

**SOUTH PACIFIC BUSINESS DEVELOPMENT
FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2000**

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CONTENTS	PAGE
Auditors Report	1
Balance Sheet	2
Statement of Income and Expenditure	3
Statement of Cash Flows	4
Notes to Accounts	5 - 7

**SOUTH PACIFIC BUSINESS DEVELOPMENT
BALANCE SHEET AS AT
31 DECEMBER 2000**

Page 2

ACCUMULATED FUNDS	Notes	2000 NZD (\$)	
Net loss from operations:			
1999		(38,058)	
2000		<u>(418,831)</u>	
		<u>(456,889)</u>	
Represented by:			
CURRENT ASSETS			
Cash on hand and at bank	2	93,069	
Loans receivable	3	377,993	
Other receivables	4	<u>43,357</u>	
		<u>514,418</u>	
CURRENT LIABILITIES			
Other creditors and accruals		4,976	
Working Capital		509,442	
FIXED ASSETS	5	116,437	
TERM LIABILITIES			
Grameen Loan	6	17,768	
Loan from GFC	7	<u>1,065,000</u>	
		<u>(456,889)</u>	(0)

The above balance sheet is to be read in conjunction with the notes to accounts on pages 5 to 7.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
STATEMENT OF INCOME AND EXPENDITURE
FOR YEAR ENDING 31 DECEMBER 2000**

Page 3

	Notes	2000 NZD
INCOME		
Interest from loans		103,422
Interest on bank accounts		2,789
Gain on foreign exchange		1,608
		<u>107,818</u>
EXPENDITURE		
Bank charges		1,026
Collections		165
Communications		9,543
Depreciation	5	34,611
Doubtful debts		23,474
Insurance		1,634
Interest		38,928
Office expenses		6,078
Office rental		12,632
Other expenses		16,343
Printing and stationeries		6,536
Professional services		1,794
Public relations		9,186
Rental - vehicle		21,068
Repairs and maintenance		8,342
Salaries and wages		118,806
Taxes and fees		1,111
Transportation		16,460
Travel		8,769
		<u>336,507</u>
Excess of expenditure over income		(228,689)
Non-recurring item	8	<u>(190,142)</u>
Transfer to accumulated funds		<u><u>(418,831)</u></u>

The above statement of income and expenditure is to be read in conjunction with the notes to accounts on pages 5 to 7.

**SOUTH PACIFIC BUSINESS DEVELOPMENT
STATEMENT OF CASH FLOWS
31 DECEMBER 2000**

Page 4

	NZD
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash was provided from:	
Customers	369,507
Interest	79,799
Cash was applied to:	
Loans disbursement	(969,643)
Payments to suppliers and employees	(279,823)
Net cash flows from operating activities	<u>(800,159)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(151,048)
	<u>(151,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Grameen Trust	17,671
Gregory F. Casagrande	1,065,000
Interest paid to GFC	(38,394)
Net cash flows from financing activities	<u>1,044,277</u>
NET INCREASE/ (DECREASE) IN CASH	93,069
OPENING CASH BALANCE	-
CLOSING CASH BALANCE	<u><u>93,069</u></u>
Represented by:	
Access Plus Account - ANZ Samoa Ltd	96,291
Chequing Account - ANZ Samoa Ltd	(30,798)
Bank of New Zealand	26,461
Grameen Trust Account - ANZ Samoa Ltd	205
Petty cash	352
Cash on hand	558
	<u><u>93,069</u></u>

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These accounts are prepared in accordance with the historical cost convention. Accrual accounting is used to match expenses with revenue and generally accepted accounting principles have been applied.

(b) Depreciation

Depreciation is calculated so as to write off the net cost of each fixed asset during its expected useful life. The principal rates and methods used are as follows:

Office equipment	5 years	Straight line
Computers	5 years	Straight line
Furniture and fittings	5 years	Straight line
Leasehold improvements	4 years	Straight line
Motor vehicles	2-3 years	Straight line

(c) Foreign currency

All amounts are expressed in New Zealand dollars. Transactions in local currency have been converted to New Zealand dollars at exchange rates ruling at the date of the transactions. Assets and liabilities in local currencies at balance date have been converted at rates ruling at that date. Exchange differences are taken to the statement of income and expenditure.

(d) Income tax

SPBD is registered as a charitable organisation under the Charitable Trust Act 1965. Charitable organisations are not liable for income tax, according to the Income Tax Act 1974.

(e) Comparative figures

This is the first year since South Pacific Business Development (SPBD) started its operations. Therefore there are no comparative figures.

2 CASH AND BANK BALANCES		2000		
		\$		
ANZ Access account		96,291		
ANZ Cheque account		(30,798)		
BNZ		26,461		
Grameen Trust account (ANZ)		205		
Cash on hand		910		
		<u>93,069</u>		
3 LOANS RECEIVABLE				
Total disbursement		958,326		
Less repayments		(366,719)		
Less provision for doubtful debts		(23,474)		
Less non-recurring item		(190,141)		
		<u>377,993</u>		
4 OTHER RECEIVABLES				
Due from employees		5,117		
Prepaid insurance		1,167		
Others		382		
Interest due		25,374		
Loans to individuals		11,317		
		<u>43,357</u>		
5 FIXED ASSETS				
2000	Cost	Accumul. Deprec.	Depreciation Charge	Net Book Value
Office equipment	4,866	707	707	4,158
Computers	24,192	3,037	3,037	21,154
Furniture and fittings	9,407	1,390	1,390	8,018
Leasehold improvements	11,194	2,793	2,793	8,401
Motor vehicles	101,389	26,683	26,683	74,706
	<u>151,048</u>	<u>34,611</u>	<u>34,611</u>	<u>116,437</u>
6 GRAMEEN LOAN				
Principal				17,671
Interest				97
Total balance				<u>17,768</u>

This is a total loan of USD \$15,000 of which 50% has been remitted to SPBD during the year 2000. The loan is to be paid off within 2 years beginning September 2003. The interest rate is 2% per annum on the balance of the loan at the end of December every year.

	2000
7 LOAN FROM GFC	\$
Balance	<u><u>1,065,000</u></u>

This is a loan from Gregory F. Casagrande, the President of SPBD. The loan will be repaid at a future date when SPBD's financial status is stable. In the meantime, interest has been paid at the rate of 7% on total loans given to SPBD during each quarter.

8 NON-RECURRING ITEM

This relates to a non-recurring provision for possible loan losses which have been assessed by management as not being recoverable due to misapplication of the Grameen microfinance methodology by the former SPBD Country Director, who has been dismissed from the organisation.

9 GENERAL

SPBD is a micro finance organisation founded by Greg Casagrande, which was registered on 18 January 2000 as a charitable organisation. The main activity of the organisation is to provide finance in the form of very small loans to the poor women. The main idea is to relieve poverty in the South Pacific and Samoa is SPBD's first market in the Pacific region.