The principal accounting policies are stated to assist in a general understanding of these financial statements.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing these financial statements. The Secretariat is in the process of determining the impact, if any on application of these amendments and standards. The Secretariat intends to adopt these standards and amendments, if applicable, when they become effective.

New and amended standards	Effective date
IFRS 9 and IFRS 7 – Classification and measurement of financial instruments - amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 – Subsidiaries without Public Accountability	1 January 2027
Annual Improvements to IFRS Accounting Standards -Volume 11	1 January 2026

c. Functional and presentation currency

Items included in the financial statements of the Secretariat are presented using the currency as mandated by the SPREP Financial Regulations ('the functional currency'). The functional currency is the United States dollar.

d. Foreign currency transactions

Transactions in foreign currencies are translated to functional currency at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate ruling at that date, based on mid-rates which are calculated using the buying and selling rates obtained from the banks for different currencies. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are measured in terms of fair value in a foreign currency are translated at the exchange rate when the fair value was determined. Exchange differences on monetary items are recognized in the profit or loss.

e. Property Plant and equipment

Items of property plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The periods at which depreciation is charged are as follows:

Assets	Useful life
Building	50 years
Equipment & Furniture	5 to 10 years
Motor vehicles	5 years
Computer equipment	3 to 5 years

The residual value is reassessed annually. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the profit or loss.

f. Financial instruments

Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Secretariat becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Secretariat changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Secretariat makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or recognize cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Secretariat's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Secretariat's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Secretariat considers the contractual terms of the instrument.

This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Secretariat considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Secretariat's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and losses***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVPTL. A financial liability is classified as at FVPTL if it's classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPTL are measured at fair value and net gains or losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognized in profit and loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition**Financial assets**

The Secretariat derecognizes a financial asset when its contractual rights to the cash flow from financial assets expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of financial assets are transferred or in which the Secretariat neither transfers nor returns substantively all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Secretariat enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not recognized.

Financial liabilities

The Secretariat derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Secretariat also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Modification of financial assets

If the terms of a financial asset are modified, the Secretariat evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual

rights to cash flows from the original asset are deemed to have expired. In this case the original assets is derecognized and a new assets is recognized at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial assets. In this case, the Secretariat recalculates the gross carrying amount of the financial assets and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Secretariat currently has legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

g. Impairment

Financial instruments and contract assets

The Secretariat recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- contract assets (as defined in IFRS 15).

The Secretariat measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Secretariat balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Secretariat considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Secretariat's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Secretariat is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Secretariat expects to receive); and
- financial assets that are *credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Secretariat assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Secretariat on terms that the Secretariat would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as *financial assets measured at amortised cost*: as a deduction from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Secretariat determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Secretariat's procedures for recovery of amounts due.

h. Funds and reserves

The following categories of Reserves are held in accordance with SPREP's Financial Regulations:

Core Fund – represents the sum total of the accumulated results arising from core activities and is assigned for unforeseen circumstances or emergencies.

i. Income

Income primarily comprises the fair value of the member's contributions and donor or programme funds received or receivable.

Member contributions

Members' contributions are accrued as receivables when due.

Donor-funded assets

Donor funds whose primary condition is that the Secretariat should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the balance sheet (or statement of financial position) and transferred to the income statement on a systematic basis over the useful lives of the related assets.

Programme management charges

Programme management charges are levied at an agreed percentage on Programme funds expended during the year. These charges are recognized on an accrual basis in the period to which the management services relate.

Interest revenue

Interest revenue is recognized in the income statement as it accrues, using the effective interest rate method.

j. Employee benefits*Short-term benefits*

Short term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

For local employees, the Secretariat contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognized in the profit or loss as soon as a present legal or contractual obligation exists.

Liabilities for annual leave are accrued and recognized in the balance sheet. Annual leave is recorded at present value to the extent that an employee is not expected to utilise their leave balance with 12 months of reporting date.

However, there are exceptions to this whereby staff can carry it forward with certain conditions that they must meet.

Long-term benefits

On resignation or cessation of service other than by misconduct, an expatriate employee is entitled to repatriation costs and the expected cost is discounted and measured at present value.

k. Net finance income

Net finance income comprises interest income on Secretariat term deposits and finance costs such as Bank charges and Secretariat overdraft fees that are recognized in the profit or loss.

I. Comparatives

Where necessary previous periods comparatives have been changed to conform to the presentation of financial information for the current year in order to achieve consistency in disclosure.

m. Leases

At inception of a contract, the Secretariat assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Secretariat assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Secretariat has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Secretariat has the right to direct the use of the asset. The Secretariat has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Secretariat has the right to direct the use of the asset if either:
 - the Secretariat has the right to operate the asset; or
 - the Secretariat designed the asset in a way that predetermines how and for what purpose it will be used.

At commencement or on modification of a contract that contains a lease component, the Secretariat allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Secretariat recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Secretariat's incremental borrowing rate. Generally, the Secretariat uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- The exercise price under a purchase option that the Secretariat is reasonably certain to exercise, lease payments in an optional renewal period if the Secretariat is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Secretariat is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Secretariat's estimate of the amount expected to be payable under a residual value guarantee, or if the Secretariat changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Secretariat presents right-of-use assets and lease liabilities as separate line items in the statement of financial position.

Short-term leases and leases of low-value assets

The Secretariat has elected not to recognise right-of-use assets and lease liabilities for short-term leases of space that have a lease term of 12 months or less and leases of low-value assets. The Secretariat recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

n. Income Tax Exemption

SPREP is exempted from income tax as part of its privileges and immunities accorded through Article 3 section (d) of the Headquarters Agreement with the Government of Samoa signed in 1996.

o. Ineligible Expenses

Provision for ineligible expenses is estimated and thus accrued at the end of each year to recognize the risk that project ineligible expenses may occur from time to time relative to the increased project portfolio for SPREP as represented by Programme/Donor Funds held each year. Whilst it is unlikely that the exact amount of future ineligible expenses will be known, an estimate is made based on past experience and updated to include particular risks for known projects especially for high risk donor funding/projects that are auditable.

Ineligible expenses refer to costs that are not allowable for reimbursement under the terms and conditions of funding agreements or donor regulations. For the purpose of financial statements, the Secretariat of the Pacific Regional Environment Programme (SPREP) adheres to the specific guidelines outlined by its donors, including any restrictions on allowable expenditures.

Ineligible expenses may include, but are not limited to:

- Expenses that are not directly related to the approved project activities.
- Costs incurred outside the project period.
- Unapproved or non-budgeted expenditures.
- Fines, penalties, and legal expenses.
- Personal or non-business-related expenses.

In the event that ineligible expenses are identified after reporting, appropriate adjustments are made in subsequent financial statements, and donors are notified as required.

Note 3: Financial risk management

The Secretariat's objective is to generate positive reserves to ensure the organisation's future sustainability. Management seeks to do this through the continued drive for member and donor contributions, as well as cost control.

The Secretariat's Senior Leadership Team (SLT) has overall responsibility for the establishment and oversight of SPREP's risk management framework. The SLT has established a Risk Committee, which is responsible for developing and monitoring the Secretariat's risk management policies. The committee reports regularly to the SLT on its activities.

a. Financial risk factors

The Secretariat's principal financial instruments comprise cash and term deposits. The main purpose of these financial instruments is to provide finance for the Secretariat's operations. As a result of the Secretariat's operations and sources of finance, it is exposed to exchange rate and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 2 to the financial statements.

Foreign currency risk

Foreign currency risk is the risk of loss from changes in the exchange rates against the \$US dollar which is the functional currency of the Secretariat. The Secretariat receives funding from various member countries and donors in foreign currency. In addition, the Secretariat sometimes transacts in currencies other than the \$US dollar. This exposes the Secretariat to foreign currency risk. In order to reduce the exposure to foreign currency risks, the Secretariat operates various foreign currency Secretariat accounts (such as Australia, New Zealand and Samoa dollar accounts) and transacts where required in these currencies.

The Secretariat's exposure to foreign currency risk was as follows based on notional amounts:

	2025			2024		
	AUD	NZD	WST	AUD	NZD	WST
Cash and cash equivalents		8,669	290,638		3,756	229,170
Receivables	-	-	(297)	-	-	4,597
Payables	(277,662)	(117,502)	(126,271)	(18,717)	(15,492)	(48,299)
Net statement of financial position exposure	(277,662)	(108,833)	164,070	(18,717)	(11,736)	185,468

The following significant exchange rates applied at the reporting date:

Amount (USD)

	2025	2024
AUD	0.5381	0.5634
NZD	0.6234	0.6236
WST	0.3608	0.3515

Sensitivity analysis

A 10 percent strengthening/weakening of the foreign currency against the \$US dollar at 31 December 2025 would have affected core fund reserves and income by the amounts shown below. The analysis assumes that all other variables, in particular interest rates remain constant.

	Effect on Equity & Income	
	2025 (USD)	2024 (USD)
AUD – Income and Core Fund reserve +10%	(27,766)	(1,872)
AUD – Income and Core Fund reserve -10%	27,766	1,872
NZD – Income and Core Fund reserve +10%	(10,883)	(1,174)
NZD – Income and Core Fund reserve -10%	10,883	1,174
WST – Income and Core Fund reserve +10%	16,407	18,547
WST – Income and Core Fund reserve -10%	(16,407)	(18,547)

The Secretariat does not manage foreign exchange risk by the use of foreign currency hedges or forward rate agreements due to the limited availability of these products in its primary economic environment.

Credit risk

Credit risk is the potential risk for loss arising from failure of Members to meet their agreed contributions or other counter-party to a financial instrument fails to meet its contractual obligations. The risk in relation to Members contributions is not considered significant because the Secretariat's policy is to only accrue Members contributions where there is objective evidence that there is an insignificant risk of counterparty default. The Secretariat's receivable balances are monitored on an ongoing basis in order to reduce any exposure to bad debts.

Financial instruments that potentially subject the Secretariat to concentrations of credit risk consist principally of cash at Secretariat and Secretariat term deposits.

The Secretariat places its cash and Secretariat term deposits with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution in accordance with its Executive approved cash management policy.

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Secretariat's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Secretariat will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by cash or another financial asset.

Financial instruments that potentially subject the Secretariat to concentrations of liquidity risk consist of payables.

The Secretariat places its cash and Secretariat term deposits with high credit quality financial institutions and monitors its cash flow requirements in accordance with its Executive approved cash management policy.

The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Secretariat's maximum exposure to credit risk.

b. Fair value estimation

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Secretariat has access at that date. The fair value of a liability reflects its non-performance risk.

The carrying value of financial and non-financial assets and liabilities approximate fair value.

Note 4: Critical accounting estimates and judgements

Preparing financial statements to conform to IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgments about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognized in the year if the change affects only that year, or into future years if it also affects future years. In the process of applying the Secretariat's accounting policies, management has made the following judgments, estimates and assumptions that have had the most significant impact on the amounts recognized in these financial statements. The financial statements are affected by estimates and judgments in:

- Note 2e: property and equipment;
- Note 2g: financial instruments
- Note 2k: employee benefits (long term benefits)
- Note 2p: ineligible expenditure

Fair value measurement

A number of assets and liabilities included in SPREP's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of SPREP's financial and non-financial assets and liabilities recognize market observable inputs and data as far as possible. Inputs used in determining fair value measurements are recognized into different levels based on how observable the inputs used in the valuation technique recognized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

Note 5 Member Contributions

Details of member contributions are specified as follows

	Amount (USD)	
	2025	2024
American Samoa	12,221	12,221
Australia	222,127	222,127
Cook Islands	12,221	12,221
Federated State of Micronesia	12,221	12,221
Fiji	24,432	24,432
France	161,043	161,043
French Polynesia	22,396	22,396
Guam	24,432	24,432
Kiribati	12,221	12,221
Marshall Islands	12,221	12,221
Nauru	12,221	12,221
New Caledonia	24,432	24,432
New Zealand	161,041	161,043
Niue	12,221	12,221
Northern Marianas	12,221	12,221
Palau	12,221	12,221
Papua New Guinea	24,432	24,432
Samoa	24,432	24,432
Solomon Islands	24,432	24,432
Tokelau	12,221	12,221
Tonga	12,221	12,221
Tuvalu	12,221	12,221
United Kingdom	186,000	161,043
United States of America	-	190,000
Vanuatu	24,432	24,432
Wallis & Futuna Islands	12,221	12,221
Samoa Host Country Contribution	24,432	24,432
Total	1,106,936	1,271,981

Note 6 Other donor fund income

Funds received from aid agencies under additional extra budgetary work programmes are usually for specified purposes and administered by the executive management and corporate support. For 2025 funds received were from Australia's Department of Foreign Affairs and Trade (DFAT), NZAid, SPC, the UK government and World Bank. The total other income from donor funds for 2025 is \$5,652,171 (2024 \$3,210,393).

Donor	Amount (USD)
Australia's Department of Foreign Affairs and Trade (DFAT)	830,385
NZAid	1,039,366
SPC	124,712
UK Government	3,478,920
World Bank	178,789
	5,652,171

Note 7 Other Income

Details of other income are specified as follows:

	Amount (USD)	
	2025	2024
Venue hire/conferences & short term office rent	42,627	83,486
Travel and other recoveries	8,331	18,250
Miscellaneous ***	232,814	947
Total other income	283,772	102,683

*** Out of USD\$232,814 under Miscellaneous income for 2025, USD\$228,379 relates to old account balances written off.

Note 8 Deferred income - Property and Equipment

Cost of Donated Assets

Deferred income relates to the following buildings and office equipment and furniture funded by donors for SPREP's activities:–

- SPREP Complex funded by Donor Governments;
- Training and Education Centre (TEC) funded by Japan;
- Information Resource Centre funded by the European Union and;
- The Pacific Centre for Climate Change building funded by JICA.

The deferred income liability is amortised to income over 50 years for buildings and 10 years for office equipment and furniture which are the same rates at which the assets are depreciated.

	Amount (USD)	
	2025	2024
SPREP Complex funded by donor Governments	1,822,798	1,822,798
Training and education centre project by Japan	2,330,266	2,330,266
Information and research centre by European Union	350,000	350,000
Pacific Climate Change Centre (PCCC) by JICA	7,866,177	7,866,177

Total cost of assets	12,369,241	12,369,241
Accumulated amortization		
Opening accumulated amortization	3,167,655	2,928,181
Amortization for current year	239,474	239,474
Closing accumulated amortization	3,407,129	3,167,655
Unamortised amount	8,962,112	9,201,586
Represented by:		
Current	239,474	239,474
Non-current	8,722,638	8,962,112
Unamortised amount	8,962,112	9,201,586

Note 9 Income received in Advance

Advanced Income 2026 - DFAT	2,670,023
Advanced Income 2026 - MFAT Digital Transformation	2,060,341
Advanced Income 2026 - MFAT Other Core 2026	3,114,671
Advanced Income 2026 - SPC - Gender Adviser Project (Core)	188,274
Advanced Income 2026 - World Bank GEF OFPs	340,056
	8,373,365

Note 10 Net finance income

Net finance income are specified as follows:

	Amount (USD)	
	2025	2024
Interest income on Secretariat deposits	70,253	133,862
<i>less finance costs relating to:</i>		
Bank charges	(2,415)	(1,989)
Net finance income	67,838	131,873

Note 11 Related parties

Key management personnel compensation

During the year the following persons were the management executives that were identified as key management personnel with the greatest authority for planning, directing and controlling the activities of the Secretariat:

- Mr Sefanaia Nawadra – Director General
- Ms Easter Chu Shing – Deputy Director General
- Ms Tagaloa Cooper – Director, Climate Change Resilience
- Mr Salesa Nihmei - Director, Climate Science & Information

- Mr Amenatave Yauvoli – Director, Biodiversity & Conservation
- Mr Anthony Talouli – Director, Waster Management and Pollution Control
- Mr Jope Davetanivalu – Director, Environmental Governance
- Mr Clark Peteru – Director, Legal Services and Governing Bodies
- Ms Simeamativa Vaai – Director, Human Resource & Administration
- Ms Petra Chan Tung – Director, Finance

The remuneration of key members of management during the year was as follows:

Amount (USD)

	2025	2024
Salaries and short term employment benefits	2,059,569	1,957,907

Note 12 Property and Equipment

Property and equipment is specified as follows:

Amount (USD)

	Buildings	Computer Equipment	Equipment & Furniture	Motor Vehicles	Total
Gross carrying amount					
Cost at 1st January 2024	12,094,080	217,235	636,209	69,142	13,016,666
Additions	-	34,701	10,516	-	45,217
Disposals	-	(80,980)	(17,534)	-	(98,514)
Balance at 31st December 2024	12,094,080	170,956	629,191	69,142	12,963,369
Additions	434,778	430,863	102,360	61,486	1,029,487
Disposals		(11,313)	(32,795)	(27,326)	(71,434)
Balance at 31st December 2025	12,528,858	590,506	698,756	103,302	13,921,422
Accumulated depreciation					
Balance at 1st January 2024	(2,552,007)	(171,572)	(600,018)	(52,412)	(3,376,009)
Depreciation charge for the year	(241,863)	(19,453)	(7,703)	(8,364)	(277,383)
Disposals	-	80,980	17,534	-	98,514
Balance at 31st December 2024	(2,793,870)	(110,045)	(590,187)	(60,776)	(3,554,878)
Depreciation charge for the year	(242,574)	(47,900)	(9,627)	(14,058)	(314,159)
Disposals	-	8,453	28,195	27,325	63,973
Balance at 31st December 2025	(3,036,444)	(149,492)	(571,619)	(47,509)	(3,805,064)
Net book value					

	Buildings	Computer Equipment	Equipment & Furniture	Motor Vehicles	Total
As at 1st January 2024	9,542,073	45,663	36,191	16,731	9,640,657
As at 31st December 2024	9,300,210	60,911	39,004	8,366	9,408,491
As at 31st December 2025	9,492,414	441,014	127,137	55,793	10,116,358

**** Depreciation per the Financial Statements is made up of:

	Note	2025	2024
		\$	\$
Depreciation - Property and Equipment	12	314,159	277,383
Total Depreciation		314,159	277,383

Donor Funded Assets for Programmes and Projects are not included in the above schedule and are expensed out in the respective project funding.

Note 13 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

Amount (USD)

	2025	2024
Cash on hand	201	201
Cash at bank at demand	44,551,389	44,193,955
Total Cash and cash equivalents for the purpose of the cash flow statement	44,551,590	44,194,156
Cash at bank term deposits	10,984,071	4,704,332
Provision for impairment through application of IFRS 9	(285,574)	(262,218)
Total Cash and cash equivalents	55,250,087	48,636,270

**** The Cash at bank term deposits comprises of USD\$984,071 with a maturity of 6 months expiring 18/02/26 at an interest rate of 2.4% per annum and USD\$10,000,000 with a maturity of 3 months expiring on 23/03/26 at an interest rate of 2.6% per annum. The Term deposits are in \$US Currency.

Cash and cash equivalents balances (excluding impairment) are allocated to the following currencies in \$US dollars at balance to date:

Amount (USD)

	2025	2024
WST denominated cash balances in \$US currency	290,839	229,371
NZD denominated cash balances in \$US currency	8,669	3,756
USD denominated cash balances in \$US currency	55,236,153	48,665,361
	55,535,661	48,898,488

Note 14 Receivables and Prepayments

Receivables and prepayments are specified as follows:

Amount (USD)

	2025	2024
Receivables	347,174	315,477
Allowance for credit loss	(306,708)	(250,299)
Total Receivables	40,466	65,178
Prepayments	342,964	149,983
Total Receivables and prepayments	383,430	215,161

Movement in the allowance for expected credit loss as follows:

Amount (USD)

	2025	2024
At 1 January	250,299	183,501
Allowance added	104,763	85,655
Allowance reversed	(48,354)	(18,857)
At 31 December	306,708	250,299

SPREP assesses the provision for doubtful debts at each balance date and all balances over 1 year old are provided for in full (100%). Provision for doubtful debts is based on known doubtful receivables that remain uncollectible as at balance date.

Note 15 Employee entitlements

Employee entitlements are specified as follows:

Amount (USD)

	2025	2024
Leave Entitlement		
Opening balance	910,555	915,501
Entitlements accrued during the year	245,306	76,785
Entitlements used during the year	(163,726)	(81,731)
Closing Balance	992,135	910,555
Repatriation entitlement		
Opening Balance	1,128,839	445,424
Additions during the year	321,021	738,335
Repatriation costs paid during the year	(372,589)	(54,920)
Closing Balance	1,077,271	1,128,839
Total provision for employee entitlement	2,069,406	2,039,394

	2025	2024
Current	1,017,998	925,776
Non-Current	1,051,408	1,113,618
	2,069,406	2,039,394

Note 16 Payables

Payables are specified as follows

Amount (USD)

	2025	2024
Payables	2,457,746	1,207,437
	2,457,746	1,207,437

Note 17 Donor and Programme Fund income, expenditure and liability **

a. Programme/donor fund surplus/(deficit)

Amount (USD)

	2025	2024
Income		
Programme/donor fund income	41,553,006	34,472,937
Expenses		
Climate Change Resilience	19,162,306	13,925,254
Island & Ocean Ecosystems	10,675,761	10,036,599
Waste Management & Pollution Control	9,337,319	8,933,122
Environment Monitoring & Governance	2,377,620	1,577,962
Net Surplus	-	-

** A detailed movement schedule of donor income, expenditure and liability by project is contained in the Supplementary Information on page 28. A breakdown of actual expenditure by function compared to budget is contained in the Supplementary Information on page 31.

b. Movement summary schedule

Amount (USD)

	2025	2024
Opening balance	36,319,223	31,948,961
Funds received during the year	52,953,328	44,770,211
Total Funds available	89,272,551	76,719,172
Less Programme Expenditure during the year	(41,553,006)	(34,472,937)
Less Other Donor Expenditure during the year	(5,015,662)	(3,009,307)
Less Programme Management charge	(4,034,153)	(2,917,705)
Closing balance	38,669,730	36,319,223

Note 18 Contingent liabilities and Capital Commitments

During the year, the Secretariat received a claim for litigation against SPREP by a former employee for an amount of approximately SAT\$497,000 equivalent to USD\$198,800. The matter is currently unresolved, and the Secretariat has assessed the claim and is prepared to challenge it. Based on legal advice and the Secretariat's assessment of the case, it has been determined that it is not probable that an outflow of economic resources will be required to settle the claim. Therefore, no provision has been recognized in these financial statements.

The Secretariat will continue to monitor developments in this case and reassess the need for a provision if circumstances change.

The Secretariat is not aware of any capital commitments at balance date.

Note 19 Significant Events during the year

Included in Other Expenses during the year is the provision raised for potential ineligible expenditure totaling \$163,385 (2024: US\$55,138) as well as grant funding for small projects under our Implementing Agency function via the World Bank project of \$152,000. Another main component is the capital item expenditure under donor funded projects for Core activities of \$180,988 which are expensed and not capitalized as part of the general fixed assets for Core.

Note 20 Events after reporting period

There has not arisen in the interval between the end of the year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors, to significantly affect the operations of the Secretariat, the results of those operations, or the state of affairs of the Secretariat in subsequent years.

Disclaimer

The additional financial data presented on pages 28 to 32 is in accordance with the books and records of the Secretariat which have not been subjected to the auditing procedures applied in our audit of the Secretariat of the Pacific Environment Programme for the year ended 31 December 2025. It should be appreciated that our audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on this financial data and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the management of the Secretariat) in respect of this data, including any errors or omissions therein, arising through negligence or otherwise however caused.



24 April, 2026
India

LOCHAN & CO, India
Chartered Accountants

Donor and programme fund liability - Detailed Movement Schedule

Donor/ Programme	Balance 01-01-2025	Actual Funds Received	Total Funds Available	Prog. Support	Total Expenses	Other Adjs	Balance 31/12/25
Adaptation Fund	1,668,576	2,953,749	4,622,325		(1,500,080)		3,122,245
Australian Bureau of Meteorology	(238,633)	731,638	493,005	(89,323)	(641,347)		(237,664)
Govt. of Aust. Extra Budget	208,803	2,489,919	2,698,723	(343,384)	(2,437,307)		(81,968)
Govt. of Aust. Extra Extra Budget	3,346,591	11,792,889	15,139,480	(662,736)	(5,138,968)	5,015	9,342,790
British High Commission	3,291		3,291		(3,291)		-
Climate Analytics	(10,176)		(10,176)		9,009		(1,167)
Commonwealth Secretariat	11,175		11,175		(11,175)		-
Commonwealth Scientific and Industrial Research Organisation	32,489		32,489				32,489
Conservation International	(3,263)		(3,263)		12,358	(9,095)	-
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH	231,273	1,374,955	1,606,228	(174,123)	(1,446,468)	(69,279)	(83,642)
European Union	11,590,934	4,001,858	15,592,792	(658,102)	(8,979,745)	(53,596)	5,901,348
Food and Agriculture Organisation	7,414	18,818	26,232	(15,500)	(28,662)	12,743	(5,188)
Global Climate Fund	5,526,065	1,741,970	7,268,035	(267,896)	(5,323,162)		1,676,977
Government of Canada	3,001		3,001		(3,001)		-
Government of France	(65,826)	4,932,758	4,866,932	(212,843)	(2,758,011)	(12,911)	1,883,167
Government of Germany	295,250	854,741	1,149,991	(1,531)	(843,008)		305,451
Government of Japan	77,213		77,213		(77,213)		-
Government of Monaco	285,597	92,421	378,018		(13,794)		364,224

Donor/ Programme	Balance 01-01-2025	Actual Funds Received	Total Funds Available	Prog. Support	Total Expenses	Other Adjs	Balance 31/12/25
Institute of Global Environment Strategies	385		385		(385)		-
International Fund for Agriculture Development	2,641		2,641		(2,641)		-
International Maritime Organisation	65,306	199,457	264,763	(12,734)	(129,446)		122,583
International Unit of conservation on nature	41,207	562,066	603,273	(29,779)	(310,862)	(10,261)	252,370
Irish Aid - Department of Foreign Affairs & Trade	106,323		106,323				106,323
John D & Catherine T MacArthur Foundation	6,304		6,304		(4,006)		2,298
NZ Aid Extra Budget	0	1,041,411	1,041,411	(134,447)	(913,575)		(6,611)
NZAid Extra Extra Budget	9,311,307	12,114,090	21,425,397	(732,559)	(8,036,710)	168,981	12,825,109
PACMAS	3,527		3,527		(3,527)		-
Pacific Islands Development Cooperation Fund	24,562		24,562		(24,562)		-
Pacific Islands Forum Secretariat	54,523	240,000	294,523		(161)		294,362
Parkard Foundation	1,303		1,303			(1,303)	-
People's Republic of China	307,110		307,110		(207,470)	(2,208)	97,431
PEW	4,102		4,102			(1,493)	2,609
Other Funds	(488,615)	271,076	(217,538)	(17,411)	720,135	90,498	575,684
Ramsar Secretariat	-		-				-
Secretariat of the Pacific Community	60,569	335,912	396,481	(2,854)	(182,891)	(8,366)	202,370
The Christensen Foundation	1,146		1,146		(1,146)		-

Donor/ Programme	Balance 01-01-2025	Actual Funds Received	Total Funds Available	Prog. Support	Total Expenses	Other Adjs	Balance 31/12/25
The Government of the United Kingdom (SIDAR)	621,161	4,332,182	4,953,342	(517,488)	(3,849,117)	(107,376)	479,362
United Kingdom Meteorology Office	747,006	257,898	1,004,904	(29,770)	(492,854)		482,280
United Nations Development Program	72,112		72,112		(77,365)		(5,253)
United Nations Environment Program	2,389,733	2,342,967	4,732,701	(115,421)	(3,636,996)	(1,350)	978,934
UN Educational, Scientific & Cultural Organisation (UNESCO)	643		643		(690)	47	-
UN Economics & Social Commission for Asia & the Pacific (UNESCAP)	3,500		3,500		(3,500)		-
UN Office of Project Services	3,029		3,029		(3,029)		-
US Dept. of State	(20,895)		(20,895)				(20,895)
USAID	30,341		30,341		(30,118)	(47)	177
US National Oceanic Atmospheric Administration	73,208		73,208		(7,633)		65,575
US Western Pacific Regional Fisheries Management Council	(164)		(164)		164		-
World Bank	-	178,789	178,789	(16,252)	(162,537)		-
World Meteorological Organisation	(71,922)	91,766	19,843		(23,884)		(4,041)
	36,319,223	52,953,328	89,272,551	(4,034,153)	(46,568,668)	-	38,669,730

Expenditure by function and comparison to budget

A comparison of actual expenditures versus budgeted expenditure for 2025 is as follows:

	2025		2024	
	Actual	Budget	Actual	Budget
Climate Change				
Personnel Costs	3,088,488	2,805,147	2,935,586	2,110,844
Operating Costs	16,032,690	11,850,636	10,955,102	8,605,778
Capital Costs	41,128	767,967	34,566	806,000
	19,162,306	15,423,750	13,925,254	11,522,622
Programme Support Costs	1,616,957	1,650,649	856,598	960,931
	20,779,263	17,074,399	14,781,852	12,483,553
Island & Ocean Ecosystems				
Personnel Costs	2,182,335	3,243,644	2,333,686	2,795,455
Operating Costs	8,455,473	6,408,466	7,672,438	4,600,198
Capital Costs	37,953	3,947	30,475	6,600
	10,675,761	9,656,057	10,036,599	7,402,253
Programme Support Costs	818,117	847,324	890,823	492,201
	11,493,878	10,503,381	10,927,422	7,894,454
Waste Management & Pollution Control				
Personnel Costs	1,681,005	2,193,821	1,864,765	2,247,216
Operating Costs	7,631,412	6,409,361	6,874,051	7,738,268
Capital Costs	24,902	13,000	194,305	15,000
	9,337,319	8,616,182	8,933,122	10,000,484
Programme Support Costs	864,333	500,299	892,000	719,589

	2025		2024	
	Actual	Budget	Actual	Budget
	10,201,652	9,116,481	9,825,122	10,720,073
Environment Monitoring & Governance				
Personnel Costs	853,511	1,001,667	810,845	700,520
Operating Costs	1,490,285	777,626	755,479	990,751
Capital Costs	33,824	36,088	11,638	41,021
	2,377,620	1,815,381	1,577,962	1,732,292
Programme Support Costs	98,236	119,776	77,198	273,037
	2,475,856	1,935,157	1,655,160	2,005,329
Executive Management & Corporate Services				
Personnel Costs	4,878,468	6,139,856	4,425,612	5,327,132
Operating Costs	2,715,500	3,676,084	2,201,255	1,777,489
Capital Costs	180,988	59,841	49,811	58,500
	7,774,956	9,875,781	6,676,677	7,163,121
Programme Support Costs	636,509	355,147	201,086	413,155
	8,411,465	10,230,928	6,877,763	7,576,276
Total costs (excluding Programme Support)	49,327,962	45,387,151	41,149,614	37,820,772
Total Programme Support	4,034,153	3,473,195	2,917,705	2,858,913
Grand Total	53,362,115	48,860,346	44,067,319	40,679,685