



iTaukei Trust Fund Board

ANNUAL REPORT 2017



GROWING TRADITIONAL KNOWLEDGE



Parliamentary Paper Number has
been allocated to your publication
titled, 1. PP. No 69 of 2018
ITAUKEI TRUST FUND BOARD
ANNUAL REPORT – 2017

Introduction

The iTaukei Trust Fund Board was established by the Fiji Government to foster advancement of the indigenous Fijians and Rotumans by promoting initiatives that will better their standard of living and enhance appropriate cultural traditions and values.

Vision Statement

To be the prominent institution assisting the Vanua to uplift the wellbeing of the iTaukei and Rotumans.

Mission Statement

- To promote initiatives that will improve the quality of life and enhance appropriate cultural traditions and values of iTaukei and Rotumans
- To prudently invest the TTFB Funds to earn superior returns while complying with the iTaukei Trust Fund Act and to enhance the long term value of the Trust.

Mandated Objectives

The objectives of the iTaukei Trust Fund Board are:

- (a) To provide funding for the undertaking, promotion and sponsoring programmes on iTaukei language, culture and the study of ethno-history and ethno-geography
- (b) To provide funding to help develop the management, leadership and entrepreneurial skills of the indigenous iTaukei and Rotumans
- (c) To sponsor research into languages, art and culture of the iTaukei and Rotumans and the better understanding and preservation of their heritage
- (d) To undertake any other purpose approved by the Board to be beneficial to the iTaukei and Rotumans

Na ivakamacala taumada

E a tauyavutaka na Matabose ni iLavo Maroroi ni iTaukei (MLMT) na Matanitu me qarava na vakatoroicaketaki ni itaukei e Viti kei Rotuma, me vukea na sasaga me sudrai cake na bula ka maroroya na itovo kei na idusidusi veiganiti ena vanua.

Na tatadra

Me tabana uasivi ni veiqaravi me torocake kina na bula raraba ni itaukei e Viti kei Rotuma.

Na lalawa

- Me tutaka na sasaga ena vinaka kina na ivakarau ni bula ka vakavinakataka na itovo kei na idusidusi ni bula ni itaukei e veiganiti e Viti kei Rotuma
- Me vakatubutaka vakayalomatua na ilavo ni MLMT me rawata na tubu vinaka taudua ia me davo donu ena lawa e vauca na MLMT ka me tudei tiko kina na yaga ni Matabose.

Na yavu ni veiqaravi

Na yavu ni veiqaravi ni MLMT:

- a) Me vakailavotaka na sasagataki, tutaki kei na tokoni ni ituvatuva eso e baleta na vosa, itovo kei na vulici ni itukutuku makawa ni kawa tamata kei na kena vanua.
- b) Me vakailavotaka na sasaga me toroicake na veiqaravi, veiliutaki kei na cakacakataki ni ilavo vei ira na itaukei e Viti kei Rotumna.
- c) Me tokona na vakadidiketaki ni vosa, itovo kei na vakavovotu e baleta na itaukei e Viti kei Rotuma kei na kena kilai deivaki na delaniyavu.
- d) Me qarava na gagadre tale eso e vakadonuya na Matabose ni yaga vei ira na itaukei e Viti kei Rotuma.

TABLE OF CONTENTS



COMPANY OVERVIEW

04	THE BOARD
05	CHAIRMAN'S LETTER
07	OPERATIONAL REPORT
15	FINANCIAL STATEMENTS
16	MEMBERS' REPORT
18	STATEMENT BY MEMBERS
20	INDEPENDENT AUDIT REPORT
22	STATEMENT OF COMPREHENSIVE INCOME
23	STATEMENT OF CHANGES IN EQUITY
24	STATEMENT OF FINANCIAL POSITION
25	STATEMENT OF CASH FLOWS
26	NOTES TO THE FINANCIAL STATEMENTS
45	DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION
46	DETAILED INCOME STATEMENT



THE BOARD

Standing L-R

Naipote Katonitabua
Member

Dr. Joseph Veramu
Member

Isoa Kaloumaira
Secretary to the Board

Peni Cavuilagi
Member

Aisake Taito
Member

SITTING L-R

Emi Rabukawaqa
Member

Fatiaki Misau
Member

Preetika Prasad
Member



CHAIRMAN'S LETTER

Na ivola mai vua na iLiuliu ni Matabose

The Prime Minister of Fiji and Minister for iTaukei Affairs & Sugar Industry

We present herewith the 16th annual report for the iTaukei Trust Fund Board for the financial year that ended on 31st December 2017.

The Fund's investment portfolio remains shares, fixed income and properties. Overseas investment remains the listed securities in the Australian Stock Exchange. Investments in Fiji are in a number of stocks listed in the South Pacific Stock Exchange and in properties.

On the Fund's investment in properties, the development of phase II of the complex at Draiba is working on increasing equity to reduce the debt burden. The Arbitration's Independent Expert called by the Raghwan Neo Joint Venture found that Raghwan Neo did contribute to the delay in construction and that the Fund's Project Manager failed to issue the required notification of delays. The Fund also waits on Government on the outstanding lease rental review and for an amicable conclusion.

For the Hotel Project, the Methodist Church Holding Trust has opted out of the Joint Venture and the Fund has acquired the MCHT's property contribution to the Joint Venture for \$2.1 million VIP. An uplift in revenue generated from room upgrades at the Radisson Blu Resort at Denarau is expected

In Australia, the tepid economic growth has subdued wage growth and there is a continuing low inflation.

The Board now has the full complement of eight Members. This has enabled the formation of three sub-committees to scrutinize papers before final consideration by the Board. The Fund thanks former Chairman Mr. Apakuki Kirusiga and welcomes new Board Member Mr. Naipote Katonitabua.

The curriculum on traditional leadership titled 'Sauvaki ni Vanua' was offered for the first time at Nadave. The two cohorts of school teachers and Ministry of iTaukei Affairs staff continue to undertake the Diploma in Vernacular Studies, Fijian at USP. Publication works have delved into writing folk tales as comic strips and bilingual books for children. A new Project Officer was recruited to work on the Fijian Dictionary Projects including the iVolavosa App. The App was completed and the android version was launched on December 19th. The Apple version will be available 2018.

Projects in partnership with NZ and Australian literacy associations continue. Cartons of reading books were received from Scholastic NZ for schools affected by cyclone and flooding. A three-day workshop on literacy teaching skills was also delivered for primary school teachers in the Suva area.

Na Turaga na Paraiminista kei Viti, Minista ni Veika Vakaitaukei kei na Suka

Sa koya saka oqo na ika16 ni ivolatukutuku vakayabaki ni Matabose ni iLavo Maroroi ni iTaukei ni yabaki vakailavo a mai cava ena ika31 ni Tiseba, 2017.

Na tobu ni vakatubuilavo ni Matabose se dei tiko ga ena sea, umailavo vakatubutaki, kei na taukenivale. Na vakatubuilavo mai valagi era tabaki ena Australian Stock Exchange. Na vakatubuilavo e Viti e tiko ena taukenivale kei koya era tabaki ena South Pacific Stock Exchange.

E raica tiko na Matabose me tosoya cake na cau vakailavo ki na ikarua ni tabavale me tara ena itikotiko e Draiba. Qo me lailai kina na dinau. Sa vaqaqa rawa na Matalewai a kaciva na Raghwan Neo Joint Venture ni cala tale ga na Raghwan Neo ka lai bera kina na taravale. A sega tale ga ni qarava na nona itavi na Project Manager ni Matabose me dau vola na ivola ni sa bera tiko na cakacaka. Se waraki tiko na Matanitu me dua na macala ni kena raici lesu na lisi ni valenivolavola e Draiba.

E sa vakasuka mai na Joint Venture na Methodist Church Holding Trust (MCHT) ka sa volia na Matabose ena \$2.1 na milioni na gele a nona cau na MCHT. Namaki me na toso cake na ilavo e rawa mai na Radisson Blu resort e Denarau ena gauna e sa na vakacavari kina na vakatoroicaketaki ni rumu.

Ni malumu tiko na bula raraba vakailavo mai Ositerelia e lai sega tale ga ni tubu na isau ni tamata cakacaka ka tiko ga e ra na isau ni iyaya.

E sa tawani kece na idabedabe e walu ni leweni Matabose. E sa rawa ni dabe na komiti lalai me dau raica rawa na pepa ni bera ni biu cake ki na Matabose. E sa vakavinavinakataki na nona vei qaravi na iLiuliu ni Bose vakacegu Apakuki Kirusiga ka kidavaki na leweni Matabose vou, Naipote Katonitabua.

Na isevu ni vuli ni veiliutaki ena vanua ka vakatokai na 'Sauvaki ni Vanua' e sa qai vakayacori e Nadave. Tomana tiko na vuli ni Vakadidike Vosavakaviti ena Univesiti ni Ceva na ilawalawa e rua ni qasenivulu kei na vakaillesilesi ni Tabacacacaka iTaukei. Ena tabaivola, e sa golevi tiko na sala vovou. E sa volai vakakomiki na itukuni, volai tale ga na nodra ivola na gone ena Vosavakaviti kei na Vosavakavalagi, Vosavakarotuma kei na Vosavakavalagi. E sa dua na vakaillesilesi vou me mai qarava na cakacaka ni iVolavosa Vakaviti me sa biu ena talevoni veikaucaki. Sa tavoci na iVolavosa ena talevoni android, na kena ena apple ena qai rawa ena 2018.

Partnerships with international institutions and professional associations have been established. Two staff members returned from a two-week study visit on 'International Awareness on Museology Practices' at the Sainsbury Research Unit (SRU). On their return, the officers collaborated on curating the exhibition titled 'Kamunaga. A story of tabua'. A second project is initiated is the 'Fieldworkers' Network' to collect heritage information from the vanua. From the same institution, Project Officer Mrs. Unaisi Manulevu has completed her Master of Arts in the Arts of Africa, Oceania and the Americas. The Fund has become a financial member of the Commonwealth Association of Museums.

TTFB became the implementing partner in Fiji for the British Council Active Citizens (AC) programme. AC is the British Council's global social leadership training programme.

It has been another good year for the Fund in terms of the fulfilment of its legislated objectives. The Investment portfolio remains healthy and generating the needed revenue to support the Fund's operations.

The Fund is therefore pleased to report the achievement of a gross revenue of \$7, 812,130 and a net profit from operations of \$3,356,370 for the year. The Net Asset grew to \$107,030,997 with total asset of \$116,646,175.



David Kolitagane
Chairman

Tomani tiko na cakacakavata kei na isoqosoqo ni vulici ni vosa e Niusiladi kei Ositerelia. Yaco mai na kateni ivola ni wilivola ena veivuke ni soqosoqo mai Niusiladi me baleti ira na koronivuli vakacacani ena cagilaba kei na ualuvu. Vakayacori tale ga na vuli siga tolu me baleti ira na qasenivuli ni paraimari e Suva.

Tauyavutaki na cakacakavata kei na vica na kena itini mai valagi. Gole kina ina Sainsbury Research Unit e rua na vakalesilesi ena vuli e baleta na qaravi ni iyaya maroroi makawa. Rau mai vakaitavi sara ena kena vakatikori ena Fiji Museum na 'Kamunaga. Na italanoo ni tabua.' Tauyavu tale ga na ilawalawa ni vakasokumuni itukutuku ena vanua. Ena koronivuli vata oya, e sa lai rawata mai na koroi ni Master of Arts in the Arts of Africa, Oceania and the Americas o Unaisi Manulevu. E sa lewena tale ga na Commonwealth Association of Museums na Matabose.

Ena veidinadinati kei na British Council, e sa liutaka na Matabose ka cicivaki e Viti na Active Citizens (AC) programme. Qo na vuli e baleta na veiliutaki ni qaravi na sasaga yaga ena itikotiko.

E mai dua tale yani na yabaki vinaka ni vei qaravi vua na Matabose me vakavotui tiko kina na usutu ni nona tauyavu. E qarauni tiko vakavinaka na tobu ni vakatubuilavo ka sa rawata tiko mai na ilavo me sotava na tabana ni vei qaravi.

E marau kina na Matabose me vakaraitaka na ilavo kece e rawa ena loma ni yabaki e \$7,812,130, na ilavo bula e \$3,356,370. E tubu na iyau ni Matabose ki na \$107,030,997 kauta cake na levu taucoko ni yau ki na \$116,646,175.



David Kolitagane
iLuliuli ni Matabose



A low-angle, upward-looking photograph of several tall palm trees against a clear, bright blue sky. The central palm tree is the most prominent, its trunk extending from the bottom of the frame towards the top. Other palm trees are visible to the left and right, their fronds reaching out. The image has a clean, professional feel, suitable for a report cover.

OPERATIONAL REPORT

Na iTukutuku Vakacakacaka

Investments

The portfolio remains shares, fixed income and properties. Sectoral diversification is exercised within the shares and fixed income portfolios. The overseas investment remains the listed securities in the Australian Stock Exchange. In Fiji, investments are in a number of stocks listed the South Pacific Stock Exchange and in properties.

All the term deposits were rolled over for periods ranging from nine to twelve months as the Fund continues to manage its cash built up to meet its equity contribution for the major capital developments.

The Board continues to deliberate on the development of phase II of the complex here at Draiba with the focus on increasing equity to reduce the debt burden.

For the Hotel Project, the Methodist Church Holding Trust (MCHT) decided to opt out of the Joint Venture. The Carlson Group of Hotels agreed to hold matters in abeyance for 18 months as the Fund sorts out matters with the MCHT.

The Fund exercised its Rights of first refusal under the Joint Venture Agreement bought the MCHT's property contribution to the Joint Venture for \$2.1 million VIP. Settlement took place in February 2018.

The major refurbishment at the Radisson Blu Resort Denarau in the prior years has generated the needed uplift in revenue from the Investments. Room upgrades now in progress may impact on the Fund's revenue. However, once completed the Radisson should be able to maintain its top ranking amongst the resorts in Denarau and Fiji.

Na Vakatubuilavo

Na tobu ni vakatubuilavo e se tiko ga ena sea, vakatubuilavo vakadipositi kei na taukenivale. E dau veisau ga na iwalewale ni vakatubuilavo ena sea kei na vakatubuilavo vakadipositi. Na vakatubuilavo mai valagi era kaburaki tiko ena Australian Stock Exchange. E Viti, e tiko ena taukenivale kei koya e kaburaki ena South Pacific Stock Exchange.

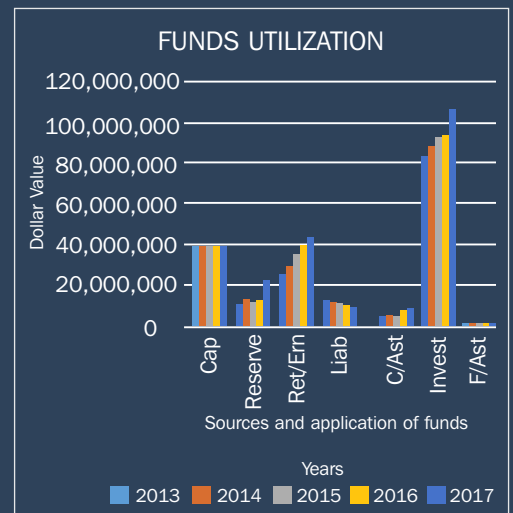
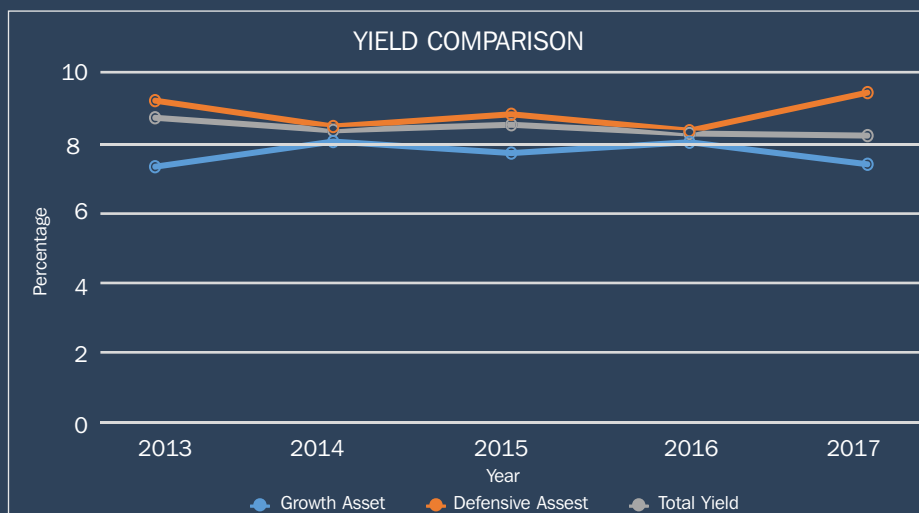
Era vakavoui kece me yaciwa ki na tinikarua na vula na vakatubuilavo vakadipositi. E lewamatautaka toka na Matabose na ilavo qaga me vakarautaka me sotava kina na nona cau ki na sasaga lelevu e sa navuci tiko.

Se wanonova tiko na Matabose na inakinaki e baleta na phase II e Draiba. E gadreva tiko me tosoi cake na nona cau me vakamamadataka na icolacola ni saumi dinau.

Ena vuku ni sasaga me tara na otela, e sa lewa na Methodist Church Holding Trust (MCHT) me sa vakasuka mai na Joint Venture. E sa vakadonuya na Carlson Group of Hotels me se cegu toka mada na sasaga qo me 18 na vula, me na rawa vua na Matabose me vagalalataka na veidinadinati a sa mai davo koto.

Ena veidinadinati kei na MCHT, e na soli taumada ki na Matabose me lewa kevaka e via volia na tikiniqele nona na MCHT ka a nona cau ki na veidinadinati ni Joint Venture. Volia kina na Matabose na tikiniqele ena Fepurueri 2018 ka kena isau e \$2.1 na milioni.

E vakilai ena tubu e rawa tiko ena vica na yabaki sa sivi na veisau levu a vakayacori ena Radisson Blu Resort e Denarau. Na vakavinakataki ni rumu e vakayacori tiko ena gauna qo ena rawa ni vakilai tale ga ena tubu e na qai rawa mai kina. Ni sa na vakacavari na veiveisau oqo, e sa na rawa vua na Radisson me vakadeitaka ni otela uasivi taudua tiko e Denarau vaka kina e Viti.



The only outstanding matter in terms of the property portfolio is the ongoing Government lease rental review for the offices at the complex here at Draiba. The Fund waits on Government for an amicable conclusion to the review.

The Independent Expert, Mr. Richard Maiden, hired to assess the claims and counter claims in the Arbitration called by the Raghwan Neo Joint Venture concluded his assessment. He found Raghwan Neo did contribute to the delay in construction but the Fund was led down by its Project Manager who failed to issue the required notification of delays as stipulated in the contract. This negated the Fund's ability to claim for liquidated damages. Parties are reviewing the Independent Expert's final draft report for their respective final submissions to him

On the Australian Investments our Investment Advisors from Morgans did a review of the Investment climate in Australia and the portfolio at a Directors' workshop here in Suva on 7th August. Pick up in the USA and the EU economies and steady controlled growth in China helping propel global economic growth.

In Australia, tepid economic growth on the back of the slow recovery in the resource sector, subdued wage growth and continuing low inflation still in play. The strong regulatory environment is keeping in check the housing market from overheating.

The Fund continues to make investments based on the advice of the Advisors from Morgans.

On 28th February Australian Foundation Investment Company Limited converted its notes to shares at the discounted price of Aus\$5.0864. The Fund's 1,000 Notes was converted to 19,660 shares.

Ena vuku ni taukenivale, se raici lesu tiko kei na Matanitu na lisi ni itikotiko e Draiba. E waraka tiko na Matabose me dua macala vinaka me vakacavari kina na veivosaki ni lisi.

E sa biuta mai na nona vakatutu na kenadau tuvakataki koya, Mr. Richard Maiden, na turaga me mai dikeva na veika e sa tuvana mai na Raghwan Neo Joint Venture me saumi yani. E laurai kina ni a vakavuna tale ga na bera ni taravale o Raghwan Neo ia na Project Manager ni Matabose a sega ni vakamuria na tikini konitaraki oya me dau vola na ivola ni sa bera tiko na cakacaka. E mani sega ni rawa kina vua na Matabose me vakaivotavota ena 'liquidated damages'. Rau sa dikeva ruarua tiko na ito na vakatutu me rau na qai sauma lesu vakaivola vua na kenadau.

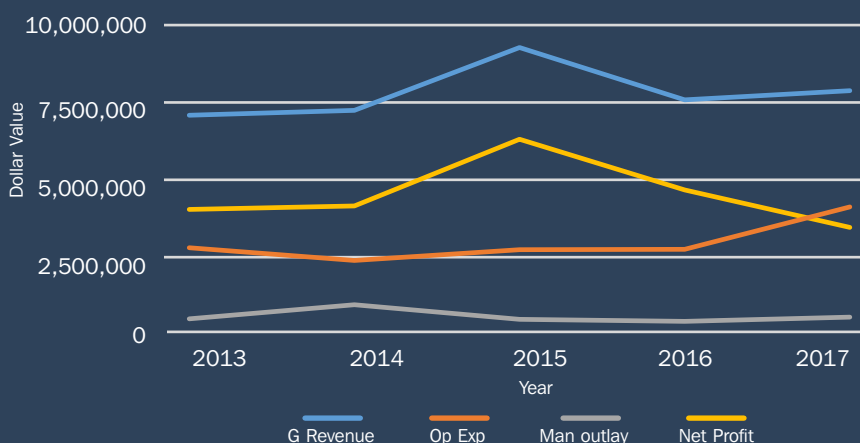
Ena vakatubuilavo e Ositerelia, a gole mai ena ika7 ni Okosita na daunivakasala ni vakatubuilavo mai na Morgans ka mai vakamacalataka ki na Matabose na vakatubuilavo ni Matabose. E vukea tiko na tubu vakailavo ni sa toso cake tale na bula vakailavo e Merika kei na vanua vaka-EU vaka kina na nona wanonova matua toka i Jaina na nona tubu vakailavo.

Na gogo ni bula vakailavo e Ositerelia baleta ni se qai bula caka tiko mai na kena tabana ni yaubula e mai vakamaluataka na toso cake ni isau ni tamata cakacaka kei na kena se lailai tiko na tubu ni vakacavacava. Ni qaqaco vinaka tiko na lawa e sega ni tubi sara vakasivia na isau ni vale ena kena makete.

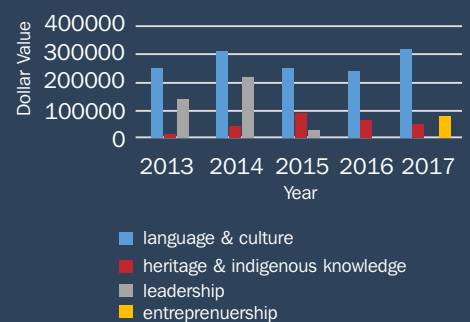
E tomana tiko na vakatubuilavo na Matabose ka vakatau ogo ena vakasala mai vei iratou na daunivakasala vei Morgans.

Ena ika 28 ni Fepurueri sa veisautaki me sea na noti ni Australian Foundation Investment Company ena isau e Aus\$5.0864. Na 1,000 na noti ni Matabose e sa veisau me 19,660 na sea.

INCOME STATEMENT COMPARISON



MANDATED OUTLAY



The Fund had Aus\$200,000 invested in Colonial Group's five-year subordinated Notes that matured on 31st March 2017. Colonial Group's parent company, the Commonwealth Bank, offered Note holders the opportunity to reinvest into the Bank's new subordinated Notes (PERLS IX) that offered a floating rate of 3.9% plus the 90 days BBSW with a term of five years. Again based on the advice of our Investment advisor, the Fund took up the reinvestment offer and reinvested Aus\$200,000 in the PERLS IX Notes.

The National Australia Bank did a similar exercise offering holders of its subordinated Notes redeemed in June 2017 the opportunity to reinvest in its new Subordinated Notes 2. The new Notes pay a floating rate of 2.20% plus the 90 days BBSW and redeemable in six years. The Fund reinvested its Aus\$100,000 into Notes 2 as advised by our Investment Advisor.

Still on Debt Securities, based on the advice of the Investment Advisors, the Fund invested Aus\$200,000 in Peet Limited's Bond and Aus\$200,000 in Villa World Limited's Bond. The companies are involved in land development for the growing housing markets in the major centers in Australia. The Peet Bond has a fixed interest rate of 7.5% for the duration of the term of 5 years to 7th June 2022. The Villa World Bond rate is 4.75% plus 90 BBSW over the 5 years to 21st April 2022.

New investments in equities were also made after a review of the portfolio following the workshop in August 2017. Additional shares were purchased to increase holding in the following securities:

E a vakatubutaka tu na Matabose e Aus\$200,000 ena noti yabaki lima ni Colonial Group. A sa matua ena ika31 ni Maji 2017. E a vakatara na Commonwealth Bank, na tina ni kabani ni Colonial Group, vei ira na taukeninoti vua me ra vakatubuilavo ena kena PERLS IX. A solia tiko e 3.9% na tubu kei na 90 na siga ena BBSW me lima na yabaki. E ciqoma na Matabose na ivakasala ni daunivakasala mani vakatubutaka lesu ki na PERLS IX Notes na Aus\$200,000.

A vakayacora vaka kina na National Australian Bank ka vakatara vei ira na taukeninoti kina ka ra sa matua ena Jiune 2017 me ra vakatubutaka lesu. Na noti vakatubutaki vou ena rawata e 2.20% na tubu kei na 90 na siga BBSW, era na qai matua ni oti e 6 na yabaki. E ciqoma na Matabose na ivakasala ni daunivakasala mani vakatubutaka lesu me Noti 2 e Aus\$100,000.

E ciqoma na Matabose na ivakasala ni daunivakasala ena vakatubuilavo ka mani vakatubutaka e Aus\$200,000 ina Peet's Limited Bond, Aus\$200,000 tale ga ina Villa World Limited's Bond. Erau dau vakatorocaketaka na qele na kabani qo me sotava na makete ni taukenivale ena veivanua e gadrevi kina e Ositerelia. Na tubu ena Peet Bond e 7.5% matua ni oti e lima na yabaki ena ika7 ni Jiune 2022. Tubu ena Villa World Bond e 4.75% kei na 90 BBSW matua ni oti e lima na yabaki oya ena ika 21 ni Epereli 2022.

Ni mai raici lesu na tobu ni vakatubuilavo ni Matabose ena Okosota 2017, mai vica kina na sasaga ni vakatubuilavo vou. Voli na sea me vakaikuri kina na vakatubuilavo vei iratou qo:



- Aus\$67,741.65 for an additional 2641 BHP shares at the price of \$26.41 per share increasing holdings to 20,000 shares
- Aus\$46,226.25 for an additional 9195 Clyde Yorkshire Bank shares (CYBG) at the price of \$4.99 per share to increase holdings to 30,000 shares
- Aus\$164,226.25 for an additional 1873 Macquarie Group shares at the price of around \$87.99 per share to increase holdings to 5,000 shares.
- Aus\$116,745.16 for an additional 9713 Transurban shares at the price of around \$11.93 per share to increase holdings to 35,000 shares.
- Aus\$121,331.94 for an additional 3652 Westpac Bank shares at the price of around \$32.98 per share to increase holdings to 12,000 shares.

The portfolio was diversified to include new shares in the following companies:

- 107,500 Qube Shares at \$2.58 per share for an outlay of Aus\$276,900. Qube is a major logistic company involved in stevedoring and movement of goods into and out of major ports in Australia and New Zealand.
- 2,000 CSL shares at \$134.72 per share of an outlay of Aus\$269,437.69. CSL is a leading health company in the field of blood plasma and vaccine development.
- 4,550 Ramsay healthcare shares at \$63.72 for an outlay of Aus\$289,941.62 Ramsay owns and runs private hospitals in Australia and in France.

Culture and Heritage

The research on somate or traditional funeral practices focusing on the impact of these practices on the cultural, economic, and religious wellbeing of indigenous Fijians and other practitioners has been translated into Vosavakaviti and submitted to the iTaukei Affairs Board for dissemination and awareness.

The curriculum on traditional leadership and governance titled Sauvaki ni Vanua has been approved and registered by the Fiji Higher Education Commission as a Certificate 3 level course. The 14-week course is written and taught in the Fijian language. The offering of the course at the Centre for Appropriate Technology & Development in Nadave started in November and will be completed in April 2018. As the course targets the successors of traditional leaders, the first class of 23 consisted of successors from the Tailevu and Rewa provinces.

- Aus\$67,741.65 me 2,641 tale na sea ena BHP, ya\$26.41 dua na sea, kauta cake me sa 20,000 taucoko na sea.
- Aus\$46,226.25 me 9,195 tale na sea ena Clyde Yorkshire Bank shares (CYBG), ya\$4.99 dua na sea, kauta cake me sa 30,000 taucoko na sea
- Aus\$164,226.25 me 1,873 tale na sea ena Macquarie Group, ya \$87.99 dua na sea, kauta cake me 5,000 taucoko na sea
- Aus\$116,745.16 me 9,713 tale na sea ena Transurban, ya\$11.93 dua na sea, kauta cake me sa 35,000 taucoko na sea
- Aus\$121,331.94 me 3,652 tale na sea ena Westpac Bank, ya\$32.98 dua na sea, kauta cake me sa 12,000 taucoko na sea

E vakarabailevutaki na tobu ni vakatubuilavo ka voli na sea ena kabani oqo:

- 107,500 na sea ena Qube, ya\$2.58 dua na sea, kena isau taucoko e Aus\$276,900. Na Qube e dua na kabani ni usa iyaya ena wavu lelevu e Ositerelia kei Niusiladi.
- 2,000 na sea ena CSL, ya\$134.72 dua na sea, kena isau taucoko e Aus\$269,437.69. Na CSL e dua na kabani liu ni vei qaravi ena tabana ni bula vakabibi ena dra kei na vakadidiketaki ni vaccine.
- 4,550 na sea ena Ramsay healthcare, ya\$63.72 dua na sea, kena isau taucoko e Aus\$289,941.62. E taukena ka cicivaka na Ramsay na valenibula cici vakatakikoya e Ositerelia kei Varanise.

Na itovo kei na yaunivanua

Na vakadidike me baleta na somate a vakayacori me laurai se e tara vakacava na bula vakavanua, bula vakailavo kei na bula vakalotu ni lewenivanua na ivakarau se itovo eso e dau vakayacori ena gauna ni somate. E sa vakadewataki ena Vosavakaviti ka sa na rawa vua na Matabose ni Veika Vakaitaukei me wasea na itukutuku vei ira na lewenivanua.

A sa qai vakadonui na vuli ni 'Sauvaki ni vanua' ka sa vakatavulici e Nadave. E sa koto ena itagede ni Sitivikiti 3 ena Fiji Higher Education Commission. E volai na vuli ena Vosavakaviti, vakatavulici tale ga kina. E 14 taucoko na macawa me vakatavulici kina ka sa tekivutaki e Nadave ena Noveba me ra qai taurivola na kena gonevuli ena Epereli, 2018. Me vaka ni ra na lewenivuli ga kina o ira na sasauvou ni itutu ni veiliutaki ena vanua, na imatai ni matavuli e 23 na sasauvou mai na yasana o Tailevu kei Rewa.

Cohorts of students made up of school teachers and another of the Ministry of iTaukei Affairs staff undertaking the Diploma in Vernacular Studies, Fijian continued with a total of 6 courses.

In collaboration with the iTaukei Institute of Language and Culture, two new comics of Fijian folk tales, Drevulakata and O Dimailagi, are being illustrated as comic print productions. Illustrator Tuilevuka Ledua was retained for the work.

Three new short bilingual books for children have been published. 'Le Sagsaga' is written in Rotuman and English while 'Kusima! Enjoying fish!' and 'Kakana dina ena makete Root crops at the market' are written in Fijian and English. The books will be launched and sold from 2018. They are a result of the 'Information Text Awareness Project' run in collaboration with the 'International Development in Oceania Committee' of the International Literacy Association.

Consultant Mr. Fergus Clunie continues the researching of the ring-ditch fortification at the Waidamudamu heritage site located in Laucala Beach Estate. The final report is expected to be available in 2018 and will include guidelines and recommendations for the formation of a heritage exhibition site.

In a partnership with the Sainsbury Research Unit (SRU) at the University of East Anglia in the UK, two members of staff were part the 'Fiji Art & Heritage Team' invited by the SRU to the UK for a two-week study visit on 'International Awareness on Museology Practices'. On their return, the staff collaborated with the other Fiji Museum team members to curate an exhibition titled 'Kamunaga. A story of tabua'. The exhibition was launched by his Excellency the President of Fiji on 15th June. Due to its relevance to the Fijian people and culture, it has since been open to the public.

Also in partnership with SRU, a 'Fieldworkers' Network' was established. The network would be an important part of the research that will inform exhibitions at the planned cultural center on the intangible cultural heritage of the uniqueness of each vanua in Fiji.

An Active Citizens approach to the training of fieldworkers representing the 9 tikina was conducted for the first group of fieldworkers who represented the 9 districts of the vanua o Rewa. A canon DSLR camera with accessories was bought to assist in the documentation of field data. Funding for projects held in partnership with the SRU received a grant of FJ\$20,521.72 from the UK Art and Humanities Research Council through the SRU.

TTFB became the implementing partner in Fiji for the British Council Active Citizens (AC) programme. AC is the British Council's global social leadership training programme that builds skills in intercultural awareness, problem-solving and mentored community engagement. At the core of Active Citizens is a methodology that combines empowerment, interconnectivity and global awareness with community development through social action projects.

Era a tomana tale na nodra vuli ena Univesiti ni Ceva na ilawalawa qasenivuli kei na ilawalawa vakaisilesi ena Tabacakacaka iTaukei. E 6 na lesioni a sa qaravi rawa ena 2017.

Tekivutaki na kena volai ka matanataki vakakomiki e rua na itukuni, Drevulakata kei O Dimailagi. Mai qarava tale na kena matanataki na kenadau ena droini, Tuilevuka Ledua. A qaravi vata kei na Tabana ni Vosa kei na iTovo vakaViti na sasaga qo.

E sa tabaki e tolu na ivola vovou e ganiti ira na gone lalai. Rau tabaki ena Vosavakaviti kei na Vosavakavalagi na Kusima! Enjoying fish! kei na Kakana dina ena makete Root crops at the market. E tabaki ena vosavakaRotuma kei na Vosavakavalagi na Le Sagsaga. Eratou na qai tavoci ka volitaki ena 2018. E rawa ni volai na ivola va qo ena vuli ni 'Information Text Awareness Project' kei na veitokoni ni 'International Development in Oceania Committee' ni 'International Literacy Association'.

Se tomana tiko na vakadidike me baleta na korowaiwai e Waidamudamu, tiko ena Laucala beach Estate na kenadau ena vakadidike o Fergus Clunie. E namaki me na vakacavari ena 2018 ka sa na yavutaki kina na vanua ni sarasara me baleta na korowaiwai.

Ena sema kei na Sainsbury Research Unit (SRU) mai na University of East Anglia mai Igiladi, gole kina e rua na vakaisilesi me rau lewe ni ilawalawa eratou lai vulica na 'International Awareness on Museology Practices'. Ni rautou lesu mai, eratou mai qarava na ilawalawa wili kina e tolu mai na Vale ni Maroroi Yaya Makawa e dua na ivakaraitaki ka vakatokai 'Kamunaga. Na italanoa ni tabua'. Era a tavoca na ivakaraitaki oqo na turaga Peresitedi ena ika15 ni Jiune. Se sega ni luva na ivakaraitaki oya baleta ni tukuna tiko e dua na itukutuku bibi vei keda na itaukei.

Tokona tale ga na SRU na sasaga vou me tauyavu ka me ra tuberi na 'dauvakekeli' itukutuku ena vanua. Ena tokona sara na vakadidiketaki ni veika e baleta na itovo kei na kena vakaraitaki ena kena vale vou. Na itukutuku e baleta na vanua era na vakasokumuna mai o ira na dauvakekeli.

Era tuberi na mata mai na veitikina e 9 ena vanua o Rewa me ra 'Lewenivanua yaga' se 'Active Citizens'. A voli vaka kina e dua na misini ni veitaba, na canon DSLR kei na vica na kena gacagaca me vukea na maroroi ni itukutuku. Veivuke ena sasaga qo na SRU kei na UK Art and Humanities Research Council ena ilavo e FJ\$20,521.72.

Vakadonui na vakatutu ni British Council me mai cicivaka e Viti na Matabose na vuli e vakatokai raraba me 'Active Citizens'. Na vuli qo e cicivaki ena vica na matanitu e vuravura. E vuli ni veiliutaki ka vakabibitaki kina na iwalewale ni veiwekani vakawatamata, sotavi ni leqa, kei na sasaga eso vakaitikotiko. E dua na tikiinvili ka usutu ni Active Citizens oya na kena semati vata na veivakayaloqataki, na veivakararamataki vakawatamata ka sema kei na sasaga ena dui vanua.

A team of Master Facilitators from the British Council, including the Senior Specialist who has also been trained as a master facilitator, trained 18 local and 6 overseas based AC Facilitators as part of the Pilot Project. Three AC cascading in communities transpired during October and November, two workshops focused on social enterprise and one on social action. It is envisaged that the AC project will continue for the next two years.

In collaboration with the International Development in Oceania Committee of the International Literacy Association, literacy projects were undertaken with school teachers during the year. Cartons of reading books were received from Scholastic NZ as an initiative with the NZ Literacy Association. Fridge magnets with literacy messages written in English and in Fijian were published by the Australian Literacy Educators Association. These were given to teachers for distribution. A three-day workshop in literacy teaching skills, titled the 'Information Text Awareness Project' was delivered for primary school teachers in the Suva area.

Work on making the iVolavosa App from the iVolavosa Vakaviti continued in the first quarter. In May a new Project Officer was recruited to handle the ongoing development of the Fijian Dictionary Projects including the iVolavosa App. The App was completed and the android version was launched on December 19th. Sponsorships were received from Vodafone and TFL to celebrate the launch of the Fijian dictionary App. The Apple version of the App will be available once completed in 2018.

The formation of a group to work on the Rotuman language is in underway. The group may also initiate the formation of an authority on the Rotuman language.

Project Officer Mrs. Unaisi Manulevu has successfully completed her Master of Arts in the Arts of Africa, Oceania and the Americas with the confirmation received from the University of East Anglia. The staff resumed duties in August.

The Fund has become a financial member of the Commonwealth Association of Museums (CAM). It can now participate in workshops, conferences, and other assistance in areas towards the management and operations of the cultural center.

Governance

There is a full complement of eight Members on the Board. This has enabled the Board to form subcommittees to scrutinize papers before final consideration by the Board. Three Board Subcommittees were formed as follows

Governance and Human Resources

Mr. Apakuki Kurusiga	Chairman until 7/10/17
Dr. Joseph Veramu	Chairman from 8/11/17
Mr. Misau Fatiaki	Member
Ms. Preetika Prasad	Member

Tuberi e 18 me ratou dauniveituberi ni Active Citizens e Viti kei na 6 mai valagi. Rau gole mai e rua na kena qasenivuli mai na British Council ka rua yani e Viti. E vakayacori sara e tolu na vuli, dua e nakoro ka rua e Suva. E rua na vuli e raica na sasaga ni qarailavo, dua na vuli era tuberi kina na dauvakekeli itukutuku ena vanua. E namaki me na tomani tiko na Active Citizens me rua tale na yabaki.

Ena veitokoni kei na International Development in Oceania Committee ni International Literacy Association, a qaravi e vica na sasaga me tokona na vulici kei na wiliki ni vosa. A tini vakacaca na kateni ivola ni wilivola mai Niusiladi rau a vakarautaka mai na Scholastic Books kei na NZ Literacy Association. A vakadewataki ki na Vosavakaviti na itukutuku e dau kabi ena makeneta. A veisoliyaki vei ira na qasenivuli me soli vei ira na itubutubu. Rawa oqo ena veitokoni ni Australian Literacy Association. Vakayacori e Draiba na vuli vei ira na qasenivuli wasewase e loma me ra vulica na iwalewale ni veituberi ena wilivola kei na saumi taro.

Tomani tiko na vakadewataki ni iVolavosa Vakaviti me sa biu ena talevoni veikauyaki. Laurai tale ga me dua na vakaillesilesi vou me qarava na veitavi ena vakayacori tiko ena vukuni iVolavosa. Ena ika19 ni Tiseba sa vakacavari ka sa tavoci kina na iVolavosa App ena talevoni android. Veitokoni mai ena soqo ni kena marautaki na Vodafone kei na Telephone Fiji Limited. Ena qai rawa ni vakayagataki na iVolavosa App ena talevoni Apple ena 2018.

E sa duri tiko e dua na komiti me yadrava ka qarava na vakatorocaketaki ni vosa vakaRotuma. E sa na rawa tale ga vua na komiti me tauyavutaka na isoqosoqo ni vakatulewa me baleta na vosa vakaRotuma.

E sa vakacavara vakavinaka mai o Unaisi Manulevu na vuli ni Master of Arts in the Arts of Africa, Oceania and the Americas mai na University of New England. A sa mai tekivu tale na veiqaravi e valenivolavola ena vula o Okosita.

E sa lewena tale ga na isoqosoqo ni Commonwealth Museums Association na Matabose. E sa rawa kina ni vakaitavi ena vuli eso e dau qarava ka tokona na maroroi ni vosa, itovo kei na iyaunivanua.

Na Veiqaravi Savasava

Eratou sa qai lewe walu na leweni Matabose ka sa tawani taucoko na idabedabe. E sa qai rawa kina me lesi na komiti me dau raica rawa na pepa ni bera ni biu ki na Matabose me qai vakatulewa kina. E sa tolu na komiti ni Matabose.

Na Veiqaravi Savasava kei na Tabana ni Veiqaravi

Apakuki Kurusiga	Liuliu ni Komiti yacova na 7/10/17
Joseph Veramu	Liuliu ni Komiti mai na 8/11/17
Fatiaki Misau	Lewe ni Komiti
Preetika Prasad	Lewe ni Komiti

Investment and Finance

Mr. Apakuki Kurusiga	Chairman until 7/10/17
Mr. David Kolitagane	Chairman from 8/11/17
Mr. Aisake Taito	Member
Mr. Naipote Katonitabua	Member from 8/10/17

Culture and Heritage

Mrs. Emi Rabukawaqa	Chairperson
Mr. Fatiaki Misau	Member
Mr. Peni Cavuilagi	Member

During the year the Board met 7 times. The Subcommittees also met in between the Board meetings. The Governance and Human Resources met 3 times, Investment and Finance 6 times and the Culture and Heritage 6 times.

Chairman Mr. Apakuki Kurusiga completed his three year term on 7th October 2017. The Fund is thankful for his contributions throughout his tenure on the Board.

Closing comments

It has been another good year for the Fund in terms of the fulfilment of its legislated objectives. Impact of projects on language, culture and heritage is getting good traction and is being acknowledged and appreciated by the indigenous communities and their major institutions. Professional relationships with local and international organisations is raising awareness of the services by the Fund and garnered direct assistance in the form of professional inputs and/or monetary grants into some of the projects.

The Investment portfolio remains healthy and generating the needed revenue to support the Fund's operations. Risk management is always to the fore in the reviews of the portfolio, the Fund is comfortable with the diversification spread and the overall returns.

The Fund is therefore pleased to report the achievement of a gross revenue of \$7,812,130 and a net profit from operations of \$3,356,370 for the year. The Net Asset grew to \$107,030,997. with total asset of \$116,646,175.

Vakatubuilavo kei na Veika Vakailavo

Apakuki Kurusiga	Liuliu ni Komiti yacova na 7/10/17
David Kolitagane	Liuliu ni Komiti mai na 8/11/17
Aisake Taito	Lewe ni Komiti
Naipote Katonitabua	Lewe ni Komiti mai na 8/10/17

iTovo kei na iYaunivanua

Emi Rabukawaqa	Liuliu ni Komiti
Fatiaki Misau	Lewe ni Komiti
Peni Cavuilagi	Lewe ni Komiti

E a dabe vakavitu na Matabose ena loma ni yabaki. E a dabe tale ga na Komiti ena maliwa ni veibose ni Matabose. A bose vakatolu na Komiti ni Veiliutaki Savasava kei na Tabana ni Veiqaravi, vakaono na Komiti ni Vakaturubuilavo kei na Veika Vakailavo, vakaono na Komiti ni iTovo kei na iYaunivanua.

Ena ika7 ni Okotova 2017, sa mai vakacavari kina na yabaki tolu ni nona veiqaravi na iLiuliu ni Matabose, Apakuki Kurusiga. E sa vakavinavinaka na Matabose ena itavi kece sara sa mai qarava ena nona gauna ni veiqaravi.

Kena itinitini

E vakila na Matabose ni mai dua tale na yabaki vinaka ni veiqaravi ena itavi vakamatanitutaki. Tekivu me sa vakilai tiko mai na yaga ni sasaga me baleta na vosa, itovo kei na yaunivanua ka sa ciqomi tiko ena vanua vaka kina ena veitabana e qarava na vanua. Na sema vakacakacaka kei na na veitabana ena noda vanua vaka kina i valagi e sa laveti cake tiko kina na tabana ni veiqaravi ni Matabose. Era sa lomasoli kina e vica me ra veitokoni mai vakaivakasala kei na ilavo ena vica na sasaga ni Matabose.

E sa vuavuaivinaka tiko na tobu ni vakaturubuilavo ka sa rawata tiko mai na ilavo e gadrevi me sotava na tabana ni veiqaravi ni Matabose. E tovolea me levea na leqa e dau yaco ni dau railesuvi na tobu. E tiko vakacegu na Matabose ena nona veibiyaka tiko na umailavo ka marautaka tiko na tubu e rawa tiko mai kina.

E marau kina na Matabose me vakaraitaka na ilavo taucoko e rawa e \$7,812,130. Na tubu ni sa musu na ilavo e vakayagataki vakacakacaka e \$3,356,370. E tubu na yau ni Matabose ki na \$107,030,997 ena loma ni yabaki, kauta cake ki na \$116,646,175 na yau taucoko ni Matabose.



ĪTaukei Trust Fund Board **FINANCIAL STATEMENTS**

CONTENT

16	MEMBERS' REPORT
18	STATEMENT BY MEMBERS
19	AUDITORS' INDEPENDENCE DELARATION
22	STATEMENT OF COMPREHENSIVE INCOME
23	STATEMENT OF CHANGES IN EQUITY
24	STATEMENT OF FINANCIAL POSITION
25	STATEMENT OF CASH FLOWS
26	NOTES TO THE FINANCIAL STATEMENTS
45	DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION
46	DETAILED INCOME STATEMENT

ITAUKEI TRUST FUND BOARD MEMBERS' REPORT

For the year ended 31 December 2017

In accordance with a resolution of the members of iTaukei Trust Fund Board ("the Fund"), the members herewith submit the statement of financial position of Fund as at 31 December 2017, the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

Members

The members of the Fund at any time during the financial year are as follows:

Apakuki Kurusiga (retired on 6th October 2017)

Aisake Taito

David Kolitagane

Emi Rabukawaqa

Fatiaki Misau

Dr Joseph Veramu

Peni Cavuilagi

Preetika Prasad

Naipote Katonitabua (appointed on 30th October 2017)

Principal activity

The principal activity of the Fund during the financial year was the managing of the Fund by creating and maintaining a diversified portfolio comprising asset classes that will provide optimum returns to the Fund for the beneficiaries of the Fund.

The objects and purposes of the Fund are set out in Act No. 15 of 2004 and are to fund the promotion and sponsoring of programmes on iTaukei and Rotuman languages and culture; fund to help develop the management, leadership and entrepreneurial skills of iTaukei and Rotumans; sponsor research into languages, art and culture of iTaukei and Rotumans; and any other purposes approved by the Board as advantageous to the beneficiaries.

Results

The Fund recorded a net profit of \$3,356,370 (2016: \$4,577,171).

Reserves

There were no transfers to or from reserves during the year except for those required by the International Financial Reporting Standards.

Non-current assets

Prior to the completion of the financial statements of the Fund, the members took reasonable steps to ascertain whether any non-current assets are unlikely to be realised in the ordinary course of business as compared to their values as shown in the accounting records of the Fund. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the members are not aware of any circumstances which would render the values attributed to non-current assets in the Fund's financial statements misleading.

Basis of accounting

The members believe the basis of the preparation of the financial statements is appropriate and the Fund will be able to continue in operation for at least twelve months from the date of this report. Accordingly the members believe the classification and carrying amounts of assets and liabilities as stated in these financial statements to be appropriate.

**ITAUKEI TRUST FUND BOARD
MEMBERS' REPORT**

For the year ended 31 December 2017

Unusual transactions

In the opinion of the members, the results of the operations of the Fund during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Fund in the current financial year, other than those reflected in the financial statements.

Events subsequent to balance date

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

Other circumstances

As at the date of this report:

- (i) no charge on the assets of the Fund has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Fund could become liable; and
- (iii) no contingent liabilities or other liabilities of the Fund has become or is likely to become enforceable within the year after the end of the financial year which, in the opinion of the members, will or may substantially affect the ability of the Fund to meet its obligations as and when they fall due.

As at the date of this report, the members are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Fund's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Fund misleading or inappropriate.

Auditor Independence

The directors have obtained an independence declaration from the Fund's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the members of the iTaukei Trust Fund Board on page 19


For and on behalf of the Board and in accordance with a resolution of the members.

Dated this 14th day of May 2018.

Member.....



Member.....



ITAUKEI TRUST FUND BOARD**STATEMENT BY MEMBERS**

For the year ended 31 December 2017

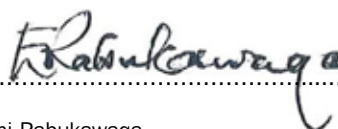
The members of the Fund have made a resolution that declared:

- (a) in the members' opinion, the financial statements and notes of the Fund for the financial year ended 31 December 2017:
- (i) give a true and fair view of the financial position of the Fund as at 31 December 2017 and of the performance of the Fund for the year ended 31 December 2017; and
- (b) at the date of this declaration, in the Members' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board and in accordance with a resolution of the members.



David Kolitagane
Member



Emi Rabukawaqa
Member

14th May 2018

Suva, Fiji.



Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

Auditor's Independence Declaration to the members of iTaukei Trust Fund Board

As lead auditor for the audit of iTaukei Trust Fund Board for the financial year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of iTaukei Trust Fund Board for the financial year.

Ernst & Young

Chartered Accountants

Sikeli Tuinamuana

Audit Partner

Suva, Fiji

14 May 2018



Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

INDEPENDENT AUDIT REPORT

To the members of iTaukei Trust Fund Board

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of iTaukei Trust Fund Board (“the Fund”), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, the statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Members’ declaration.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017, and of its financial performance, 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 (“ISA”). 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 Fund in accordance with the International Ethics Standards Board for Accountant’s Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji 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 the members and management

The members and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the iTaukei Trust Fund Act, and for such internal control as the management and members determine 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, the members and management are responsible for assessing the Fund’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 the management and members either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The members and management are responsible for overseeing the Funds’ 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements. As part of an audit in accordance with ISA, 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 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.



Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4166
Fax: +679 330 0612
ey.com

Auditor's Responsibilities for the Audit of the Financial Statements *continued*

- 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 Fund's 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 and members' 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 Fund's ability to continue as a going concern. If we conclude that 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 Fund 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 management and 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.

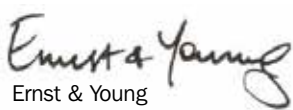
We also provide management and members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

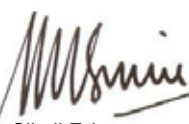
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the iTaukei Trust Fund Act, in our opinion:

- a) Proper books of account have been kept by the Fund, so far as it appears from our examination of those books;
- b) the accompanying financial statements:
 - a. are in agreement with the books of account; and
 - b. to the best of our information and according to the explanations given to us, give the information required by the iTaukei Trust Fund Act in the manner so required.

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


Ernst & Young
Chartered Accountants


Sikeli Tuinamuana
Audit Partner
Suva, Fiji
14 May 2018

ITAUKEI TRUST FUND BOARD
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	2017 \$	2016 \$
Revenue from ordinary activities			
Dividends	8 (i)	4,242,761	4,234,453
Rental income		2,985,694	2,875,120
Interest - held-to-maturity financial assets	8 (ii)	345,311	334,051
Unrealised exchange gain		171,623	-
Interest - bank		25,536	11,084
Publication sales		25,090	35,012
Interest - Radisson fund		-	2,890
Management fee		-	18,000
Other income		16,115	2,737
Total revenue from ordinary activities		7,812,130	7,513,347
Expenses from ordinary activities			
Administration expenses	2 (i)	401,226	377,703
Depreciation and amortisation		496,753	505,469
Loss on disposal of available-for-sale investments		-	413
Mandated outlays		432,161	294,286
Publication costs		20,633	18,063
Unrealised exchange loss		-	33,867
Impairment loss on available-for-sale investments		1,278,090	196,000
Other operating expenses	2 (ii)	1,421,789	1,066,122
		4,050,652	2,491,923
Net profit from ordinary activities		3,761,478	5,021,424
Finance costs			
Interest on loan		405,108	444,253
Net profit from operations		3,356,370	4,577,171
Income tax expense	1.3 (i)	-	-
Net profit after income tax		3,356,370	4,577,171
Other comprehensive income			
Net gain on remeasuring available-for-sale financial assets	6 (e)	10,033,406	1,064,464
Total comprehensive income		13,389,776	5,641,635

The accompanying notes form an integral part of this Statement of Comprehensive Income.

ITAUKEI TRUST FUND BOARD**STATEMENT OF CHANGES IN EQUITY***For the year ended 31 December 2017*

	Notes	2017 \$	2016 \$
Capital endowment fund			
Balance at 1 January		40,000,000	40,000,000
Movement during the year		-	-
Balance at 31 December	16	40,000,000	40,000,000
Available-for-sale reserve			
Balance at 1 January		12,735,931	11,671,467
Net movement during the year	6 (e)	10,033,406	1,064,464
Balance at 31 December	17	22,769,337	12,735,931
Retained earnings			
Balance at 1 January		40,905,290	36,328,119
Net profit for the year		3,356,370	4,577,171
Balance at 31 December		44,261,660	40,905,290
Total equity			
		107,030,997	93,641,221


The accompanying notes form an integral part of this Statement of Changes in Equity.

ITAUKEI TRUST FUND BOARD
STATEMENT OF FINANCIAL POSITION
As At 31 December 2017

	Notes	2017 \$	2016 \$
Non-current assets			
Receivables and other prepayments	4	579,637	391,188
Financial assets - available-for-sale	6	57,021,004	45,893,694
Financial assets - held-to-maturity investments	7	1,557,432	716,334
Plant and equipment	9	66,765	74,402
Investment properties	10	36,015,301	36,452,823
Investment in joint venture	11	405,799	405,799
Intangible assets	12	15,121	29,738
Total non-current assets		95,661,059	83,963,978
Current assets			
Cash and cash equivalents	3	8,004,718	7,965,620
Receivables and other prepayments	4	580,197	199,303
Inventories	5	91,919	101,617
Financial assets - held-to-maturity investments	7	12,308,282	11,845,732
Total current assets		20,985,116	20,112,272
Total assets		116,646,175	104,076,250
Equity			
Capital endowment fund	16	40,000,000	40,000,000
Available-for-sale reserve	17	22,769,337	12,735,931
Retained earnings		44,261,660	40,905,290
Total equity		107,030,997	93,641,221
Current liabilities			
Interest bearing borrowings	14	987,125	943,768
Trade creditors and accruals	15	568,725	439,910
Employment benefit liability	13	26,264	31,170
Total current liabilities		1,582,114	1,414,848
Non-current liabilities			
Interest bearing borrowings	14	8,033,064	9,020,181
Total non-current liabilities		8,033,064	9,020,181
Total liabilities		9,615,178	10,435,029
Total equity and liabilities		116,646,175	104,076,250

The accompanying notes form an integral part of this Statement of Financial Position.

For and on behalf of the Board and in accordance with a resolution of the members.

Member.....

Member.....

ITAUKEI TRUST FUND BOARD
STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 Inflows/ (Outflows)	2016 Inflows/ (Outflows)
Operating activities			
Net profit after income tax		3,356,370	4,577,171
<u>Adjustment to reconcile profit before tax to net cash flows</u>			
Non-cash:			
Depreciation and amortisation		496,753	505,469
Unrealised exchange (gain)/loss		(266,411)	1,438
Doubtful debts		-	31,291
Impairment loss		1,278,090	196,000
Dividend reinvested		(40,857)	-
Interest added to principal		(216,924)	(254,737)
<u>Working capital adjustments:</u>			
(Increase)/decrease in receivables and other prepayments		(472,700)	1,673,650
Decrease/(increase) in inventory		9,698	(16,061)
Increase in trade creditors and accruals		128,815	178,309
(Decrease)/Increase in employee benefit liability		(4,906)	3,911
Net cash flows provided by operating activities		4,267,928	6,896,441
Investing activities			
Acquisition of plant and equipment		(24,284)	(10,223)
Acquisition of intangible assets		(7,840)	(28,699)
Payments for investment property		(6,407)	(1,222,729)
Net payments for investment in joint venture		-	(146,660)
Net payments for investments in financial assets		(3,341,327)	898,703
Net cash flows used in investing activities		(3,379,858)	(509,608)
Financing activities			
Net repayments of interest bearing borrowings		(943,760)	(902,250)
Net cash flows used in financing activities		(943,760)	(902,250)
Net increase in cash and cash equivalents		(55,690)	5,484,583
Cash and cash equivalents at 1 January		7,965,620	2,513,879
Unrealised exchange gain/(loss)		94,788	(32,842)
Cash and cash equivalents at the end of the year	3	8,004,718	7,965,620

ITAUKEI TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. Corporate Information

The financial statements of iTaukei Trust Fund Board (“the Fund”) for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the members on 25 April, 2018. iTaukei Trust Fund Board was established and domiciled in the Republic of Fiji in accordance with the iTaukei Trust Fund Act.

The principal activity of the Fund is described in Note 25.

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis except for some assets which are measured at fair value. The financial statements are presented in Fiji dollars and all values are rounded to the nearest dollar except when otherwise indicated.

Statement of compliance

The financial statements of iTaukei Trust Fund Board have been prepared in accordance with International Financial Reporting Standards (IFRS).

Changes in accounting policies and disclosures

There are a number of new standards and amendments which are effective from annual periods beginning on or after 1 January 2018. The Fund will adopt the standards when they become mandatory.

New and amended standards and interpretations

Reference	Summary	Application date of standard	Application date for the Fund
IFRS 15 Revenue from Contracts with Customers	Requires revenue to be recognized on satisfaction of the performance obligations specified under contracts.	1 January 2018	1 January 2018
IFRS 9 Financial Instruments –	New requirements on recognition of expected credit losses. Changes in categories of financial instruments	1 January 2018	1 January 2018
IFRS 16 Leases	Requires operating leases to be recognized on balance sheet.	1 January 2019	1 January 2019
IFRS 17 Insurance Contracts	A comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure.	1 January 2021	1 January 2021

1.2 Significant accounting estimates and assumptions

The preparation of the Fund’s financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance date, that have a significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year is discussed below:

Impairment of non-financial assets

The Fund assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies****a) Foreign currencies**

The financial statements are presented in Fiji dollars, which is the Fund's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

b) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial measurement, investment property is stated at cost less accumulated depreciation. The investment properties are depreciated at 1.25% while leasehold land is amortised over the lease period.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in the statement of comprehensive income in the year of retirement or disposal.

c) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Office equipment	12% to 40%
Furniture and fittings	12% to 15%
Motor vehicles	20%
Generator	12%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies *continued*****d) Intangible assets *continued***

The useful lives of intangible assets for the Fund are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gain or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Impairment of non-financial assets

The Fund assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Fund makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

f) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies *continued*****f) Financial instruments - initial recognition and subsequent measurement *continued*****i) Financial assets *continued***Initial recognition and measurement *continued*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at value through profit and loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

- Financial assets at value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of comprehensive income.

- Loans and Receivables

This category is the most relevant to the Fund. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 4.

- Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Fund has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income as finance costs.

- AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies *continued*****f) Financial instruments - initial recognition and subsequent measurement *continued*****i) Financial assets *continued*****- AFS financial assets *continued***

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in Other Comprehensive Income (OCI) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive income in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Fund evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Fund is unable to trade these financial assets due to inactive markets, the Fund may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

- Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from assets have expired; and
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

- Impairment of financial assets

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

- AFS financial assets

For AFS financial assets, the Fund assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies *continued*****f) Financial instruments - initial recognition and subsequent measurement *continued*****i) Financial assets *continued****AFS financial assets *continued**

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income – is removed from OCI and recognised in the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Fund evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

ii) Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies *continued*****f) Financial instruments - initial recognition and subsequent measurement *continued****ii) Financial liabilities *continued***- Financial liabilities at fair value through profit or loss *continued**

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Fund has not designated any financial liability as at fair value through comprehensive income.

- Loans and borrowings

This is the category most relevant to the Fund. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

This category generally applies to the interest-bearing loans and borrowings.

g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short term deposits with an original maturity of three months or less.

h) Employment benefit liability

Provisions are made for wages and salaries, incentive payments and annual leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

i) Taxes

The income of iTaukei Trust Fund Board is exempt from income tax under the Income Tax Act.

j) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Fund as a lessee

Finance leases, which transfer to the Fund substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Fund will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***1.3 Summary of significant accounting policies *continued*****j) Leased assets *continued***Fund as a lessor

Leases where the Fund does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Fund. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

l) Value Added Tax (VAT)

Revenue, expenses and assets are recognised net of the amount of Value Added Tax except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Dividends

Revenue is recognised when the Fund's right to receive the payment is established.

Grants

Revenue is recognised when there is reasonable assurance that the grants will be received and the Fund will comply with the conditions attached to them.

n) Comparative figures

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

2. Expenses**(i) Administration expenses**

Wages and salaries
Superannuation
Strategic plan
FNU levy
Other staff benefits
Staff amenities

2017	2016
\$	\$
338,183	323,729
35,633	33,651
21,440	14,523
3,465	3,347
1,336	1,456
1,169	997
401,226	377,703

ITAUKEI TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS *continued*
For the year ended 31 December 2017

2. EXPENSES *continued*

(ii) Other operating expenses

Auditors' remuneration	
Consultancy	
Insurance	
Legal fees	
Management fees - Fijian Property Trust Company Limited	
Repairs and maintenance	
Miscellaneous	

2017	2016
\$	\$
7,000	6,615
69,420	35,570
164,132	159,085
205,655	27,502
104,371	104,371
311,177	187,285
560,034	545,694
1,421,789	1,066,122
\$	\$
8,004,518	7,965,420
200	200
8,004,718	7,965,620

3. CASH AND CASH EQUIVALENTS

Cash at bank
Cash on hand

Cash at bank earns interest at floating rates based on the daily bank deposit rates. The fair value of cash on hand and at bank is \$8,004,718 (2016: \$7,965,620).

4. RECEIVABLES AND OTHER PREPAYMENTS

Current

Rental debtors
Less: provision for doubtful debts

Interest and dividend receivable
Other debtors

Prepayments

Non-current

Other deposits and prepayments

Total receivables and other prepayments

At 31 December, the ageing analysis of current receivables is as follows:

Neither past due nor impaired
< 30 days
30 - 90 days
> 90 days
Total

\$	\$
61,016	63,109
(28,007)	(29,200)
33,009	33,909
217,700	162,061
91	91
250,800	196,061
329,397	3,242
580,197	199,303
579,637	391,188
1,159,834	590,491
1,126,732	556,491
18,158	25,827
8,763	17,169
34,186	20,204
1,187,839	619,691

5. INVENTORIES

Publications

\$	\$
91,919	101,617
91,919	101,617

During 12 months ended 31 December 2017, \$6,131 was recognised as an expense for inventories carried at net realisable value (2016: \$428).

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued***

For the year ended 31 December 2017

6. FINANCIAL ASSETS - AVAILABLE-FOR-SALE**Holding**

(a)	Shares listed on the South Pacific Stock Exchange
5,000,000	Amalgamated Telecom Holdings Limited
1,000,000	Pacific Green Industries (Fiji) Limited
4,000,000	R B Patel Company Limited
104,054	BSP Convertible Notes Limited (Fiji class shares)
200,000	Future Forests Fiji Limited (FFFL)

Less: Provision for impairment - FFFL

2017	2016
\$	\$
9,300,000	6,350,000
1,000,000	1,000,000
17,120,000	12,600,000
887,581	809,540
196,000	196,000
28,503,581	20,955,540
(196,000)	(196,000)
28,307,581	20,759,540

(b) Shares listed on the Australian Stock Exchange

37,143	ALSW Limited
30,000	Amcor Limited
30,567	ANZ Banking Group Limited
19,660	Australian Foundation Invest Company Limited
20,000	BHP Billiton Limited
12,000	BT Investment Management Limited
10,000	Caltex Australia Limited
12,522	Commonwealth Bank of Australia
2,000	CSL Limited
30,000	CYBG Group
5,000	Macquarie Group Limited
142,600	Medibank Private Limited
15,358	Monadelphous Group Limited
23,220	National Australia Bank Limited
100,000	Orora Limited
107,500	Qube Holdings Limited
4,550	Ramsey Health Care Limited
8,831	Rio Tinto Limited
100,000	Sydney Airports Stapled Securities
273,400	Telstra Corporation Limited
35,000	Transurban Group
11,300	Westfarmers Limited
12,000	Westpac Banking Corporation
5,570	Worley Parsons Limited
10,000	Woolworths Limited

407,582	338,479
726,217	676,675
1,379,114	1,402,910
192,588	-
928,414	659,205
212,684	192,457
534,538	459,566
1,579,304	1,556,937
443,642	-
272,685	151,298
782,025	411,020
736,505	606,717
418,789	260,215
1,077,895	1,074,468
532,182	451,116
437,088	-
500,857	-
1,050,986	798,095
1,106,751	903,742
1,557,993	2,103,711
682,966	393,727
787,983	718,439
590,581	410,599
125,522	74,279
428,572	363,609
17,493,463	14,007,264
10,000,000	10,000,000
10,000,000	10,000,000

(c) Unlisted shares - local

10,000,000	Fijian Holdings Limited 'B' class shares at \$1.00
------------	--

(d) Unit Trust

863,900	Fijian Holdings Unit Trust
225,309	Unit Trust of Fiji - Income
165,170	Unit Trust of Fiji - Income & Growth

682,480	635,212
225,309	217,532
312,171	274,146
1,219,960	1,126,890
57,021,004	45,893,694

Total available-for-sale financial assets

The Fund has investments in listed equity and debt securities. The fair value of the quoted equity shares is determined by reference to published price quotations in an active market.

ITAUKEI TRUST FUND BOARD

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 December 2017

6. FINANCIAL ASSETS - AVAILABLE-FOR-SALE *continued*

The Fund assesses at each reporting date whether there is objective evidence that an investment is impaired. Objective evidence would include significant or prolonged decline in the fair value of the investment below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Fund evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

	2017	2016
	\$	\$
(e) Movement in available-for-sale financial assets		
Net market value adjustment	9,790,805	1,171,620
Net exchange rate movement	242,601	(107,156)
Gain on remeasuring available-for-sale financial assets	10,033,406	1,064,464
	\$	\$
7. FINANCIAL ASSETS - HELD-TO-MATURITY		
Holding		
(a) <u>Term deposits</u>		
Bank of South Pacific Limited	3,197,820	2,123,429
Credit Corporation (Fiji) Limited	685,781	672,309
Merchant Finance Limited	1,630,280	1,601,628
Westpac Banking Corporation	6,794,401	6,693,991
	12,308,282	11,091,357

Term deposit with Westpac Banking Corporation is held as security to secure the loan from Westpac Banking Corporation in Note 14.

(b) <u>Australian listed interest securities</u>		
750 AGL Energy notes	117,740	113,156
1,000 Australian Foundation Investment Company notes	-	150,875
2,000 Colonial Holding Company notes	313,972	301,750
1,000 National Australia Bank subordinated notes	156,985	150,875
1,071 Peet Limited retail bonds	178,815	-
1,000 Qube Holdings notes	156,985	150,875
1,000 Suncorp Group Limited subordinated notes	156,987	150,875
1,950 Villa World Limited retail bonds	318,991	-
1,000 Westpac Banking Corporation subordinated notes	-	150,875
935 APT Pipelines Limited Subordinated Notes	156,957	150,847
965 Goodman PLUS Units	-	150,581
	1,557,432	1,470,709
Total held-to-maturity financial assets	13,865,714	12,562,066
Current	12,308,282	11,845,732
Non-current	1,557,432	716,334
	13,865,714	12,562,066

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued***

For the year ended 31 December 2017

8. INCOME GENERATED FROM INVESTMENTS**Details of investments**

Name of company	Location
-----------------	----------

Shares listed on the South Pacific Stock Exchange

Amalgamated Telecom Holdings Limited	Fiji
BSP Convertible Notes Limited (Fiji class shares)	Fiji
Pacific Green Industries (Fiji) Limited	Fiji
R B Patel Company Limited	Fiji

2017	2016
\$	\$
Income earned	
300,000	400,000
73,899	76,521
20,000	40,000
640,000	600,000
1,033,899	1,116,521

(i) Dividends

Name of company	Location
-----------------	----------

Details of investmentsShares listed on the Australian Stock Exchange

ALS Limited	Aust.
Amcor Limited	Aust.
ANZ Banking Group Limited	Aust.
Australian Foundation Invest Company Limited	Aust.
BHP Billiton Limited	Aust.
BT Investment Management Limited	Aust.
Caltex Australia Limited	Aust.
Commonwealth Bank of Australia	Aust.
Macquarie Group Limited	Aust.
Medibank Private Limited	Aust.
Monadelphous Group Ltd	Aust.
National Australia Bank	Aust.
Orora Limited	Aust.
Rio Tinto Limited	Aust.
Sydney Airports Stapled Securities	Aust.
Telstra Corporation Limited	Aust.
Transurban Group	Aust.
Westfarmers Limited	Aust.
Westpac Banking Corporation	Aust.
Woolworths Limited	Aust.

Income earned	
9,188	6,481
26,064	25,296
75,280	74,435
4,355	-
29,006	10,795
8,385	7,602
17,553	18,641
84,303	79,778
29,269	20,442
26,804	24,316
12,999	14,288
70,767	69,974
17,233	14,731
41,724	28,179
45,232	40,300
132,444	131,048
25,209	17,560
39,546	32,605
29,474	23,886
13,170	11,959
738,005	652,316
2,430,000	2,400,000
2,430,000	2,400,000
23,111	49,325
9,969	7,248
7,777	9,043
40,857	65,616
4,242,761	4,234,453

Unlisted shares - local

Fijian Holdings Limited 'B' class shares	Fiji
--	------

Unit Trusts

Fijian Holdings Unit Trust	Fiji
Unit Trust of Fiji - Income	
Unit Trust of Fiji	Fiji

Total dividends

ITAUKEI TRUST FUND BOARD

NOTES TO THE FINANCIAL STATEMENTS *continued*

For the year ended 31 December 2017

8. INCOME GENERATED FROM INVESTMENTS *continued*(ii) Interest - held-to-maturity financial assets

Name of company	Location	Income earned	
Details of investments			
<u>Securities listed on the South Pacific Stock Exchange</u>			
Future Forests convertible notes	Fiji	-	12,848
<u>Term deposits</u>			
Bank of South Pacific	Fiji	81,642	54,825
Credit Corporation	Fiji	25,919	19,331
Merchant Finance Company Limited	Fiji	58,818	52,905
Westpac Banking Corporation	Fiji	101,487	76,316
		267,866	203,377

Interest - held-to-maturity financial assets

Name of company	Location	Income earned	
Details of investments			
<u>Australian listed securities</u>			
AGL Energy subordinated notes	Aust.	6,106	7,095
APT Pipelines Ltd Notes	Aust.	9,148	9,583
Australian Foundation Investment Company notes	Aust.	1,564	9,585
AXA Subordinated floating rate notes	Aust.	-	22,555
Colonial Holding Company Limited	Aust.	13,165	16,368
Goodman Plus Units	Aust.	5,873	8,233
National Australia Bank subordinated notes	Aust.	6,589	7,166
Origin Energy notes	Aust.	-	13,598
Peet Limited retail bonds	Aust.	6,301	-
Qube Holdings notes	Aust.	8,485	2,171
Suncorp Group Limited subordinated notes	Aust.	7,172	7,386
Villa World Limited retail bonds	Aust.	8,498	
Westpac Banking Corporation subordinated notes	Aust.	4,544	7,242
Woolworths Limited notes	Aust.	-	6,844
		77,445	117,826
Total interest		345,311	334,051

Total interest**9. PLANT AND EQUIPMENT**Office equipment

		\$	\$
Cost			
At 1 January		597,503	594,108
Additions		21,284	3,395
At 31 December		618,787	597,503
Depreciation			
At 1 January		571,882	548,787
Depreciation charge for the year		14,262	23,095
At 31 December		586,144	571,882
Net book value		32,643	25,621

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***9. PLANT AND EQUIPMENT *continued***Furniture and fittings

Cost

At 1 January

Additions

At 31 December

Depreciation

At 1 January

Depreciation charge for the year

At 31 December

Net book value

Motor vehicles

Cost

At 1 January

At 31 December

Depreciation

At 1 January

At 31 December

Net book value

Generator

Cost

At 1 January

At 31 December

Depreciation

At 1 January

Depreciation charge for the year

At 31 December

Net book value

Total balance as at 31 December

2017	2016
\$	\$
138,645	131,817
3,000	6,828
141,645	138,645
97,794	88,069
9,729	9,725
107,523	97,794
34,122	40,851
90,100	90,100
90,100	90,100
90,100	90,100
90,100	90,100
-	-

\$	\$
122,641	122,641
122,641	122,641
114,711	99,994
7,930	14,717
122,641	114,711
-	7,930
66,765	74,402

As at 31 December 2017, the gross carrying amount of fully depreciated property, plant and equipment that are still in use is \$828,035 (2016: \$684,798).

10. INVESTMENT PROPERTIES

At 1 January

Additions

Transfer

At 31 December

Depreciation and amortisation

At 1 January

Depreciation and amortisation charge for the year

At 31 December

\$	\$
39,692,836	38,471,817
92,397	1,221,019
(87,544)	-
39,697,689	39,692,836
3,240,013	2,804,401
442,375	435,612
3,682,388	3,240,013
36,015,301	36,452,823

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***10. INVESTMENT PROPERTIES *continued***

The property rental income earned by the Fund from its investment properties amounted to \$2,985,694 (2016: \$2,875,120).

	2017	2016
	\$	\$
Rental income derived from investment properties	2,985,694	2,875,120
Direct operating expenses generating rental income	(1,377,942)	(1,323,854)
Direct operating expenses that did not generate rental income	(571,250)	(383,016)
Net profit arising from investment properties carried at cost	1,036,502	1,168,250

The Fund has elected to value investment properties at cost. Investment properties are depreciated at 1.25% while leasehold land is amortised over the lease period. The investment properties disclosed under Note 14 are mortgaged to Westpac Banking Corporation.

11. INVESTMENT IN JOINT VENTURE

Investment in Fund Trust Joint Venture

\$	\$
405,799	405,799

In 2014, the Fund had entered into a Joint Venture Agreement ("the Venture") with the Methodist Church in Fiji Holding Trust ("the Trust"). The Venture is for the development of adjoining commercial properties on Stewart Street, Suva which the venturers own. During the year, Trust offered for sale its interest in the Venture, to which the Fund had the first right of refusal. The Fund exercised this right and the acquisition of the Trust's interest in the Venture was completed subsequent to year-end. The Fund intends to continue with the proposed development and has assessed that the amount carried as its investment is not impaired.

12. INTANGIBLE ASSETS

Cost

At 1 January

Additions

At 31 December

Amortisation

At 1 January

Amortisation

At 31 December

Net book value

\$	\$
139,912	111,213
7,840	28,699
147,752	139,912
110,174	89,561
22,457	20,613
132,631	110,174
15,121	29,738

13. EMPLOYMENT BENEFIT LIABILITY

At 1 January

(Utilised)/credited during the year

At 31 December

\$	\$
31,170	27,259
(4,906)	3,911
26,264	31,170

14. INTEREST BEARING BORROWINGS

Current

Secured loan - Westpac Banking Corporation

Non-current

Secured loan - Westpac Banking Corporation

\$	\$
987,125	943,768
8,033,064	9,020,181

Terms and conditions of the secured loan are:

The loan is repayable by monthly installments of \$114,392 for 10 years at an interest rate of 4.25% per annum.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued***

For the year ended 31 December 2017

14. INTEREST BEARING BORROWINGS *continued*

The loan is secured by the registered first mortgage number 757595 over BLV and offices, registered first mortgage number 757598 over Union Plaza building, registered first mortgage number 757596 over commercial property at 16 St Fort Street, share mortgage over share certificates number 27 (Amalgamated Telecom Holdings Limited), 176 and 168 (Pacific Green Industries (Fiji) Limited), and 323 (R B Patel Company Limited), and security over term deposit number 9803732321.

15. TRADE CREDITORS AND ACCRUALS

Trade creditors and accruals
Rental deposits
Rent received in advance
Retention account
VAT payable

2017	2016
\$	\$
250,577	128,587
187,703	43,292
51,850	164,375
68,002	68,002
10,593	35,654
568,725	439,910

Terms and conditions of the above financial liabilities:

- Trade payables and accruals are non-interest bearing and are normally settled on 30-60 day terms.
- The retention account relates to amounts retained by the Fund for the construction of the BLV

16. CAPITAL ENDOWMENT FUND

Capital endowment fund

\$	\$
40,000,000	40,000,000

17. RESERVES

Available-for-sale reserve

\$	\$
22,769,337	12,735,931

This reserve comprises changes in fair value of available-for-sale financial assets.

18. CAPITAL COMMITMENTS

Capital expenditure commitments

Capital expenditure commitment of \$2,987,609 relates to the following:

- Balance of payment for the acquisition of Stewart St property of \$1.785 million; and
- Consultancy fees for Phase 2 development at Draiba Complex \$1.202 million.

\$	\$
2,987,609	1,401,762

19. CONTINGENT LIABILITIES

The Fund is in arbitration with Raghwan Neo Joint Venture ("RNJV") in relation to the construction of the BLV Complex. This involves an alleged claim against the Board of \$6.81m. The Board also has a counter claim for damages arising from lost rental as a result of construction delays and latent defects in the construction. During the year, an independent expert was engaged to review the parties' claims and counter claims before the arbitration proper may proceed.

20. OPERATING LEASE INCOME

The Fund has entered into commercial property leases on its investment property portfolio. Operating lease relates to rental income from building space rented out to Government Ministries, Carlson Hotels (Fiji) Limited and Union Plaza. These non-cancellable leases have remaining terms of between two to sixteen years.

ITAUKEI TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS *continued*
For the year ended 31 December 2017

20. OPERATING LEASE INCOME *continued*

Non-cancellable operating lease receivables
Within one year
After one year but not more than five years
More than five years

2017	2016
\$	\$
1,839,975	2,020,686
6,577,969	6,545,000
10,011,320	11,599,019
18,429,264	20,164,705

21. FUTURE LEASE RENTAL EXPENSES

The future lease rentals payable for leasehold land, which have not been provided for in the accounts are as follows:

Within one year
After one year but not more than five years
More than five years

\$	\$
18,194	18,194
72,776	72,776
1,082,811	1,101,005
1,173,781	1,191,975

22. RELATED PARTY TRANSACTIONS

(a) *Members*

The names of persons who were members of iTaukei Trust Fund Board any time during the financial year are as follows:

Apakuki Kurusiga (retired on 6th October 2017)
Aisake Taito
David Kolitagane
Emi Rabukawaqa
Fatiaki Misau
Dr Joseph Veramu
Peni Cavuilagi
Preetika Prasad
Naipote Katonitabua (appointed on 30th October 2017)

Compensation of key management personnel
Short term employee benefits
Transactions with other related entities
Member fees

\$	\$
153,443	148,930
49,018	30,167

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal financial liabilities comprise interest bearing borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Fund's operations. The Fund has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Fund's financial statements are foreign currency risk, interest rate risk and liquidity risk. The members review and agree on policies for managing each of these risks which are summarised below.

ITAUKEI TRUST FUND BOARD**NOTES TO THE FINANCIAL STATEMENTS *continued****For the year ended 31 December 2017***23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued***Foreign currency risk

The Fund has transactional currency exposures. Such exposures arise from investments by the Fund in currency other than Fijian dollars. The majority of investments are made in Australian dollars (AUD).

The following table demonstrates the sensitivity to a reasonably possible change in the AUD rate, with all other variables held constant, of the Fund's profit before tax.

	Increase / (decrease) in AUD rate	Effect on profit before tax \$
2017	+1%	8,278
	-1%	(8,445)
2016	+1%	6,851
	-1%	(8,941)

Interest rate risk

The Fund's exposure to the risk of changes in market interest rates relates primarily to the Fund's interest bearing facility and investment in debt securities.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date:

	Increase / (decrease) in interest rate	Effect on profit before tax \$
2017	+1%	(217)
	-1%	217
2016	+1%	(962)
	-1%	962

Liquidity risk

The table below summarises the maturity profile of the Fund's financial liabilities at 31 December 2017 and 31 December 2016 based on contractual undiscounted payments. This includes the interest bearing borrowings, employment benefit liability and trade payables and accruals.

	2017 \$	2016 \$
On demand	568,725	232,243
Within one year	987,125	1,151,435
After one year but not more than five years	5,527,674	4,228,108
More than five years	2,505,390	4,792,073
Total	9,588,914	10,403,859

24. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments that are carried on the financial statements.

	Carrying value 2017 \$	Fair value 2017 \$
<u>Financial assets</u>		
Cash and cash equivalents	8,004,718	8,004,718
Financial assets - available-for-sale	57,021,004	57,021,004
Financial assets - held-to-maturity	13,865,714	13,865,714
Receivables and other prepayments	1,159,834	1,159,834

ITAUKEI TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS *continued*
For the year ended 31 December 2017

24. FINANCIAL INSTRUMENTS *continued*

Financial liabilities

Trade creditors and accruals
Employment benefit liability
Interest bearing borrowings

Carrying value 2017	Fair value 2017
\$	\$
568,725	568,725
26,264	26,264
9,020,189	9,020,189

Financial assets

Cash and cash equivalents
Financial assets - available-for-sale
Financial assets - held-to-maturity
Receivables and other prepayments

Carrying value 2017	Fair value 2016
\$	\$
7,965,620	7,965,620
45,893,694	45,893,694
12,562,066	12,562,066
590,491	590,491

Financial liabilities

Trade creditors and accruals
Employment benefit liability
Interest bearing borrowings

Carrying value 2017	Fair value 2016
\$	\$
439,910	439,910
31,170	31,170
9,963,949	9,963,949

The fair value of financial assets and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets has been calculated using market interest rates.

25. PRINCIPAL BUSINESS ACTIVITY

The principal activity of the Fund Board during the financial year was the managing of the Fund by creating and maintaining a diversified portfolio comprising asset classes that will provide optimum return to the Fund for the beneficiaries of the Fund.

The objects and purposes of iTaukei Trust Fund Board are set out in Act No. 15 of 2004 and are to fund the promotion and sponsoring of programmes on iTaukei and Rotuman languages and culture; fund to help develop the management, leadership and entrepreneurial skills of iTaukei and Rotumans; sponsor research into languages, art and culture of iTaukei and Rotumans; and any other purposes approved by the Board as advantageous to the beneficiaries.

26. EVENTS SUBSEQUENT TO BALANCE DATE

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

27. FUND DETAILS

iTaukei Trust Fund Board was incorporated under the iTaukei Trust Fund Act 2004 which was enacted by the Parliament of Fiji on 4th November 2004.

Place of operation

Veivueti House
 87 Queen Elizabeth Drive PO Box 2327 Government Buildings Suva

ITAUKEI TRUST FUND BOARD**DISCLAIMER ON ADDITIONAL FINANCIAL STATEMENTS**

For the year ended 31 December 2017

Disclaimer on additional Financial Information

The additional financial information, being the attached detailed income statement, is compiled by the Board of iTaukei Trust Fund Board.

To the extent permitted by law, Ernst & Young does not accept liability for any loss or damage which any person, other than iTaukei Trust Fund Board may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

ITAUKEI TRUST FUND BOARD
DETAILED INCOME STATEMENT

For the year ended 31 December 2017

	Notes	2017 \$	2016 \$
Revenue from ordinary activities			
Dividends	8 (i)	4,242,761	4,234,453
Gain on disposal of available-for-sale investments		-	-
Interest - bank		25,536	11,084
Interest - held-to-maturity investments	8 (ii)	345,311	334,051
Interest - Radisson fund		-	2,890
Management fee		-	18,000
Other income		16,115	2,737
Publication sales		25,090	35,012
Rental income		2,985,694	2,875,120
Unrealised exchange gain		171,623	-
Total revenue from ordinary activities		7,812,130	7,513,347
Expenses from ordinary activities			
<u>Administration expenses:</u>			
FNU levy		3,465	3,347
Other staff benefits		1,336	1,456
Staff amenities		1,169	997
Strategic plan		21,440	14,523
Superannuation		35,633	33,651
Wages and salaries		338,183	323,729
Total administration expenses		401,226	377,703
Depreciation and amortisation		496,753	505,469
Loss on disposal of available-for-sale investments		-	413
Mandated outlays		432,161	294,286
Publication costs		20,633	18,063
Unrealised exchange loss		-	33,867
Impairment loss on available-for-sale investments		1,278,090	196,000
<u>Other operating expenses:</u>			
Auditors' remuneration		7,000	6,615
Consultancy		69,420	35,570
Insurance		164,132	159,085
Legal fees		205,655	27,502
Management fees - Fijian Property Trust Company Limited		104,371	104,371
Repairs and maintenance		311,177	187,285
Miscellaneous expenses			
Annual report		8,725	7,864
Bank and interest charges		1,103	4,433
City rates		48,222	48,583
Cleaning		77,451	68,026
Computer expenses		10,505	11,132
Doubtful debts		(1,193)	31,291
Electricity		31,929	45,876
FNU levy		675	302
Fringe benefit tax		1,517	1,895
Fuel		18,839	12,913
General expense		18,978	9,586
Hire expense		993	-

The Detailed Income Statement is to be read in conjunction with the disclaimer set out on page 31.

ITAUKEI TRUST FUND BOARD**DETAILED INCOME STATEMENT *continued****For the year ended 31 December 2017*

	2017	2016
	\$	\$
Expenses from ordinary activities <i>continued</i>		
<i>Other operating expenses continued :</i>		
Miscellaneous expenses <i>continued</i>		
Land rent	18,194	18,194
License fees	3,488	3,502
Loan administration expense	23,835	26,139
Member fees	49,018	30,167
Secretariat and accounting fees	59,583	55,000
Security	128,235	111,996
Stationery, printing and office supplies	3,507	3,199
Telephone and internet	11,362	11,384
Travel, accommodation and entertainment	1,106	8,027
Valuations	1,500	-
Water	4,508	2,268
Wealth and fees	34,579	33,467
Website design	3,375	450
Total Miscellaneous Expenses	560,034	545,694
Total Other Operating Expenses	1,421,789	1,066,122
Total expenses from ordinary activities	4,050,652	2,491,923
Net profit from ordinary activities	3,761,478	5,021,424
Finance costs		
Interest on loan	405,108	444,253
Net profit from operations	3,356,370	4,577,171
Income tax expense	1.3 (i) -	-
Net profit after income tax	3,356,370	4,577,171
Other comprehensive income		
Gain on remeasuring available for sale financial assets	10,033,406	1,064,464
Total comprehensive income	13,389,776	5,641,635

The Detailed Income Statement is to be read in conjunction with the disclaimer set out on page 31.

CORPORATE GOVERNANCE STATEMENT

Board members Responsibilities

- . protect and enhance the Fund's value
- . set and review Trust strategies and strategic direction
- . monitor operating and financial performance
- . risk management
- . achieve objectives and purpose of the iTaukei Trust Fund Board (TTFB)
- . report to stakeholders

Board Structure

Comprising eight Members appointed by the Minister for iTaukei Affairs:

- . one member who is a Legal Practitioner registered under the Legal Practitioners Act 1997
- . one member who must be a Chartered Accountant in public practice registered under the Fiji Institute of Accountants Act (Cap 259)
- . one member with suitable qualification and experience as an economist or other relevant qualifications

Board Meeting

- . target of eleven meetings a year
- . additional meeting held as required

Committees

- . Board Members do not delegate major decisions to committees
- . committees are responsible for considering detailed issues and making recommendations to the Board

Investment Sub-Committee

- . eleven meetings a year
- . establishing of investment strategies
- . assist the Board in identifying and assessing investment opportunities
- . monitor risks and investment performances
- . Review the investment manual on policy and procedures as and when required

Language and culture sub-committee

- . minimum of four meetings a year
- . to assist in developing means of preserving and promoting Fijian language, culture and heritage
- . establishing framework, strategies and plan
- . assist in developing a partnership approach with various local, regional and international organization

Scholarship Committee

- . minimum of two meetings a year
- . to conduct interviews and make recommendations to the Board
- . to review the Manual as and when required

Standards

- . formal review of Board performance
- . active participation by all Members at all meetings
- . open access to information
- . independent professional advice is available to all Members
- . formal code of conduct adopted

YAVU NI VEIQARAVI

iTavi ni lewe ni Matabose

- . maroroya ka vakaikuritaka na iLavo Maroroi
- . tuvana ka vakadiloa na tuvatuva na Matabose kei na vanua e sa mua kina
- . yadrava na qaravi itavi kei na rawaka vakailavo
- . vakatulewa matau ena bolebole eso ni veiqaravi
- . rawata na lalawa kei na inaki ni Matabose ni iLavo Maroroi ni iTaukei (MLMT)
- . vakasavui itukutuku vei ira era sema vakacacacaka ki na MLMT

Lewe ni Matabose

Na Minista ni Veika Vakaitaukei me vakatikora e walu na lewe ni Matabose:

- . dua me daunilawa volayaca ena Legal Practitioners Act 1997.
- . dua me daunifika veiqaravi raraba volayaca ena Fiji Institute of Accountants Act (Cap 259)
- . dua me vakaivola ka kila vinaka na bula vakailavo se me vakaivola ena tabana yaga tale eso

Bose ni Matabose

- . namaki me tinikadua na bose ena dua na yabaki
- . kacivi tale na bose kevaka e gadrevi

Komiti

- . na leweni Matabose e sega ni dau vakacolata na komiti na vakatulewa lelevu eso
- . na itavi ni komiti me dikeva na veika matailalai qai biuta na nona vakatutu ki na Matabose.

Komiti Lailai ni Vakatubuilavo

- . bose vakatinikadua ena dua na yabaki
- . navuca na sala eso ni vakatubuilavo
- . vukea na Matabose ena kena vakasaqarai ka dikevi na vanua eso ni vakatubuilavo
- . yadrava na bolebole eso kei na ituvaki ni vakatubuilavo
- . raillesuva ena gauna e gadrevi kina na ivakarau kei na iwalewale ni vakatubuilavo ena kena ivola dusidusi

Komiti ni Vosa kei na iTovo Vakaviti

- . rauta ni va na bose ena dua na yabaki
- . vukea na kena tarai cake na sala eso me maroroi ka tutaki kina na vosa vakaviti, itovo kei na iyaunivanua
- . navuca na ituvatuva, ivakarau kei na inakinaki
- . vukea na kena taraicake na cakacaka vata kei ira na isoqosoqo e Viti, Pasifika kei na veiyasai vuravura

Komiti ni Sikolasivi

- . rauta ni rua na bose ena dua na yabaki
- . me qarava na nodra vakatarogi na kere sikolasivi ka solia na nona vakatutu ki na Matabose
- . me raillesuva na ivola dusidusi ni soli sikolasivi ena gauna e sa gadrevi kina

Na iVakatagedegede ni Cakacaka

- . dikevi vakamatau ni veiqaravi ni Matabose
- . vakaitavi ni lewe ni Matabose yadua ena bose taucoko
- . vakarawarawataki na itukutuku
- . vakarautaki na nodra ivakasala na kenadau vei ira na lewe ni Matabose
- . vakabau na idusidusi ni veiqaravi matau



REGISTERED OFFICE:

Veivueti House,
87 Queen Elizabeth Drive,
Suva

P0 Box 2327,
Government Buildings,
Suva

T: (679) 331 9637

E: taro@itaukeitrustfund.com.fj