

**SPREP**  
**Secretariat of the Pacific Regional Environment Programme**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

Secretariat of the Pacific Regional Environment Programme (SPREP)  
Financial Statements  
For the year ended 31 December 2017  
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**Secretariat of the Pacific Regional Environment Programme (SPREP)**  
**Executive Management's Report**  
**For the year ended 31 December 2017**

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The Executive Management present the annual report together with the financial statements of the Secretariat for the year ended 31 December 2017 as set out on the following pages and auditors' independent report thereon in accordance with the Secretariat's Financial Regulations.

**Executive Management:**

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

Leota Kosi Latu – Director General  
Roger Cornforth – Deputy Director General  
Stuart Chape – Director, Biodiversity & Ecosystem Management  
Vicki Hall – Director, Waste Management & Pollution Control  
Easter Galuvao – Director, Environmental Monitoring & Governance  
Clark Peteru – Legal Adviser  
Simeamativa Vaai – Human Resource Adviser  
Petra Chan Tung – Finance & Administration Adviser

**Principal Activity:**

The purposes 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 2017:

- During the year the Secretariat expended US\$3.7 million dollars compared to expenditure of US\$3.3 million in 2016. Although this is an increase of US\$400,000, it is actually less than the budget for 2017 expenditure of US\$4.2 million dollars which was evidence of active controls by management which resulted in cost savings for the period.
- The net surplus for the period was \$445,982, which was an increase compared to the net surplus of \$346,898 in 2016.
- Foreign exchange exposure continues to be controlled and minimized as evident from the reduction in foreign exchange losses from (US\$98,258) in 2016 to (US\$15,245) in 2017.
- As a result of the net surplus of US\$445,982, the negative balance in Total Reserves was resolved from a negative balance of US\$443,762 in 2016 to a positive balance at year end of US\$5,123 in 2017 which is a noticeable improvement.
- Management recognizes that there is still a need to maintain sustainability of funding with a view to rebuilding reserve funds and avoiding any further deficient positions in the future to ensure a strong financial position for the Secretariat moving forward.
- The challenge remains for the Secretariat to ensure a collective effort by Members and Executive Management to rebuild the Total Reserves. Hence, the Secretariat must focus on areas of generating sufficient funds from both Member Countries and Donors to resolve this issue over reserves as well as control costs, and thus strengthen the overall financial position and sustainability of SPREP in the long term.

**Secretariat of the Pacific Regional Environment Programme (SPREP)**  
**Executive Management's Report**  
**For the year ended 31 December 2017**

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**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 (KPMG, Fiji), 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 2017;
- 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 2017;
- 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 2017; 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 2017.

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.



**Kosi Latu**  
Director General



**Roger Cornforth**  
Deputy Director General

29<sup>th</sup> March 2018





## Independent Auditor's Report to the Members of the Secretariat of the Pacific Regional Environment Programme

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of The Secretariat of the Pacific Environment Programme ("the Secretariat"), which comprise the Statement of Financial Position as at 31 December 2017, and Core Fund Statement of Comprehensive Income, Statement of Changes in Funds and Reserves, and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out in notes 1 to 21.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Secretariat as at 31 December 2017 and of its financial performance, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for Opinion

We conducted our audit in accordance with 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 Secretariat in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the 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.

#### Responsibilities of Members and Management

Members and Management are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as Members and management determines is necessary to enable the preparation 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 their circumstance.

In preparing the financial statements, management is responsible for assessing the Secretariat'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 Secretariat or to cease operations, or has no realistic alternative but to do so.

Members are responsible for overseeing the Secretariat'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 International Standards on Auditing (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 the 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 judgment 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 risks, 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Secretariat's internal control;



## Independent Auditor's Report to the Members of the Secretariat of the Pacific Regional Environment Programme (continued)

### Report on the Audit of the Financial Statements (continued)

#### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern; and
- 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 Members and 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

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion:

- proper books of account have been kept by the Secretariat sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and
- to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Secretariat's Financial Regulation in the manner so required.

*KPMG*

**KPMG**

29 March, 2018

Suva, Fiji

**Michael Yee Joy, Partner**



Secretariat of the Pacific Regional Environment Programme (SPREP)  
Core Fund Statement of Comprehensive Income  
For the year ended 31 December 2017

		USD	USD
	Notes	2017	2016
<b>Income</b>		\$	\$
Member contributions	5	1,350,062	1,005,105
Programme management charges	20	1,227,455	953,541
Other donor fund income	6	1,322,651	1,519,341
Amortisation of deferred income		124,628	83,275
Other income	7	147,274	191,218
<b>Total income</b>		<b>4,172,070</b>	<b>3,752,480</b>
<b>Expenses</b>			
Advertisements		29,067	13,919
Consultancies		29,599	23,731
Depreciation and amortisation expense	12/13	252,702	253,961
Donation & Sponsorship		35,914	250
Electricity & Water		65,446	77,683
Freight and Postal Expenses		8,684	2,410
Insurance		89,618	107,309
Licences & Registration		28,084	3,554
Printing, Stationery and Office Supplies		75,064	81,309
Professional Services		91,209	132,117
Program Support Costs		71,795	24,589
Repairs & Maintenance		17,567	20,429
Salaries and wages		2,231,537	1,855,197
Superannuation expense		155,720	111,312
Other employee expenses		153,537	150,691
SPREP Meeting		94,640	139,348
Telephone and Internet		91,772	87,845
Travel		95,971	141,082
Workshops & Trainings		38,782	77,909
Other Expenses		67,906	10,238
<b>Total expenses</b>		<b>3,724,613</b>	<b>3,314,881</b>
<b>Surplus / (Deficit) before net finance income and foreign exchange</b>		<b>447,456</b>	<b>437,599</b>
Net finance income	10	13,771	7,558
Foreign exchange gain/(loss)		(15,245)	(98,258)
<b>Net Surplus</b>		<b>445,982</b>	<b>346,898</b>

The accompanying notes form an integral part of the above financial statement.

Secretariat of the Pacific Regional Environment Programme (SPREP)  
Statement of Financial Position  
As at 31 December 2017

		USD 2017	USD 2016
	Notes	\$	\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	12	2,936,529	3,085,988
Intangible assets	13	187,547	281,322
<b>Total non-current assets</b>		<b>3,124,076</b>	<b>3,367,310</b>
<b>Current assets</b>			
Cash at bank and on hand	14	6,935,388	7,285,880
Term deposits	15	6,678	6,366
Receivables and prepayments	16	61,887	13,532
<b>Total current assets</b>		<b>7,003,953</b>	<b>7,305,777</b>
<b>TOTAL ASSETS</b>		<b>10,128,029</b>	<b>10,673,088</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Core funds		(684,065)	(1,130,047)
General		501,425	501,425
Specific fund	17	187,763	184,860
<b>Total reserves</b>		<b>5,123</b>	<b>(443,762)</b>
<b>Non-current liabilities</b>			
Deferred income	8	2,667,341	2,790,846
<b>Total non-current liabilities</b>		<b>2,667,341</b>	<b>2,790,846</b>
<b>Current liabilities</b>			
Programme/Donor funds	20	4,857,807	7,296,887
Payables and accruals	19	725,783	169,815
Provision for employee entitlements	18	789,823	776,026
Deferred income	8	82,151	83,275
Income received in advance	9	1,000,000	-
<b>Total current liabilities</b>		<b>7,455,565</b>	<b>8,326,003</b>
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>10,128,029</b>	<b>10,673,088</b>

Signed on behalf of the SPREP Members



Kosi Latu  
Director General



Roger Cornforth  
Deputy Director General

The accompanying notes form an integral part of the above financial statement.



Secretariat of the Pacific Regional Environment Programme (SPREP)  
Statement of Changes in Funds and Reserves  
For the year ended 31 December 2017

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	Core fund	General reserve	Specific reserve	Total
	\$	\$	\$	\$
<b>Balance at 1st January 2016</b>	<b>(1,501,343)</b>	<b>501,425</b>	<b>221,806</b>	<b>(778,112)</b>
Net surplus for the year	346,898	-	-	346,898
Reserves used during the year	-	-	(36,946)	(36,946)
Add: Prior Period Adjustment	24,398			24,398
<b>Balance at 31st December 2016</b>	<b>(1,130,047)</b>	<b>501,425</b>	<b>184,860</b>	<b>(443,762)</b>
<b>Balance at 1st January 2017</b>	<b>(1,130,047)</b>	<b>501,425</b>	<b>184,860</b>	<b>(443,762)</b>
Net surplus for the year	445,982	-	-	445,982
Reserves during the year 17	-	-	2,903	2,903
<b>Balance at 31 December 2017</b>	<b>(684,065)</b>	<b>501,425</b>	<b>187,763</b>	<b>5,123</b>

The accompanying notes form an integral part of the above financial statement.

Secretariat of the Pacific Regional Environment Programme (SPREP)  
Statement of Cash Flows  
For the year ended 31 December 2017

		2017	2016
	Notes	\$	\$
<b>Cash flows from operating activities</b>			
Member contributions		1,350,062	1,005,105
Interest received		15,383	22,158
Non programme donor funds received	6	1,322,651	1,519,341
Other receipts		98,919	229,739
Personnel costs - Corporate Services		(2,352,563)	(2,210,629)
Corporate Services costs		479,226	(1,085,521)
Programme Expenditure		<u>(1,242,047)</u>	<u>2,767,816</u>
<b>Net cash flows from operating activities</b>		<b><u>(328,369)</u></b>	<b><u>2,248,008</u></b>
<b>Cash flows from investing activities</b>			
Reserves used during the year		2,903	(36,946)
Purchase of property and equipment	12	<u>(9,468)</u>	<u>(91,175)</u>
<b>Net cashflows for investing activities</b>		<b><u>(6,565)</u></b>	<b><u>(128,121)</u></b>
Net change in cash held		(334,935)	2,119,887
Cash at beginning of the year		7,292,246	5,270,617
Effects of foreign exchange		<u>(15,245)</u>	<u>(98,258)</u>
<b>Ending cash balances</b>	14	<b><u>6,942,066</u></b>	<b><u>7,292,246</u></b>

The accompanying notes form an integral part of the above financial statement.

Secretariat of the Pacific Regional Environment Programme (SPREP)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017

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**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 March 30, 2018.

**2. Statement of significant accounting policies**

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

**a. Basis of accounting**

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 preparation**

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.

**Changes in accounting policies and Accounting Estimates, and Coorection of a Prior Period Error**

***New standards, interpretations and amendments effective from 1 January 2017***

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on SPREP's financial statements.

***New standards, interpretations and amendments not yet effective***

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on SPREP'S future financial statements:

- IFRS 9 Financial instruments - replaces IAS 39: Financial Instruments: Recognition and Measurement. Under IFRS 9, classification and measurement of financial instruments to be in 2 main categories - amortised cost and fair value (through other comprehensive income or through profit and loss). Held to maturity and Available for sale categories are to be eliminated. A significant change is in the impairment of financial assets from an 'incurred loss' model under IAS 39 to an 'expected loss' model under IFRS 9 which is a more 'forward' looking model. There is no significant change for classification and measurement of financial liabilities from IAS 39.
- IFRS 15 Revenue from Contracts with Customers - replaces IAS 18: Revenue and IAS 11: Construction Contracts as well as related Interpretations. A single revenue recognition framework is established under IFRS 15 where an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- IFRS 16 Leases - replaces IAS 17: Leases and related interpretations. The major change is a single model which eliminates the distinction between operating and finance leases, and results in the statement of financial performance reflecting a 'right of use' asset and a corresponding liability for most lease contracts.
- IAS 7 Statement of Cash Flows (Disclosure Initiative Amendments) - The amendments aim to improve disclosures about an entity's debt by enabling users to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The



Secretariat of the Pacific Regional Environment Programme (SPREP)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017

**2. Statement of significant accounting policies (cont'd)**

disclosure enhancements suggested would be to provide a reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities.

The effects of the above standards are still being assessed as they may or may not have a significant effect on SPREP's future financial statements.

***Restatement of Financial Statement as a Result of a Change in Accounting Policy and Correction of an Error***

**31 December 2016 (Comparative year opening balances)**

Financial Statement Line Item/Balance Sheet	Note	Actual 2016	Correction of Error Adj	Restated Actual 2016
<b>Current Liabilities</b>	<b>18</b>			
<b><i>Repatriation entitlement</i></b>				
Opening balance		444,265		444,265
Additions during the year		50,611	(24,398)	26,213
Repatriation costs paid during the year		(41,902)		(41,902)
Closing balance		452,974	(24,398)	428,576

Refer to Note 18 for details of the restatement which relates to correction for the prior year repatriation provision.

**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 (\$US).

**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. 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 and equipment**

Items of property 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:

- Buildings 50 years
- Furniture & fittings 5 to 10 years

Secretariat of the Pacific Regional Environment Programme (SPREP)  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. Statement of significant accounting policies (cont'd)**

**e. Property and equipment (cont'd)**

- |                  |              |
|------------------|--------------|
| • Motor vehicles | 5 years      |
| • 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 recognised within other (losses)/gains – net, in the profit or loss.

**f. Financial instruments**

The Secretariat classifies its financial assets in the loans and receivables category. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Secretariat classifies its financial liabilities as other liabilities.

The Secretariat initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Secretariat derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers substantially all of the risks and rewards in a transaction, or otherwise does not retain control of the asset. The Secretariat derecognizes a financial liability when its contractual obligations are discharged, are cancelled, or expire.

Loans and receivables consist of other receivables, cash at bank and on hand and term deposits. The Secretariat assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired.

**(i) Receivables**

Receivables and prepayments are recognized initially at fair value and subsequently measured at cost, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Secretariat will not be able to collect all amounts due according to the original terms of the receivables.

**(ii) Payables**

Payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received. Subsequent to initial recognition, these liabilities are recognised at amortised cost. Given the short term nature of most payables, the carrying amounts approximate fair value.

**(iii) Cash and cash equivalents**

Cash and cash equivalents consist of cash, bank deposits and term deposits which are subject to an insignificant change on drawdown net of bank overdrafts for the purposes of the statement of cash flows. Bank overdrafts are shown in current liabilities on the balance sheet.

**g. Funds and reserves**

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

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



Secretariat of the Pacific Regional Environment Programme (SPREP)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017

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**2. Statement of significant accounting policies (cont'd)**

**g. Funds and reserves (cont'd)**

*Specific funds* – comprises funds earmarked for specific purposes and generally not available for uses other than those specified.

**h. Income**

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

*Member contributions*

Member's contributions are recognized as a receivable only if there is objective evidence that the contribution for the current period will be received. Otherwise, Member's contributions are only recognized when they are received.

*Donor-funded assets*

Donor funds whose primary condition is that the Secretariat should purchase, construct or otherwise acquire non-current assets are recognised 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 recognised on an accrual basis in the period to which the management services relate.

*Interest revenue*

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

**i. 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 recognised in the profit or loss as soon as a present legal or construction obligation exists.

Liabilities for annual leave are accrued and recognised 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.

*Long-term benefits*

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

**j. Net finance income**

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



Secretariat of the Pacific Regional Environment Programme (SPREP)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017

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**2. Statement of significant accounting policies (cont'd)**

**k. Impairment**

The carrying amounts of the Secretariat's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating amount exceeds its recoverable amount. Impairment losses are recognised immediately in the profit or loss.

**l. 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**

The Secretariat does not have any leases which transfer all of the risks and rewards of ownership of the leased asset i.e. finance leases. The Secretariat currently leases assets under operating leases which are not recognized in the statement of financial position. Payments under operating leases are recognised in the profit or loss on a straight-line basis over the terms of the lease.

**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 Management Team (SMT) has overall responsibility for the establishment and oversight of SPREP's risk management framework. The SMT has established a Risk Committee, which is responsible for developing and monitoring the Secretariat's risk management policies. The committee reports regularly to the SMT 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 bank accounts (such as Australia, New Zealand and Samoa dollar accounts) and transacts where required in these currencies.

Secretariat of the Pacific Regional Environment Programme (SPREP)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017

**3. Financial risk management (cont'd)**

**Foreign currency risk (cont'd)**

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

	2017			2016		
	AUD	NZD	WST	AUD	NZD	WST
Cash and cash equivalents	49,843	17,480	101,428	45,169	7,188	130,360
Receivables			5,463			6,239
Payables	76,442	12,342	41,414	117	-	20,613
Net statement of financial position exposure	<b>126,285</b>	<b>29,822</b>	<b>148,305</b>	<b>45,286</b>	<b>7,188</b>	<b>157,212</b>

The following significant exchange rates applied at the reporting date:

	2017	2016
	\$	\$
<b>AUD</b>	0.5094	0.5379
<b>NZD</b>	0.5522	0.5595
<b>WST</b>	0.3970	0.3879

**Sensitivity analysis**

A 10 percent strengthening/weakening of the foreign currency against the \$US dollar at 31 December 2017 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	
	2017	2016
	\$	\$
AUD – Income and Core Fund reserve +10%	9,843	3,266
AUD – Income and Core Fund reserve -10%	(9,843)	(3,266)
NZD – Income and Core Fund reserve +10%	2,144	498
NZD – Income and Core Fund reserve -10%	(2,144)	(498)
WST – Income and Core Fund reserve +10%	5,888	6,098
WST – Income and Core Fund reserve -10%	(5,888)	(6,098)

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 bank and bank term deposits.

The Secretariat places its cash and bank 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.



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**3. Financial risk management (cont'd)**

***Credit risk (cont'd)***

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 bank 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.

**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 recognised 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 recognised in these financial statements. The financial statements are affected by estimates and judgments in:

- Note 20 – Donor and programme funds: whether SPREP acts as an agent under the agreement rather than as a principle

***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 utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised 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).



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**4. Critical accounting estimates and judgements (cont'd)**

*Fair value measurement (cont'd)*

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 recognised in the period they occur.

**5. Member contributions**

Details of member contributions are specified as follows:

	2017	2016
	\$	\$
American Samoa	10,184	10,184
American Samoa – voluntary contribution	509	509
Australia	185,106	185,106
Australia – voluntary contribution	9,256	9,256
Cook Islands	10,184	10,184
Cook Islands – voluntary contribution	534	489
Federated States of Micronesia	10,184	10,184
Federated States of Micronesia - voluntary contribution	1,018	-
Fiji	20,410	20,344
France	134,202	134,172
France – voluntary contribution	6,771	6,711
French Polynesia	20,360	20,360
Guam	20,360	20,353
Guam – voluntary contribution	1,018	1,018
Kiribati	10,216	10,184
Kiribati – voluntary contribution	509	509
Marshall Islands	20,361	-
Nauru	9,432	9,358
New Caledonia	20,360	24,122
New Caledonia – voluntary contribution	908	1,018
New Zealand	134,202	134,202
New Zealand – voluntary contribution	6,711	6,711
Niue	10,182	20,340
Niue - voluntary contribution	485	-
Northern Marianas	20,368	-
Palau	-	19,491
Palau – voluntary contribution	-	509
Papua New Guinea	-	8,754
Papua New Guinea – voluntary contribution	-	-
Samoa	20,458	40,680
Samoa – voluntary contribution	1,018	2,004
Solomon Islands	20,360	20,328
Tokelau	10,184	10,184
Tokelau – voluntary contribution	509	509
Tonga	10,184	10,185
Tonga – voluntary contribution	517	449
Tuvalu	10,184	10,184
Tuvalu – voluntary contribution	510	501
United Kingdom	268,404	-
United Kingdom - voluntary contribution	13,422	-
United States of America	194,663	194,663
Vanuatu	102,806	-
Vanuatu - voluntary contribution	2,036	-
Wallis & Futuna Islands	10,184	30,537
Wallis & Futuna Islands – voluntary contribution	502	509
Samoa Host Country Contribution	20,295	20,307
<b>Total</b>	<b>1,350,062</b>	<b>1,005,105</b>

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**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 2017 funds received were from Australia's Department of Foreign Affairs and Trade (DFAT) (previously AusAID), China, NZAid, and UNEP to fund the Medium Size Project, Monitoring & Evaluation costs, Media Operations, IT Operations, Executive Officer costs, and the Sub Regional costs. The total other income from donor funds for 2017 is \$1,322,651 (2016: \$1,519,341).

**7. Other income**

Details of other income are specified as follows:

	2017	2016
	\$	\$
Income from rental of office spaces	95,232	90,006
Travel and other recoveries	6,306	34,359
Miscellaneous	45,736	66,853
Total other income	<u>147,274</u>	<u>191,218</u>

**8. Deferred income liability**

Deferred income relates to the following buildings and office equipment and furniture funded by donors for SPREP's activities – i) SPREP Complex funded by Donor Governments; ii) Training and Education Centre (TEC) funded by Japan; and iii) Information Resource Centre funded by the European Union. 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.

	2017	2016
	\$	\$
<b>Cost of donated assets</b>		
SPREP Complex funded by donor Governments	1,822,798	1,822,798
Training and education centre project by Japan	2,374,692	2,374,692
Training and education centre project by Japan - cost adjustment	(44,426)	-
Information and research centre by European Union	350,000	350,000
Total cost of assets	<u>4,503,064</u>	<u>4,547,490</u>
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	1,671,421	1,590,094
Amortisation for current year	82,151	83,275
Closing accumulated amortisation	<u>1,753,572</u>	<u>1,673,369</u>
<b>Unamortised amount</b>	<u>2,749,492</u>	<u>2,874,121</u>
Current portion of amortisation	82,151	83,275
Non-current portion of amortisation	2,667,341	2,790,846
Unamortised amount	<u>2,749,492</u>	<u>2,874,121</u>

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**9. Income received in advance**

Income received in advance of \$1,000,000 (2016: \$nil) relates to the advanced tranche for 2018 received from Australia's Department of Foreign Affairs and Trade (DFAT).

**10. Net finance income**

Net finance costs are specified as follows:

	2017	2016
	\$	\$
Interest income on bank deposits	15,383	11,297
<i>less finance costs relating to:</i>		
Bank charges	<u>(1,612)</u>	<u>(3,739)</u>
Net finance income	<u>13,771</u>	<u>7,558</u>

**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 Kosi Latu – Director General
- Mr Roger Cornforth – Deputy Director General
- Mr Stuart Chape – Director, Biodiversity & Ecosystem Management
- Ms Vicki Hall – Director, Waste Management & Pollution Control, started Office 12 June 2017
- Ms Easter Galuvao – Director, Environmental Monitoring & Governance, started Office 8 May 2017
- Mr Clark Peteru – Legal Adviser
- Ms Simeamativa Vaai – Human Resource Adviser
- Ms Petra Chan Tung – Finance and Administration Adviser

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

	2017	2016
	\$	\$
Salaries and short term employment benefits	<u>1,222,170</u>	<u>970,176</u>



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## 12. Property and equipment

Property and equipment is specified as follows:

	Buildings	Computer equipment	Equipment & furniture	Motor vehicles	Total
<b>Gross carrying amount</b>					
Cost at 1st January 2016	4,163,762	453,240	809,110	103,002	5,529,114
Additions	-	37,539	53,637	-	91,175
Disposals	-	-	-	-	-
Balance at 31st December 2016	4,163,762	490,779	862,747	103,002	5,620,289
Additions	-	3,509	5,958	-	9,468
Disposals	-	-	-	-	-
Balance at 31st December 2017	4,163,762	494,288	868,705	103,002	5,629,757
<b>Accumulated depreciation</b>					
Balance at 1st January 2017	(1,280,570)	(417,417)	(768,377)	(67,937)	(2,534,301)
Depreciation charge for the year	(83,275)	(29,372)	(25,679)	(20,601)	(158,927)
Disposals	-	-	-	-	-
Balance at 31st December 2017	(1,363,845)	(446,789)	(794,056)	(88,538)	(2,693,228)
<b>Net book value</b>					
As at 31st December 2016	2,883,192	73,361	94,370	35,065	3,085,988
As at 31st December 2017	2,799,917	47,499	74,649	14,464	2,936,529

## 13. Intangible assets

	2017	2016
	\$	\$
Computer Software	281,322	375,097
Less Amortisation	(93,775)	(93,775)
Net book value	187,547	281,322

The computer software was purchased as part of a system upgrade and was under development up to December 2014. This software is assessed as having a finite life and amortised at 20% over the estimated useful life of the asset in 2017.

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**14. 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:

	2017	2016
	\$	\$
Cash on hand	201	201
Cash at bank	<u>6,935,187</u>	<u>7,285,679</u>
	6,935,388	7,285,880
Bank term deposits	15	6,366
Cash and cash equivalents for purpose of cash flow statement	<u>6,942,066</u>	<u>7,292,246</u>

Cash balances are allocated to the following currencies in \$US dollars at balance date:

SAT denominated cash balances in \$US currency	101,428	130,360
AUD denominated cash balances in \$US currency	49,843	45,169
NZD denominated cash balances in \$US currency	10,802	823
USD denominated cash balances in \$US currency	<u>6,773,114</u>	<u>7,109,328</u>
	<u>6,935,187</u>	<u>7,285,679</u>

**15. Bank term deposits**

Bank term deposits are specified as follows:

	2017	2016
	\$	\$
Total bank term deposits	<u>6,678</u>	<u>6,366</u>

The bank term deposits have an average maturity of 203 days and a weighted average interest rate of 2.5% per annum. The carrying value of the term deposits equals their fair value.

Bank term deposits are allocated to the following currencies in \$US dollars at balance date:

	2017	2016
	\$	\$
NZD denominated term deposits in \$US currency	<u>6,678</u>	<u>6,366</u>
	<u>6,678</u>	<u>6,366</u>

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**16. Receivables and prepayments**

Receivables and prepayments are specified as follows:

	2017	2016
	\$	\$
Receivables	6,479	13,532
Prepayments	55,408	-
	<u>61,887</u>	<u>13,532</u>

**17. Specific fund**

The Specific fund contains funds which are earmarked for specific purposes and are generally not available for use other than those specified.

The Specific Funds Reserve as of 2017 represents medical evacuation funds as follows:

	2017	2016
	\$	\$
Opening balance	184,860	221,806
Less reserves used during the year	-	(36,946)
Plus reserves added during the year	2,903	-
Closing balance	<u>187,763</u>	<u>184,860</u>

**18. Provision for employee entitlements**

Provision for employee entitlements are specified as follows:

	2017	Restated 2016 <sup>a</sup>
	\$	\$
<b>Current liabilities</b>		
<b><i>Leave Entitlement</i></b>		
Opening balance	347,450	433,406
Entitlements accrued during the year	115,976	(38,379)
Entitlements used during the year	(83,914)	(47,577)
Closing balance	<u>379,512</u>	<u>347,450</u>
<b><i>Repatriation entitlement</i></b>		
Opening balance	428,576	444,265
Additions during the year	117,276	26,213
Repatriation costs paid during the year	(135,541)	(41,902)
Closing balance	<u>410,311</u>	<u>428,576</u>
<b>Total provision for employee entitlement</b>	<u>789,823</u>	<u>776,026</u>

- a) The amount was restated for the error set out in Note 2 relating to the correction in Repatriation entitlement accrued for 2016.



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**19. Payables and accruals**

Payables and accruals are specified as follows:

	2017	2016
	\$	\$
Payables	492,617	153,585
Accrued salaries and others	233,166	16,231
	<u>725,783</u>	<u>169,815</u>

**20. Donor and Programme Fund income, expenditure and liability \*\***

**a. Programme/donor fund surplus/(deficit)**

	2017	2016
	\$	\$
<b>Income</b>		
Programme/donor fund income	12,452,289	12,728,902
<b>Expenses</b>		
Climate change	4,258,199	3,730,512
Biodiversity	3,122,991	3,554,534
Waste management	3,711,166	4,256,753
Environment monitoring	1,359,933	1,187,103
<b>Net Surplus</b>	<u>-</u>	<u>-</u>

**b. Movement summary schedule**

	2017	2016
	\$	\$
Opening balance	7,296,887	5,467,956
Funds received during the year	12,491,520	17,006,124
<b>Total Funds available</b>	<u>19,788,407</u>	<u>22,474,080</u>
Less Programme Expenditure during the year	(12,452,289)	(12,728,902)
Less Other Donor Expenditure during the year	(1,250,856)	(1,494,751)
Less Programme Management charge	(1,227,455)	(953,541)
<b>Closing balance</b>	<u>4,857,807</u>	<u>7,296,887</u>

\*\* A detailed movement schedule of donor income, expenditure and liability by project is contained in the Supplementary Information on page 25. A breakdown of actual expenditure by function compared to budget is contained in the Supplementary Information on page 26.

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**20. Contingent liabilities and capital commitments**

As at 31st December 2017 and as at the date of signing these financial statements, SPREP has outstanding legal proceedings relating to a dispute on a claim by a consultant over contractual benefits. The total claim is estimated to be around US\$197,000. The Court is yet to rule on the outcome of the legal proceedings. No liability has therefore been recognized in the financial statements at year end until the Court decision is made.

**21. Events after reporting period**

There were no significant events after the reporting period.



### Disclaimer

The additional financial data presented on pages 25-26 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 2017. 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.

29 March, 2018

Suva, Fiji

*KPMG*

**KPMG**

**Chartered Accountants**



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**Donor and programme fund liability - Detailed movement schedule**

Detailed Movement Schedule							
DONOR/PROGRAMME	Balance	Actual Funds	Total Funds	Prog.	Total	Other	Balance
	1/01/2017	Received	Available	Support	Expenses	Adjs	31/12/17
Adaptation Fund	\$ -	\$ 1,248,471	\$ 1,248,471				1,248,471.00
Asian Development Bank	\$ 149,608	\$ 669,926	\$ 819,535	\$ (130,204)	\$ (689,331)		-
Australian Bureau of Metrology	\$ 673,479	\$ 337,185	\$ 1,010,664	\$ (86,831)	\$ (744,103)		\$ 179,730
Govt. of Aust. Extra Budget	\$ 0	\$ 2,773,388	\$ 2,773,388	\$ (250,275)	\$ (2,273,878)	\$ (7,118)	\$ 242,118
Govt. of Aust. Extra Extra Budget	\$ 96,750		\$ 96,750		\$ (46,025)	\$ 29,251	\$ 79,976
British High Commission	\$ 3,233		\$ 3,233				\$ 3,233
Climate Analytics	\$ (6,704)	\$ 169,868	\$ 163,164	\$ (25,447)	\$ (148,791)	\$ 2,066	\$ (9,009)
Commonwealth Secretariat	\$ 11,175		\$ 11,175				\$ 11,175
Commonwealth Scientific and Industrial Research Organisation		\$ 121,041	\$ 121,041	\$ (1,785)	\$ (55,218)		\$ 64,037
Conservation International	\$ (6,139)		\$ (6,139)				\$ (6,139)
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	\$ 101,688	\$ 44,817	\$ 146,505	\$ (1,974)	\$ (144,783)	\$ (3,653)	\$ (3,905)
European Union	\$ 3,193,733		\$ 3,193,733	\$ (168,326)	\$ (2,473,426)		\$ 551,981
Food and Agriculture Organisation	\$ 24,385	\$ 89,743	\$ 114,127	\$ (14,495)	\$ (157,475)	\$ (1,060)	\$ (58,903)
Global Climate Fund	\$ 32,548	\$ 53,548	\$ 86,095	\$ (8,672)	\$ (86,785)		\$ (9,362)
Government of Canada	\$ 9,932		\$ 9,932				\$ 9,932
Government of Finland	\$ 649,702		\$ 649,702	\$ (56,188)	\$ (541,810)		\$ 51,704
Government of France	\$ 18,507	\$ 82,826	\$ 101,333	\$ (5,020)	\$ (86,961)	\$ (666)	\$ 8,685
Government of Germany	\$ 260,037	\$ 1,210,831	\$ 1,470,868	\$ (125,052)	\$ (1,157,872)		\$ 187,944
Government of Japan	\$ 81,212		\$ 81,212	\$ (359)	\$ (3,640)		\$ 77,213
Government of Sweden	\$ 598,517		\$ 598,517		\$ (576,771)	\$ (21,745)	\$ -
Government of Switzerland	\$ 500		\$ 500				\$ 500
Government of Wallis and Futuna	\$ 17,802		\$ 17,802				\$ 17,802
Institute of Global Environment Strategies	\$ (3,336)		\$ (3,336)		\$ (1,000)		\$ (4,336)
International Fund for Agriculture Development	\$ 2,641		\$ 2,641				\$ 2,641
International Maritime Organisation	\$ 13,821	\$ 111,485	\$ 125,306	\$ (16,893)	\$ (126,616)		\$ (18,203)
International Unit of conservation on nature	\$ 176,630	\$ 30,200	\$ 206,830	\$ (19,186)	\$ (123,595)		\$ 64,049
John D & Catherine T MacArthur Foundation	\$ 6,304		\$ 6,304				\$ 6,304
NZ Aid PIE	\$ 4,812		\$ 4,812				\$ 4,812
NZ Aid Extra Budget	\$ 57,443	\$ 982,948	\$ 1,040,392	\$ (84,052)	\$ (815,153)	\$ (4,481)	\$ 136,706
NZAid Extra Budget	\$ 437,580	\$ 719,838	\$ 1,157,418	\$ (41,379)	\$ (468,996)	\$ 9,686	\$ 656,730
PACMAS	\$ 20,771		\$ 20,771		\$ (14,513)		\$ 6,258
Pacific Islands Development Cooperation Fund	\$ 24,818		\$ 24,818				\$ 24,818
Pacific Islands Forum Secretariat	\$ (41,735)	\$ 163,968	\$ 122,232	\$ (15,210)	\$ (108,193)		\$ (1,171)
Parkard Foundation	\$ 3,337		\$ 3,337				\$ 3,337
People's Republic of China	\$ 232,855	\$ 149,968	\$ 382,823		\$ (48,908)		\$ 333,915
PEW	\$ 77,372	\$ 245,877	\$ 323,249	\$ (24,182)	\$ (174,837)		\$ 124,230
Other Funds	\$ (48,480)	\$ 456,858	\$ 408,378	\$ (33,168)	\$ (637,546)	\$ (22,572)	\$ (284,909)
Ramsar Secretariat	\$ (84,765)		\$ (84,765)				\$ (84,765)
Secretariat of the Pacific Community	\$ 184,215	\$ 1,482	\$ 185,697	\$ (10,183)	\$ (141,036)		\$ 34,478
The Christensen Foundation	\$ 1,146		\$ 1,146				\$ 1,146
United Kingdom Meteorology Office	\$ 100,657	\$ 177,946	\$ 278,603	\$ (11,411)	\$ (102,455)		\$ 164,737
United Nations Development Program	\$ 157,335	\$ 264,656	\$ 421,991	\$ (14,143)	\$ (382,747)	\$ (4,443)	\$ 20,659
United Nations Environment Program	\$ 32,689	\$ 2,033,258	\$ 2,065,947	\$ (58,726)	\$ (1,002,421)	\$ 3,268	\$ 1,008,069
United Nations Institute for Training & Research	\$ 1,631		\$ 1,631			\$ 935	\$ 2,566
UN Educational, Scientific & Cultural Organisation (UNESCO)	\$ 738	\$ 7,401	\$ 8,139		\$ (7,497)	\$ 96	\$ 738
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 Fish & Wildlife	\$ 14,405		\$ 14,405	\$ (1,392)	\$ (12,124)		\$ 889
US Dept. of State	\$ (41,427)		\$ (41,427)			\$ 20,532	\$ (20,895)
USAID	\$ 64,217		\$ 64,217		\$ (55,095)		\$ 9,122
US National Oceanic Atmospheric Administration	\$ (30,517)	\$ 54,993	\$ 24,476	\$ (7,255)	\$ (60,462)		\$ (43,242)
US Western Pacific Regional Fisheries Management Council	\$ (164)		\$ (164)				\$ (164)
World Meteorological Organisation	\$ 15,402	\$ 289,000	\$ 304,402	\$ (15,645)	\$ (233,082)	\$ (96)	\$ 55,579
	\$ 7,296,887	\$ 12,491,520	\$ 19,788,408	\$ (1,227,455)	\$ (13,703,146)	\$ -	\$ 4,857,807

Negative balances as at year end relate to Funding Arrangements based on a reimburseable basis.

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SUPPLEMENTARY INFORMATION  
For the year ended 31 December 2017

**Expenditure by function and comparison to budget**

A comparison of actual expenditures versus budgeted expenditure is for 2017 is as follows:

	2017		2016	
	Actual	Budget	Actual	Budget
<b>Climate Change</b>				
Personnel Costs	1,036,422	1,098,160	1,053,024	1,081,970
Operating Costs	3,187,444	1,605,659	2,675,816	4,207,412
Capital Costs	34,332	3,000	1,672	-
	4,258,199	2,706,819	3,730,512	5,289,382
Programme Support Costs	490,365	287,926	347,275	581,511
	4,748,563	2,994,745	4,077,787	5,870,893
<b>Biodiversity &amp; Ecosystem Management</b>				
Personnel Costs	1,453,010	1,171,732	1,241,473	1,442,693
Operating Costs	1,665,579	1,412,325	2,294,828	1,716,188
Capital Costs	4,402	6,678	18,232	5,678
	3,122,991	2,590,735	3,554,534	3,164,559
Programme Support Costs	297,992	300,875	275,355	390,606
	3,420,983	2,891,610	3,829,889	3,555,165
<b>Waste Management &amp; Pollution Control</b>				
Personnel Costs	606,822	869,766	805,496	1,004,370
Operating Costs	3,104,344	3,162,901	3,444,739	3,954,567
Capital Costs	-	4,500	6,518	4,500
	3,711,166	4,037,167	4,256,753	4,963,437
Programme Support Costs	247,260	323,213	234,092	333,692
	3,958,426	4,360,380	4,490,845	5,297,129
<b>Environment Monitoring &amp; Governance</b>				
Personnel Costs	663,307	697,134	506,552	578,040
Operating Costs	688,721	288,801	678,664	903,022
Capital Costs	7,905	1,600	1,887	5,500
	1,359,933	987,535	1,187,103	1,486,562
Programme Support Costs	120,045	104,697	72,229	108,931
	1,479,978	1,092,232	1,259,332	1,595,493
<b>Executive Management &amp; Corporate Services</b>				
Personnel Costs	2,540,794	2,393,654	2,117,200	2,579,214
Operating Costs	858,194	1,384,383	919,131	1,518,431
Capital Costs	1,129	99,700	-	93,500
	3,400,117	3,877,737	3,036,331	4,191,144
Programme Support Costs	71,795	58,765	24,589	72,669
	3,471,912	3,936,502	3,060,920	4,263,813
<b>Total costs (excluding Programme Support)</b>	15,852,406	14,199,993	15,765,232	19,095,084
<b>Total Programme Support</b>	1,227,455	1,075,476	953,541	1,487,409
<b>Grand Total</b>	17,079,861	15,275,469	16,718,773	20,582,493