

# **FIJI INSTITUTE OF ACCOUNTANTS**

## **ANNUAL REPORT FOR 2010**

### **Vision Statement**

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

### **Mission Statement**

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

### **THE COUNCIL FOR 2010/2011**

#### **Picture**

<b>President :</b>	Mr Uday Sen
<b>Vice President:</b>	Mr Divik Deo
<b>Treasurer :</b>	Mr Sikeli Tuinamuana
<b>Members :</b>	Ms Lisa Apted
	Mr Nitin Gandhi
	Mr Iowane Naiveli
	Mr Camacakau Raimuria
	Mr Ashwin Singh
	Ms Stella Simpson (née Tiko)



## **PRESIDENT'S REPORT**

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

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

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

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

The Council of the Institute also met with the representatives of the International Federation of Accountants (IFAC) in the later part of the year to discuss the draft Action Plans for achieving compliance with various Statements of Membership Obligations. Furthermore, the World Congress of Accountants was also held in 2010. This was hosted by the Malaysian Institute of Accountants and the theme was "accountants: sustaining value creation". This event was attended by more than 6000 delegates from 124 different countries.

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

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

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

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

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

## ANNUAL REPORT 2010

### REGIONAL AND INTERNATIONAL EVENTS IN 2010

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

The CAPA Committee was accompanied by Mr Szymon Radziewicz, a staff member representing the Member Body Compliance Programme of the International Federation of Accountants (IFAC), who held a meeting with Council members in Suva on 18<sup>th</sup> August to discuss the FIA's draft Action Plans for achieving compliance with various international standards.

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

### ANNUAL GENERAL MEETING

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

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

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

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

### THE COUNCIL

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

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

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

The Council decided in 2002 that a record should be kept of the attendance by members at Council meetings during each year. This is reproduced for 2010 in the following table:

Uday Sen	11 out of 12	91.7%
Divik Deo	10 out of 12	83.3%
Sikeli Tuinamuana	11 out of 12	91.7.00%
Lisa Apted	10 out of 12	83.3%
Nitin Gandhi	9 out of 12	75.0%
Iowane Naiveli	10 out of 12	83.3%
Camacakau Raimuria	11 out of 12	91.7%
Ashwin Singh	9 out of 12	75.0%
Stella Simpson	6 out of 7	85.7%
Regina Mar	4 out of 5	80.0%

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

### CONGRESS 2010

The Annual Congress for the year 2010 was held, over the two-day period 11th - 12th June at the Shangri-la Fijian Resort. This was the seventh time in the Institute's history that the Congress had been held at the Shangri-la Fijian Resort. On eleven occasions, including nine years from 1997, the Congress had been held at the Sheraton Fiji, in large measure governed by the fact that only the Sheraton Fiji at that stage possessed a large enough conference Hall.

Currently, only these two venues and the Sofitel Resort & Spa have a Conference Hall large enough to accommodate the total numbers of those attending Congress

The theme chosen by the Council and the Organising Committee for the 2010 Congress was **"Getting Together: Moving Ahead"** and the Opening Speech was delivered by **Commodore Voreqe Bainimarama**, Fiji's Prime Minister. The following programme featured four speakers, and two panel discussions, on the first day and three speakers and a panel discussion on the second day.

The four speakers featured on the first day addressed a number of local and international topics:

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

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

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

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

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

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

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

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

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

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

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

We need to learn from the past, take stock of the present, and plan for the future. Development stakeholders must acknowledge and leverage off the richness of our Pacific heritage. Effective and sustainable law reforms and business growth can only come from being customer centric by

engaging in meaningful relationships to achieve the desired behavioural changes. The Nation's strategic vision to create a sense of belonging, coming together and moving ahead requires the people's active involvement where doing nothing is unacceptable.

### **THE ACT, RULES AND BY-LAWS**

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

Copies of the revised annotated versions of the FIA Act and Rules, together with introductory summaries and a detailed commentary on all the proposed amendments, have been submitted to Government on more than one occasion - the first being on 21st June 2006, the most recent on 28<sup>th</sup> April 2010. Three Council members, Uday Sen, Divik Deo and Iowane Naiveli, also met with the Attorney General on 15<sup>th</sup> December 2010 to discuss the proposed amendments, but no subsequent legislative provisions had been published or enacted by the end of 2010.

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

### **EDUCATION AND MEMBERSHIP**

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

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

The following table reflects the variations in the level of **new admissions** to membership in recent years:

Year	Chartered Accountants	Provisional Members	Affiliate Accountants	Total
2005	36	42	30	118
2006	24	47	29	100
2007	37	66	34	137

2008	42	66	53	161
2009	36	74	61	171
2010	7	75	40	122

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

During the latter part of 2010, the Institute engaged the services of Professor Keith Houghton of the Australian National University in Canberra, in succession to Professor Roger Hopkins, who has retired, to undertake an accreditation exercise of the main tertiary academic institutions in Fiji from which the FIA draws its members. He paid a brief familiarisation visit to Fiji in late October and early November and met with officials, staff and students at the three Universities. He is expected to return in 2011 to undertake a detailed review of the courses offered by the three universities and other previously accredited tertiary institutions.

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

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

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

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



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

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

Applicants for admission as Chartered Accountants have in the past been required to complete three years' practical experience under the supervision and guidance of a Chartered Accountant member, after completing their 20 academic units. This will continue to be the case in future but future applicants will be required to demonstrate a proficiency in at least three out of six specified areas of practical experience and, out of the minimum period of three years practical experience, two years at least will need to be served under a mentor.

### **AWARDS AND MEDALS**

In the interests of promoting the study of, and the highest standards of excellence and achievement among students in accounting, the Institute has, in the past, offered sponsorship by way of cash awards to students attending two tertiary institutions in Fiji that provided courses in accounting.

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

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

### **PROFESSIONAL DEVELOPMENT**

The single most valuable service provided by the Institute for all its members is the professional development programme, which offers members opportunities to update their professional skills and knowledge of developments in the international and local accounting field.

In line with International Education Standards (IESs) issued by the International Federation of Accountants, members of the accounting bodies that are full members of IFAC are expected to

complete not less than 40 hours of professional education annually or a minimum of 120 hours over a three-year period. At the FIA Annual General Meeting held in June 2008, a motion was passed to increase the minimum number of CPE hours from 30 to 40 annually or to 120 over a three-year period, with effect from 1<sup>st</sup> January 2009.

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

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

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

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

A pattern established in many previous years, reflecting the fact that the Institute's professional development programme appeals to a wider audience than just its own members is evident from the record of participation at the various activities demonstrated in the following table:

			Delegates		Total
			Members	Non Members	
Seminar	Suva	January 26th	52	32	84
Seminar	Suva	February 23rd	40	44	84
Seminar	Nadi	February 25th	20	23	43
Seminar	Nadi	March 24th	13	19	32
Workshop	Natadola	March 12th-14th	81	87	168
Congress	Fijian	June 11th-12th	167	169	336
Seminar	Suva	July 20th	20	21	41
Seminar	Suva	August 17th	24	16	40
Workshop	Wrwk	September 17 <sup>th</sup> -19th	103	66	169

Seminar	Suva	October 19th	60	37	97
Seminar	Nadi	November 12 <sup>th</sup>	29	50	79
Seminar	Suva	November 24th	23	41	64
Seminar	Nadi	December 10 <sup>th</sup>	17	32	49

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

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

Once again, the seminars and workshops programme featured a substantial number of sessions on accounting standards, and this is reflective of the popularity expressed by the majority of delegates attending technical workshops in the choice of topics for any future sessions. The Institute is also the only organisation in Fiji providing for specialist training in this field.

## **Seminars**

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

### ***January 26th and February 25th***

“Tax Administration Decree”

Presented by Ms Lisa Apted, Partner in KPMG

### ***February 23rd and March 24th***

"Tax Changes and Developments"

Presented by Mr Madhu Sudhan, Director Taxation Services in G Lal & Co

No professional development seminars were held in either April or May. A proposed seminar planned for April on “Fraud” was postponed to a later date and one that had been planned for May on “Internal Auditing – Outsourcing Pros and Cons” was abandoned because of the lack of interest shown by would-be participants.

### ***July 20th***

“SME Developments in Fiji – An RBF Perspective” and “Update of the Fiji Economy”

Presented respectively by Mr Filimone Waqabaca and Mr Jitendra Singh of the Reserve Bank of Fiji.

### ***August 17th***

"A Pacific Bank and Its Future Plans”

Presented by Mr Kevin McCarthy, Country Manager for Bank South Pacific.

***October 19th and December 10th***

"IFRS for SMEs"

Presented by Professor Michael White, of the University of the South Pacific

***November 12th***

"Tax in Practice" Presented by 3 Officials from FIRCA in Lautoka and "Fraud Awareness"  
Presented jointly by Mr Ryan Singh from the University of Fiji and Mr Robert Cohen from KPMG.

[This Seminar was held only in the West]

***November 24th***

"Fraud"

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

**Workshops**

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

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

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

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

The three Plenary sessions were:

**"Voluntary Liquidations"**

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

**"An Overview of the New IFRS for SMEs Standards"**

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

**"Due Diligence"**

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

and the two "Break-Out" sessions were:

**"Valuation of a Company"**

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

**"Financial Instruments – IFRS 7"**

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

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

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

The three Plenary sessions were:

**"Financial Reporting Statements"**

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

**"Role and Duties of an Auditor"**

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

**"Deregulation and Competition"**

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

And the two break-out sessions were:

**"Consolidation - IAS 27"**

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

**"Impairment of Assets – IAS 36"**

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

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

## **JOURNAL**

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

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

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

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

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

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

Copies of past issues of the Journal are now also posted onto the FIA website [www.fia.org.fj](http://www.fia.org.fj)

### **DISCIPLINARY PROCEEDINGS**

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

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

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

### **BUSINESS AND GOVERNMENT COMMITTEE**

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

The Committee has also held detailed discussions with FIRCA officials on the interpretation of “profit” in relation to export income deductions under section 21B of the Income Tax Act. The Committee has pointed out that action by FIRCA to re-assess export income deductions, going back as far as 2001, on the basis of a revised interpretation of section 21B, appears to contradict the provisions of FIRCA’s own Practice Statement on the subject, and it had corresponded with FIRCA on the subject on 10<sup>th</sup> September 2010. This matter (and discussions on the retrospective

application of law and policy) was also discussed during a follow-up meeting on 11<sup>th</sup> November. Subsequent to that meeting, the Chair of the Committee had written to FIRCA confirming the discussions and FIRCA's confirmation that it would, without limiting its powers under the law, cease to apply policies and laws retrospectively.

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

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

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

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

On 13<sup>th</sup> September, following a meeting with the Chief Justice on 8<sup>th</sup> September, the Committee sent a submission to the Chief Justice advocating the appointment of a Tax Tribunal (a position currently vacant) to consider appeals against assessments made by FIRCA.

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

The Committee members also held regular quarterly meetings with representatives from FIRCA, at which a number of issues were discussed, including voluntary registration for VAT, the tax lodgement programme and dividend withholding tax. The Committee also considered a number of other issues that would need to be discussed with FIRCA including Practice Statements on unincorporated companies and branch profit remittances. The Committee maintains that FIRCA should include in the relevant Practice Statements its position regarding taxability, rather than

introducing new interpretations, leading to re-assessments. It is understood that the Government intends to introduce a completely new Income Tax Act, in consultation with representatives of the International Monetary Fund.

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

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

The Council responded to criticisms levelled at Accountants and Auditors during the Congress, suggesting that they should act as public whistle blowers, informing the public of any possible wrong decisions made by their clients, pointing out that under their Code of Ethics Accountants and Auditors owe a duty of confidentiality to their clients.

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

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

## **STANDARDS**

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

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



Public companies, as defined in the Companies Act;  
 Government majority owned companies;  
 Banking and financial institutions;  
 Superannuation, insurance and insurance broking entities;  
 Government entities established under their own statute with annual turnover of at least \$5m;  
 Entities with annual group turnover of at least F\$20M or with assets exceeding F\$20M;  
 Entities that are publicly accountable with annual turnover of at least \$5m (which have debt or equity instruments on public issue or have coercive power to tax, rate or levy to obtain public funds); or  
 Entities where any of the above listed entities have a significant influence (through more than 20 percent ownership), provided the turnover of such entities exceeds \$5m, as equity accounting would be applicable for the parent company reporting.

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

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

The new SME Standards will only apply to SMEs that:

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

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

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

At the Technical Workshop held in March, Professor Mick White had presented an overview of the provisions included in the new SME Standard and he repeated an amplified version of this at a half-day workshop held for Chartered Accountants in public practice (CPPs) on 9<sup>th</sup> April 2010.

In October, Professor Mick White also presented a half-day Seminar on sections 4,5 and 6 of the Standard in Suva, and this was repeated in the West on 10<sup>th</sup> December. (See the earlier report on Professional Development).

The Institute had also adopted the full suite of international audit related standards issued by the International Federation of Accountants (IFAC). The suite comprises International Standards on Auditing (ISAs), International Audit Practice Statements (IAPSSs), International Standards on Assurance Engagements (ISAEs), International Standards on Review Engagements (ISREs), International Standards on Related Services (ISRSs) and International Standards on Quality Control (ISQCs). These Standards were adopted from 1<sup>st</sup> July 2008, in conjunction with the IFAC International Code of Ethics.

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

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

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

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

### **SURVEILLANCE PANEL**

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

### **CORPORATE PLAN**

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

Marketing and Promotions

Business and Government

Membership  
Professional Development  
Act and Rules  
Discipline Process

Annual Congress  
Journal and Website  
Institute Support and Services  
Accounting and Auditing Standards

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

### MEMBERSHIP STATISTICS

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

During 2010, the names of 138 members (slightly less than usual) were removed from the FIA Register for failing to pay their membership subscriptions before 30th June 2010. However, 19 members subsequently paid their arrears and so had their names restored to the Register. The majority of those who fail to pay their subscriptions are usually those who have migrated. A further 24 are accounted for in transfers between categories.

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

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

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

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

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

## MEMBERSHIP STATISTICS

### A. MEMBERSHIP by Category (2004 - 2010)

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

### B MEMBERSHIP by Occupation (2010)

	CPP	CA	PM	AA	LA	ST	TOTAL	
Public Practice	37	26	87	7	1	-	158	[21.9%]
Industry and Commerce	-	95	74	81	-	-	250	[34.8%]
Public Sector	-	59	62	32	-	-	153	[21.3%]
Education and Training	-	13	7	6	-	22	48	[ 6.7%]
Other	-	13	9	17	-	-	39	[ 5.4%]
Overseas	-	60	5	6	-	-	71	[ 9.9%]
	37	266	244	149	1	22	719	

### C MEMBERSHIP by Gender (2004 - 2010)

	2004	2005	2006	2007	2008	2009	2010	
Male	449	420	400	409	462	473	497	[69.1%]
Female	169	169	165	187	200	208	222	[30.9%]
	618	589	565	596	662	681	719	

### D MEMBERSHIP by Age (2004 - 2010)

	2004	2005	2006	2007	2008	2009	2010	
Under 30	265	256	232	269	278	315	340	[47.3%]
31 to 40	188	173	169	177	203	208	204	[28.4%]
41 to 50	107	102	94	86	94	84	90	[12.5%]

51 to 60	36	39	47	47	64	59	64	[ 8.9%]
Over 60	18	15	18	15	20	13	21	[ 2.9%]
Unrecorded	4	4	5	2	3	2	-	[ 0.0%]
	618	589	565	596	662	681	719	

**COMMITTEE MEMBERS 2010 – 2011**

**Investigation Committee**

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

**Disciplinary Committee**

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

**Membership Committee**

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

**Professional Development  
Committee**

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

**Congress Organising  
Committee**

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

**Accounting and Auditing  
Standards Committee**

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

**Business & Government  
Committee**

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

**Journal and Website  
Committee**

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

**Surveillance Panel  
Sub Committee**

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

**Act & Rules Committee**

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

**Awards Committee**

**Uday Sen (Chair)**  
**Vijay Naidu**  
**Myrtle Smith**  
**Bimlesh Dutt**

**Staff & Administration**

**Uday Sen (Chair)**  
**Sikeli Tuinamuana**

**Marketing & Promotions  
Committee**

**Marketing & Promotions  
Committee**

**Corporate Plan  
Committee**

**Corporate Plan  
Committee**

**Western Division Committee**

**Robert Cohen (Chair)**  
**Ben Coutman**  
**Shaneel Nandan**  
**Rajesh Sangekar**

**Ashwin Singh (Chair)**  
**Camacakau Raimuria**  
**Asit Sen**  
**Glen Finau**

**Nitin Gandhi (Chair)**

**Deepti Lal**  
**Sanjini Nair**  
**Denise Charan**

## **A BRIEF COMMENTARY ON THE FINANCIAL STATEMENTS FOR THE YEAR 2010.**

### **NET SURPLUS**

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

### **REVENUE**

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

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

### **EXPENDITURE**

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

### **BALANCE SHEET**

The balance sheet has continued to strengthen, with year ended cash holdings of \$131,227 (2009: \$43,490) and investments valued at \$97,423 (2009: \$113,526). Net Assets for the year increased from \$598,137 in 2009 to \$611,700 in 2010. A review will be undertaken at the end of June 2011 of cash and short term investments, with a view to placing further funds into new investments

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