

# **TUVALU WHOLE OF GOVERNMENT**



## **FINANCIAL STATEMENTS**

**for the Year Ended 31 December 2010**

## STATEMENT OF RESPONSIBILITY

The Government is pleased to present the Financial Statements of the Government of Tuvalu for the Year Ended 31 December 2010

We hereby declare that:


- We have been responsible for the preparation of these Financial Statements and the judgments made in them.
- We are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- In our opinion these Financial Statements fairly reflect the financial position and operations of the Government of Tuvalu for the Year Ended 31 December 2010

The Financial Statements were authorised for issue by the Minister of Finance.



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**Hon. Lotoala Metia**  
Minister of Finance & Economic  
Development



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**Mr Minute Taupo**  
Secretary for Finance and Economic  
Development

## STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31/12/2010

The accompanying notes form part of these financial statements.

	Notes	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	<u>2009</u> <u>Actual</u>
<b><u>RECURRENT INCOME</u></b>				
Taxation	9	5,707,408	6,478,000	5,102,265
Interest, Dividends and Rent	10	1,880,821	827,791	1,534,189
Fisheries Licenses		7,151,855	5,360,000	9,123,906
.TV		2,025,950	2,200,000	2,327,650
External Assistance and Grants	11	5,686,649	7,172,000	10,404,555
Other Income	12	2,495,526	2,874,420	2,386,263
		<b>24,948,209</b>	<b>24,912,211</b>	<b>30,878,828</b>
<b><u>RECURRENT EXPENDITURE</u></b>				
Wages, Salaries, and Allowances		10,819,215	10,869,051	10,386,368
Contributions to Tuvalu National Provident Fund		906,795	964,515	894,888
Travel		1,467,260	953,436	1,374,318
Fuel, Electricity and Communications		2,342,599	3,287,985	1,678,795
Maintenance		1,653,825	1,488,464	1,297,480
Loan Repayments & Bank Fees		1,199,162	504,000	618,677
Grants and Subsidies (incl. Scholarships Support)	13	8,699,796	8,759,232	6,079,537
Tuvalu Medical Treatment Scheme		2,203,277	1,504,800	1,862,929
Other Expenses	14	3,725,225	3,705,093	4,287,640
Special Development Expenditures		1,105,679	571,985	2,174,678
		<b>34,122,833</b>	<b>32,608,562</b>	<b>30,655,310</b>
		<b>(9,174,624)</b>	<b>(7,696,351)</b>	<b>223,518</b>
<b><u>OTHER REVENUE AND EXPENDITURE</u></b>				
Unrealised Gain (Loss) on Trust Fund Investment	4	3,584,832		366,339
Unrealised Gain (Loss) on Investment in Corporations	5	1,444,414		2,068,808
Unrealised Gain (Loss) on Currency Movement (Offshore Loans)	7	1,008,296		1,502,751
Call on Government Guarantee Expense		0		(604,295)
Doubtful Debts Expense	6	(145,241)		(817,039)
		<b>5,892,301</b>		<b>2,516,564</b>
		<b>(3,282,323)</b>		<b>2,740,082</b>

**STATEMENT OF ASSETS AND LIABILITIES**

Prepared in accordance with Public Finance Act s31(1)(i)

For the Year Ended 31/12/2010

The accompanying notes form part of these financial statements.

	Notes	<u>2010</u>	<u>2009</u>
<b><u>GOVERNMENT EQUITY</u></b>			
Surplus / (Deficit)		(3,282,323)	2,740,081
Retained Earnings		60,218,854	56,600,872
<b>TOTAL GOVERNMENT EQUITY</b>		<b>56,936,531</b>	<b>59,340,952</b>
<b>REPRESENTED BY:</b>			
<b><u>ASSETS</u></b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	1	(916,832)	(435,128)
Special Funds	2	1,941,347	1,983,378
Cash Investments	3	7,427,740	15,349,892
Debtors	6	2,500,139	1,904,351
<b>Total current assets</b>		<b>10,952,394</b>	<b>18,802,493</b>
<b>Non-Current Assets</b>			
Tuvalu Trust Fund	3 & 4	46,035,278	42,450,446
Tuvalu Development Fund	3	427,769	1,375,782
Investments in Corporations	3 & 5	12,036,872	10,592,458
<b>Total Non-Current Assets</b>		<b>58,499,919</b>	<b>54,418,686</b>
<b>Total Clearing account balances</b>		<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>		<b>69,452,313</b>	<b>73,221,180</b>
<b><u>LIABILITIES</u></b>			
<b>Less Current Liabilities</b>			
Accounts Payable		352,996	159,360
Accounts Payable - Tuvalu Provident Fund		337,283	46,786
Accounts Payable - Payroll Clearance		85,857	63,867
Tuvalu Police Fund		763	600
<b>Total current liabilities</b>		<b>776,899</b>	<b>270,613</b>
<b>Non-Current Liabilities</b>			
Offshore Loans	7	7,454,291	9,409,044
Domestic Loans	7	4,284,592	4,200,571
<b>Total non-current liabilities</b>		<b>11,738,883</b>	<b>13,609,615</b>
<b>TOTAL LIABILITIES</b>		<b>12,515,782</b>	<b>13,880,227</b>
<b>TOTAL NET ASSETS</b>		<b>56,936,531</b>	<b>59,340,952</b>

**STATEMENT OF CHANGES IN EQUITY****For the Year Ended 31/12/2010**

*The accompanying notes form part of these financial statements.*

	Notes	<u>2010</u>	<u>2009</u>
<b>Retained Earnings as at 1 January</b>		<b>59,340,952</b>	<b>59,192,428</b>
<b>Movements reflected on Income Statement</b>			
Net Surplus/(Deficit) for the period		(9,174,624)	223,518
Other Unrealised Gain (Loss) for the period		5,892,301	2,516,564
<b>Movements not reflected on Income Statement</b>			
Reduction in Offshore Debt - Principal Repaid		946,436	373,332
Increase (Decrease) in Tuvalu Development Fund Holding		(68,534)	(665,950)
Call on Government Guarantee (Air Fiji)			(652,699)
Introduction of TMTI & NAFICOT Investment on GOT accounts			1,601,239
Other non-Income Statement Movements			(3,247,481)
<b>Accumulated Funds as at 31 December</b>		<b>56,936,531</b>	<b>59,340,951</b>

**STATEMENT OF REVENUE AND EXPENDITURE BY HEADS**  
**Prepared in accordance with Public Finance Act s31(1)(ii)**  
**For the Year Ended 31/12/2010**

*The accompanying notes form part of these financial statements.*

**Budget Approved on Cash Basis**

<u>Head</u>	<u>Head of Expenditure / Government Function</u>	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Original</u> <u>Budget</u>	<u>Variance</u> <u>(Bud - Act)</u>
<b>RECURRENT REVENUE</b>				
A	Office of the Governer General	0	0	0
B	Office of the Prime Minister	166,101	439,850	273,749
C	Legal Services	72,466	72,500	34
D	Parliament	0	0	0
E	Office of the Auditor General	(5,393)	35,520	40,913
F	Finance and Economic Development	12,875,906	12,414,221	(461,685)
G	Public Utilities	141,203	1,408,500	1,267,297
H	Health	92,856	32,200	(60,656)
I	Natural Resources	7,337,354	5,773,050	(1,564,304)
J	Home Affairs	91,679	79,300	(12,379)
K	Police and Prison Services	28,882	33,050	4,168
L	Transport and Communications	4,075,250	4,532,700	457,450
M	Education, Youth and Sports	44,739	66,150	21,411
N	Judiciary	4,049	5,850	1,801
O	Foreign Affairs, Trade, Tourism, Environment & Labour	23,118	19,320	(3,798)
<b>TOTAL RECURRENT REVENUE</b>		<b>24,948,209</b>	<b>24,912,211</b>	<b>(35,998)</b>
<b>RECURRENT EXPENDITURE</b>				
A	Office of the Governer General	108,431	128,472	20,040
B	Office of the Prime Minister	2,201,939	2,192,758	(9,182)
C	Legal Services	182,460	244,817	62,357
D	Parliament	604,456	495,576	(108,880)
E	Office of the Auditor General	144,835	173,164	28,329
F	Finance and Economic Development	2,277,046	1,792,879	(484,167)
G	Public Utilities	1,729,063	3,051,843	1,322,780
H	Health	4,879,935	4,097,840	(782,095)
I	Natural Resources	2,229,580	2,331,880	102,301
J	Home Affairs	4,198,835	4,453,096	254,261
K	Police and Prison Services	1,034,036	1,081,255	47,219
L	Transport and Communications	6,501,114	4,487,378	(2,013,736)
M	Education, Youth and Sports	6,272,102	6,170,132	(101,969)
N	Judiciary	90,414	110,144	19,730
O	Foreign Affairs, Trade, Tourism, Environment & Labour	1,668,585	1,797,327	128,741
<b>TOTAL RECURRENT EXPENDITURE</b>		<b>34,122,833</b>	<b>32,608,562</b>	<b>(1,514,271)</b>
<b>RECURRENT SURPLUS / (DEFICIT)</b>		<b>(9,174,624)</b>	<b>(7,696,351)</b>	<b>1,478,273</b>
<b>OTHER REVENUE AND EXPENDITURE</b>				
	Unrealised Gain (Loss) on Trust Fund Investment	3,584,832		
	Unrealised Gain (Loss) on Investment in Corporations	1,444,414		
	Unrealised Gain (Loss) on Currency Movement (Offshore Loans)	1,008,296		
	Doubtful Debts Expense	(145,241)		
<b>TOTAL OTHER REVENUE AND EXPENDITURE</b>		<b>5,892,301</b>		
<b>TOTAL SURPLUS / (DEFECIT)</b>		<b>(3,282,323)</b>		

**COMPARATIVE STATEMENT OF ACTUAL AND ESTIMATED RECURRENT REVENUE by 'SUB HEAD'**

Prepared in accordance with Public Finance Act s 31 (1)(iii)

For the Year Ended 31/12/2010

The accompanying notes form part of these financial statements.

Budget Approved on Cash Basis

<u>Head of Revenue / Government Function</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance (Bud - Act)</u>
<b>RECURRENT REVENUE</b>			
<b>Office of the Governor General</b>			
<b>Office of the Prime Minister</b>			
B01 Corporate Services - Office of the Prime Minister	813	200,850	200,037
B04 Personnel and Training	127,255	127,000	(255)
B08 Tuvalu Media Department	38,033	112,000	73,967
<b>Legal Services</b>			
C01 Office of the Attorney General	72,209	72,000	(209)
C02 People's Lawyer	258	500	243
<b>Parliament</b>			
<b>Office of the Auditor General</b>			
E01 Office of the Auditor General	(5,393)	35,520	40,913
<b>Finance and Economic Development</b>			
F01 Corporate Services - Finance	7,285,925	6,036,671	(1,249,254)
F02 Planning and Budget	0	600	600
F03 Central Statistics Division	20	150	130
F04 Customs	2,355,983	3,421,500	1,065,517
F05 Postal	10,022	29,300	19,278
F06 Treasury	(43,078)	0	43,078
F07 Inland Revenue	3,259,473	2,922,500	(336,973)
F09 Industries	7,560	3,500	(4,060)
<b>Public Utilities</b>			
G01 Corporate Services - Public Utilities	0	1,250,000	1,250,000
G02 Energy	3,650	13,000	9,350
G03 Public Works Department	137,553	145,500	7,947
<b>Health</b>			
H01 Corporate Service - Health	77,987	1,000	(76,987)
H02 Health Administration	9,120	0	(9,120)
H03 Curative	3,954	26,000	22,046
H04 Preventative Primary and Preventative Health Services	1,795	5,200	3,405
<b>Natural Resources</b>			
I02 Agriculture	4,006	27,300	23,294
I03 Fisheries	7,312,919	5,691,600	(1,621,319)
I04 Lands and Surveys	20,429	54,150	33,721
<b>Home Affairs</b>			
J01 Corporate Services - Home Affairs	6,282	11,300	5,018
J06 Immigration	85,397	68,000	(17,397)
<b>Police and Prison Services</b>			
K01 Police and Prison Services	28,882	33,050	4,168
<b>Transport and Communications</b>			
L01 Corporate Services - Communications and Transport	2,025,950	2,200,000	174,050
L02 Marine	1,829,940	2,017,500	187,559
L03 Aviation	209,639	295,800	86,161
L04 Information, Communication and Technology	9,493	18,000	8,507
L07 Meteorological Office	227	1,400	1,173
<b>Education, Youth and Sports</b>			
M04 EFA Secondary School	41,597	65,000	23,403
M05 Library	1,642	1,150	(492)
M06 Sports	1,500	0	(1,500)
<b>Judiciary</b>			
N01 Judiciary	4,049	5,850	1,801
<b>Foreign Affairs, Trade, Tourism, Environment &amp; Labour</b>			
O02 Labour	2,000	3,000	1,000
O03 Suva Mission	21,118	16,220	(4,898)
O04 Permanent Mission of Tuvalu to the UN	0	100	100
<b>TOTAL RECURRENT REVENUE</b>	<b>24,948,209</b>	<b>24,912,211</b>	<b>(35,998)</b>

**COMPARATIVE STATEMENT OF ACTUAL AND ESTIMATED RECURRENT EXPENDITURE by 'SUB HEAD'**

Prepared in accordance with Public Finance Act s 31 (1)(iv)

For the Year Ended 31/12/2010

*The accompanying notes form part of these financial statements.*

**Budget Approved on Cash Basis**

<u>Head of Expenditure / Government Function</u>	<u>2010 Actual</u>	<u>2010 Original Budget</u>	<u>Variance (Bud - Act)</u>
<b>RECURRENT EXPENDITURE</b>			
<b>Office of the Governer General</b>			
A01 Office of the Governor General	108,431	128,472	20,040
<b>Office of the Prime Minister</b>			
B01 Corporate Services - Office of the Prime Minister	1,016,030	827,850	(188,180)
B04 Personnel and Training	876,824	1,019,911	143,088
B08 Tuvalu Media Department	309,086	344,997	35,911
<b>Legal Services</b>			
C01 Office of the Attorney General	140,029	186,264	46,235
C02 People's Lawyer	42,431	58,553	16,122
<b>Parliament</b>			
D01 Office of the Parliament	604,456	495,576	(108,880)
<b>Office of the Auditor General</b>			
E01 Office of the Auditor General	144,835	173,164	28,329
<b>Finance and Economic Development</b>			
F01 Corporate Services - Finance	614,671	488,644	(126,027)
F02 Planning and Budget	141,347	181,609	40,262
F03 Central Statistics Division	75,397	79,635	4,238
F04 Customs	154,341	162,376	8,035
F05 Postal	82,217	97,276	15,059
F06 Treasury	413,044	269,505	(143,538)
F07 Inland Revenue	62,068	86,615	24,547
F09 Industries	733,963	427,219	(306,744)
<b>Public Utilities</b>			
G01 Corporate Services - Public Utilities	543,842	1,799,666	1,255,824
G02 Energy	52,540	57,599	5,059
G03 Public Works Department	1,132,681	1,194,579	61,897
<b>Health</b>			
H01 Corporate Service - Health	2,657,031	1,804,754	(852,277)
H02 Health Administration	259,701	310,970	51,269
H03 Curative	1,479,292	1,422,522	(56,770)
H04 Preventative Primary and Preventative Health Services	483,910	559,594	75,684
<b>Natural Resources</b>			
I01 MNRE Headquarters	164,893	200,475	35,582
I02 Agriculture	320,482	347,415	26,934
I03 Fisheries	805,096	872,617	67,521
I04 Lands and Surveys	939,110	911,373	(27,737)
<b>Home Affairs</b>			
J01 Corporate Services - Home Affairs	561,326	1,023,869	462,543
J02 Department of Rural Development	3,115,645	2,993,628	(122,017)
J03 Community Affairs	242,817	296,769	53,953
J04 Women Development	64,869	68,054	3,185
J05 Culture	17,446	20,409	2,963
J06 Immigration	47,710	50,367	2,657
J08 Solid Waste Agency of Tuvalu (SWAT)	149,022	0	(149,022)

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**Head of Expenditure / Government Function**

		<b><u>2010</u></b>	<b><u>2010</u></b>	<b><u>Variance</u></b>
		<b><u>Actual</u></b>	<b><u>Original</u></b>	<b><u>between</u></b>
			<b><u>Budget</u></b>	<b><u>Actual and</u></b>
				<b><u>Budget</u></b>
<b>Police and Prison Services</b>				
K01	Police and Prison Services	1,034,036	1,081,255	47,219
<b>Transport and Communications</b>				
L01	Corporate Services - Communications and Transport	1,588,649	280,671	(1,307,978)
L02	Marine	3,997,715	3,478,359	(519,356)
L03	Aviation	370,398	255,185	(115,213)
L04	Information, Communication and Technology	342,081	261,538	(80,543)
L07	Meteorological Office	202,272	211,625	9,354
<b>Education, Youth and Sports</b>				
M01	Corporate Services - Educations, Youth and Sports	1,182,764	826,036	(356,727)
M02	Education Department	236,756	309,184	72,428
M03	Primary Education	1,431,446	1,330,530	(100,917)
M04	EFA Secondary School	1,540,096	1,543,446	3,350
M05	Library	66,645	58,340	(8,305)
M06	Sports	74,969	23,081	(51,888)
M07	Pre-service Scholarships	1,665,100	2,058,094	392,994
M08	Youth	14,202	21,421	7,219
M09	Early Childhood Care and Education	60,123	0	(60,123)
<b>Judiciary</b>				
N01	Judiciary	90,414	110,144	19,730
<b>Foreign Affairs, Trade, Tourism, Environment &amp; Labour</b>				
O01	MFAETLT Headquarter	23,111	0	(23,111)
O02	Labour	319,551	528,370	208,819
O03	Suva Mission	382,285	321,535	(60,750)
O04	Permanent Mission of Tuvalu to the UN	369,988	353,982	(16,006)
O05	Brussels Mission	372,202	449,642	77,440
O06	Environment	56,263	89,553	33,290
O07	Tuvalu Consulate in Auckland	69,921	0	(69,921)
O08	Trade Office	14,954	9,749	(5,206)
O09	Tourism	60,311	44,496	(15,815)
<b>TOTAL RECURRENT EXPENDITURE</b>		<b><u>34,122,833</u></b>	<b><u>32,608,562</u></b>	<b><u>(1,514,271)</u></b>

## **STATEMENT OF ACCOUNTING POLICIES**

### **for the Year Ended 31 December 2010**

#### **1            REPORTING ENTITY**

##### **1.0            GOVERNMENT OF TUVALU**

The Financial Statements of the Government of Tuvalu represent the financial activities undertaken by Government Departments including entities which operate on the outer islands and in Foreign diplomatic posts.

Tuvalu Public Enterprises, including the Tuvalu Electricity Corporation, Vaiaku Lagi Hotel, National Bank of Tuvalu, Development Bank of Tuvalu, National Fisheries Corporation of Tuvalu (NAFICOT), Tuvalu Philatelic Bureau, Tuvalu Maritime Training Institute (TMTI) and Tuvalu Telecommunications Corporation are not consolidated into the Government of Tuvalu Accounts. The Government's investment in these enterprises is included on the Statement of Assets and Liabilities.

The joint ventures in commercial fishing operations entered into by NAFICOT on behalf of the Government of Tuvalu are not included in these accounts.

##### **1.1            TUVALU TRUST FUND**

In 1987 under the Tuvalu Trust Fund (Finance and Information) Act, the Government of Tuvalu established the Tuvalu Trust Fund (TTF) to contribute to the long term financial stability and viability of Tuvalu by enabling it to meet financial commitments from the proceeds of investments. The Trustees represent the Governments of Tuvalu, New Zealand and Australia, which are the main contributors to the Trust Fund.

Despite being the sole beneficiary of the TTF, the Government of Tuvalu does not control the TTF. The complete Financial Statements of the TTF are not consolidated in these Financial Statements of Government. The market value of the Government of Tuvalu's contribution to the TTF is included in these Financial Statements on the Statement of Assets and Liabilities, and the remaining balance of the TTF is contained in the notes to these Financial Statements as a contingent asset.

## **STATEMENT OF ACCOUNTING POLICIES**

### **for the Year Ended 31 December 2010**

#### **2 BASIS OF PREPARATION**

The Statement of Income and Expenditure and the Statement of Assets and Liabilities are prepared on an accrual basis, and include non-cash items such as accruals and provisions.

The Financial Statements are presented in Australian dollars, and all monetary values are rounded to whole dollars, unless mentioned otherwise.

#### **2.1 STATEMENT OF COMPLIANCE**

These Financial Statements are prepared pursuant to the Public Finance Act and are consistent with prior financial years. The Statements are in accordance with generally accepted accounting practice in Tuvalu (Tuvalu GAAP) as determined by the Government of Tuvalu. Where necessary Tuvalu GAAP looks to the International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Standards (IFRS) to guide general accounting policy.

#### **2.2 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS**

Both the functional and presentation currencies of the Government of Tuvalu are the Australian dollar. Transactions in foreign currencies are initially recorded in the Australian dollar at the exchange rates provided by the National Bank of Tuvalu on the dates of the transactions.

At balance date, monetary assets and liabilities held in Foreign Currency are translated at the exchange rates ruling at the balance date. Resulting exchange differences are recognised in the Income Statement.

#### **2.3 BUDGET AMOUNTS**

The Financial Statements show as comparatives the amounts appropriated by the original annual Appropriation Act that relates to the current financial year. Appropriations are on a cash basis.

#### **2.4 CHANGES IN ACCOUNTING POLICIES**

Changes in accounting policies are applied retrospectively, and comparatives are restated. The effect of these changes, if any, is disclosed in item 4.1, below.

New accounting policies may be adopted for types of transactions that have become material to the Financial Statements for the first time. These are not considered changes in accounting policies.

Likewise, some accounting policies may be reworded to better reflect the treatment of transactions; such rewording is also not considered a change in accounting policies.

#### **2.5 MATERIAL PRIOR YEAR ERRORS**

If errors are detected that have a material impact on prior years, then these are applied retrospectively, and comparatives are restated. There were no material prior year errors identified in the preparation of these accounts.

## **STATEMENT OF ACCOUNTING POLICIES**

### **for the Year Ended 31 December 2010**

#### **3 ACCOUNTING POLICIES**

##### **3.0 BASIS OF PREPERATION**

The Statement of Income and Expenditure and the Statement of Assets and Liabilities are prepared on an accrual basis, and include non-cash items such as accruals and provisions.

##### **3.1 REVENUE**

Revenue is recognised when earned or becomes receivable. Revenue is measured at the fair value of consideration received or receivable.

###### **Accrued Revenue**

Accrued revenue is recorded for items where revenue is earned or becomes receivable prior to the creation of an invoice.

###### **Tuvalu Trust Fund (TTF) Disbursement Revenue**

Disbursement revenue from the TTF is recognised at the time of receipt into the Government's Consolidated Investment Fund account. Transfers from the Consolidated Investment Fund Account to the Government General Account are recorded as a transfer of funds and are not treated as Government Revenue.

###### **Taxation Revenue**

Taxation Revenue is recognised at the earlier of receipt, invoice or filing of return, and includes: Income Tax – a tax on salaries and wages of workers in the economy as outlined in the Income Tax Act.

Company Tax – Taxes on the profits of large businesses. (Note: Small companies are subject to Presumptive Tax classified under “Other Taxes”).

Tuvalu Consumption Tax – A tax on goods and services set at a rate of 4% of the value of the good or service.

Import Duties – Taxes, normally at percentage of the cost of the imported good based on cost plus insurance plus freight, placed on imports to Tuvalu and levied at the port of entry.

Excise Duties – Special taxes on imported goods that the Government may wish to discourage consumption of such as alcohol, and cigarettes.

Other Taxes - Include Hotel Room Tax, Departure Tax, Presumptive Tax.

## **STATEMENT OF ACCOUNTING POLICIES**

### **for the Year Ended 31 December 2010**

#### **Interest, Dividends, and Rent**

Revenue related to interest on Government accounts, dividends received from profits of companies in which the Government holds a share, and rental revenue from Government houses and buildings is recorded in the period it relates to.

#### **Fishing Licenses**

Revenue related to the granting of Fishing Licenses to foreign fishing vessels fishing in Tuvalu's Exclusive Economic Zone is recorded in the period it relates to.

#### **.TV Revenue**

Revenue related to the license agreement with Verisign for the marketing of Tuvalu's top level internet domain ".tv" is recorded in the period it relates to.

#### **Other Income**

Other revenue related to vessel registrations, operation of maritime services (Nivaga II & Manu Folau), stevedoring and wharfage, and other operational activities is recorded in the period it relates to.

### **3.2 AID ACCOUNTING**

#### **External Assistance and Grants**

Direct budget support grant funding from donors is recognised at the time of receipt. Aid funding received from donor agencies for projects in the Tuvalu Development Fund is recognised as revenue within the Tuvalu Development Fund account, distinctly separate to the Government Consolidated Fund at time of receipt.

#### **Grants in Kind**

Tuvalu often receives grants in kind. These are often in the form of technical assistance, office equipment, investments in major infrastructure projects and property plant and equipment which are beyond the financial resources of the Government of Tuvalu.

These grants in kind are not recognised within these accounts, however where value is known, these amounts are recorded in the Government of Tuvalu's annual Budget documentation as external budgetary assistance.

## **STATEMENT OF ACCOUNTING POLICIES**

### **for the Year Ended 31 December 2010**

#### **3.3 EXPENDITURE**

Expenditure is recognised when incurred. This is generally upon receipt of goods or receipt of invoice.

##### **Wages and Salaries**

Wage and salary expenses are recognised in the period incurred.

##### **Contributions to Tuvalu National Provident Fund**

Contributions to the Tuvalu National Provident fund are recognised for the period to which they apply.

##### **Loan repayments, bank and interest fees**

Loan Principle and Interest repayments are recognised as expenditure in the period they relate to.

##### **Grants and Subsidies**

Grant Expenses in relation to grants provided to Tuvaluans and Non-Government Organisations (NGOs) are recognised at the point that Funds are paid to the grant recipient.

The Grants provided by Government include:

General Grants and Subsidies - provided to non-Government entities to assist them in providing goods or services, to civil servants for private housing rent subsidies, and to local councils and government.

Overseas Contributions – Payments to international organizations of which the Government is a member of (e.g. United Nations, University of the South Pacific (USP), Forum Secretariat).

Scholarships and support - Expenditure incurred supporting the Government's scholarship program.

Outer Island Projects grants - Special development spending on projects for the outer islands.

Japan Fuel Grant Counterpart Fund - Payments made to the Japan Fuel Grant Counterpart Fund as a contribution to recognise Japan's assistance for fuel purchasing.

##### **Tuvalu Medical Treatment Scheme**

Expenditure incurred in the operation of the Government's overseas medical referral scheme recognised in the period incurred.

##### **Other Expenditure**

Other expenditure related to advertising, purchasing of provisions, purchasing supplies, minor equipment, social welfare payments such as the Senior Citizen Scheme, payments for land rent to traditional landowners for Government leased land, and rent of properties by the Government is recorded in the period which it relates to.

## **STATEMENT OF ACCOUNTING POLICIES**

### **for the Year Ended 31 December 2010**

#### **Special Development Expenditure (Capital Expenditure)**

Special Development Expenditure records a range of normally non-recurrent expenditures that include Government contributions to donor-funded projects, equipment purchases, small projects, and arrears payments.

The current policy is to expense all infrastructure assets and property, plant and equipment in the period they are acquired. These capital expenditures are classified as Special Development Expenditures (SDE) in the annual budget documentation.

#### **3.4 ASSETS**

The Government of Tuvalu currently records only Financial Assets in these accounts. Special Development Expenditure for Property Plant and Equipment purchases, and major infrastructure investment are not reflected on the Balance Sheet, and depreciation of these assets is not reflected on the Statement of Income and Expenditure.

##### **Current Assets**

An asset is deemed to be current if it is liquid or expected to be made liquid within 12 months.

##### **Cash & Cash Equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### **Debtors**

Debtors are measured at their expected realisable value, which is generally the original amount less a provision for amounts uncollected after 365 days. Bad debts are written off when approved by Parliament.

##### **Non-Current Assets**

Non-Current Assets are presented at their fair value.

The Tuvalu Development Fund is recognised as a Non-Current Asset, reflecting the Government's agreement with donor partners to utilise development funds in line with approved donor agreements.

##### **Other Investments**

Other Investments include investments in subsidiaries, other associated parties and investments in shares in non controlled entities.

Investments are measured at the lower of cost and impaired value.

## **STATEMENT OF ACCOUNTING POLICIES for the Year Ended 31 December 2010**

### **3.5 LIABILITIES**

#### **Creditors**

Creditors are recognised on receipt of an approved invoice.

#### **Accrued Expenditure**

Accrued expenditure is recorded for items where expenditure is incurred prior to the receipt of an approved invoice.

#### **Employee Entitlements**

The Government does not recognise employee entitlement liabilities such as annual leave in these accounts.

#### **Public Debt**

All Public Debt is measured and presented at fair value.

## **4 EVENTS AND DECISIONS WITH SIGNIFICANT ACCOUNTING IMPACTS**

### **4.1 CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies for the Year Ended 31 December 2010, however, the summary of Accounting Policies has been introduced to reflect the treatment of transactions.

This has no effect on the transactions and balances in the Financial Statements, which have themselves been prepared on a basis consistent with previous years.

The format of the Financial Statements has been revised in order to improve readability and international comparability. Fundamental changes include:

- Introduction of a statement of income and expenditure to present the financial performance by nature of expense and revenue.
- Introduction of Notes to the Financial Statements
- Revised structure of statements to improve readability, and movement of some details to these Notes.

The revision of the format has no impact on surplus or deficit, nor on total Equity.

### **4.2 SUBSEQUENT EVENTS**

No events have occurred since balance date which would materially affect the Government of Tuvalu's Financial Statements for the year.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the Year Ended 31 December 2010**

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1

#### STATEMENT OF BALANCES ON DEPOSIT ACCOUNTS

Prepared in accordance with Public Finance Act s31(1)(ix)

For the Year Ended 31/12/2010

	<b>Financial Year Ending</b>	
	<b><u>31/12/2010</u></b>	<b><u>31/12/2009</u></b>
<b>Consolidated Fund Accounts</b>		
General Current Account	(1,623,443)	(871,589)
Government Call Account - 01-420002-02	58,432	57,522
Intellectual Property Account - 170955-30 - AGs	252,163	197,516
Miscellaneous Passbook a/c - 01-420002-34	1,542	1,519
<i>Total Consolidated Fund Cash account balances</i>	<b><u>(1,311,306)</u></b>	<b><u>(615,033)</u></b>
<b>Foreign Mission Accounts</b>		
Cash on Hand - UN Mission	62,282	56,042
Cash on Hand Brussel Mission	83,106	11,686
Cash on hand - Suva Embassy	16,855	28,019
Cash in transit - Tuvalu High Commission (Suva)	114,751	0
Cash on Hand New Zealand Consulate Office	63,057	(13,351)
<i>Total Foreign Mission Cash account balances</i>	<b><u>340,050</u></b>	<b><u>82,396</u></b>
<b>Outer Island General Accounts</b>		
Cash on Hand Nanumaga	854	3,837
Cash on Hand Nanumea	10,895	9,313
Cash on Hand Niutao	10,455	11,042
Cash on Hand Nui	4,200	20,588
Cash on Hand Nukufetau	12,817	11,388
Cash on Hand Nukulaelae	3,825	3,505
Cash on Hand Vaitupu	11,378	37,836
<i>Total Outer Island Cash account balances</i>	<b><u>54,424</u></b>	<b><u>97,509</u></b>
<b>Total Cash Balances as at 31/12/2010</b>	<b><u>(916,832)</u></b>	<b><u>(435,128)</u></b>

**NOTE 2**

**STATEMENT OF SPECIAL FUND BALANCES**

Prepared in accordance with Public Finance Act s31(1)(v)  
For the Year Ended 31/12/2010

Special Funds	Financial Year Ending	
	31/12/2010	31/12/2009
<b>Business/Passport Investment Scheme - 01-420002-31</b>		
Opening Balance	180,213	174,017
Interest Earnings	2,701	6,196
Closing Balance	<b>182,914</b>	<b>180,213</b>
<b>IBD - Coinage Security - 01-420002-07</b>		
Opening Balance	261,834	179,086
Proceeds of sales of coins & royalties	216,329	82,747
Transfer - Government General Account	(300,000)	
Closing Balance	<b>178,162</b>	<b>261,834</b>
<b>IBD - Housing Repurchasing - 01-420002-46</b>		
Opening Balance	231,839	225,936
Interest Earnings	5,863	5,903
Closing Balance	<b>237,702</b>	<b>231,839</b>
<b>IBD - Insurance Fund - 01-420002-48</b>		
Opening Balance	367,138	356,799
Interest Earnings	9,265	10,339
Closing Balance	<b>376,403</b>	<b>367,138</b>
<b>IBD - NBT Insurance - 01-680824-40</b>		
Opening Balance	552,576	538,268
Interest Earnings	13,974	14,308
Closing Balance	<b>566,550</b>	<b>552,576</b>
<b>IBD - Rehabilitation - 01-420002-45</b>		
Opening Balance	16,324	15,901
Interest Earnings	413	423
Closing Balance	<b>16,737</b>	<b>16,324</b>
<b>IBD -Tuvalu Parliament Building - 01-420002-42</b>		
Opening Balance	70,417	68,432
Interest Earnings	1,777	1,985
Closing Balance	<b>72,194</b>	<b>70,417</b>
<b>Investment in Education Office - 01-420061-44</b>		
Opening Balance	136,467	132,624
Interest Earnings	3,444	3,843
Closing Balance	<b>139,910</b>	<b>136,467</b>
<b>IBD-Funds for Tuvalu Development - 01-751389-40</b>		
Opening Balance	166,572	161,881
Interest Earnings	4,203	4,691
Closing Balance	<b>170,775</b>	<b>166,572</b>
<b>Total Special Funds balance as at 31/12/2010</b>	<b>1,941,347</b>	<b>1,983,378</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3**

**STATEMENT OF INVESTMENTS**

Prepared in accordance with Public Finance Act s31(1)(xi)

For the Year Ended 31/12/2010

	Notes	Financial Year Ending	
		<u>31/12/2010</u>	<u>31/12/2009</u>
<b>Cash Investments</b>			
Consolidated Investment Fund		7,384,789	15,308,000
Government Air Pacific Bank Guarantee - 01-420002-40		42,952	41,892
<b>Total Cash Investments as at 31/12/2010</b>		<b><u>7,427,740</u></b>	<b><u>15,349,892</u></b>
<b>Non-Current Investments</b>			
Tuvalu Trust Fund - GOT Contribution	4	46,035,278	42,450,446
Tuvalu Development Fund		427,769	1,375,782
Capital in Corporations (total)	5	12,036,872	10,592,458
<b>Total Non-current Investments as at 31/12/2010</b>		<b><u>58,499,919</u></b>	<b><u>54,418,686</u></b>
<b>Total Investments of Government as at 31/12/2010</b>		<b><u>65,927,659</u></b>	<b><u>69,768,578</u></b>

## NOTE 4

### STATEMENT OF CONTINGENT ASSETS

Prepared in accordance with Public Finance Act s31(1)(x)

For the Year Ended 31/12/2010

#### TUVALU TRUST FUND (TTF)

Given the nature of the TTF and the fact that Tuvalu is the sole beneficiary of the TTF, it is anticipated that in the event of any 'wind up' of the TTF, the market value of all TTF balances would be available to the Government of Tuvalu.

The market value of Government of Tuvalu contribution balance of the TTF is disclosed on the Statement of Assets and Liabilities.

The market value of contribution balances from other parties to the TTF are classified as a contingent asset of the Government. There is no existing 'wind up' provision within the TTF legislation.

#### Tuvalu Trust Fund Balance

\$'000	Market Value (MV) (TTF) as at 31 December	Total TTF Contribution Balance	GOT Contribution Balance	GOT % of Contributions	Disclosed as GOT Asset (% cont. x MV)	GOT Contingent Asset
2008 Closing Balance	\$ 95,026	\$ 71,996	\$ 31,885	44%	\$ 42,084	\$ 52,942
2009 Closing Balance	\$ 97,561	\$ 73,279	\$ 31,885	44%	\$ 42,450	\$ 55,111
<b>2010 Closing Balance</b>	<b>\$ 110,610</b>	<b>\$ 76,611</b>	<b>\$ 31,885</b>	<b>42%</b>	<b>\$ 46,035</b>	<b>\$ 64,575</b>

#### Tuvalu Trust Fund Contribution Balances

\$'000	2008	2009	2010
GOT	31,885	31,885	31,885
UK	8,450	8,450	8,450
Australia	18,319	19,570	22,901
NZ	12,579	12,579	12,579
Japan	695	695	695
South Korea	69	101	101
<b>Total Contributions</b>	<b>71,996</b>	<b>73,279</b>	<b>76,611</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5

#### GOVERNMENT INVESTMENT IN CORPORATIONS For the Year Ended 31/12/2010

Tuvalu Public Enterprises are not consolidated into the Government of Tuvalu Accounts. The net asset positions of Public Enterprises listed below are included on the Statement of Assets and Liabilities as an Investment in Corporations, in addition to Government investments in non-Government corporations.

<u>Corporation</u>	2007		2008		2009		2010	
	<u>Net Assets of corporation</u>	<u>GOT portion of Net Assets</u>	<u>Net Assets of corporation</u>	<u>GOT share of Net Assets</u>	<u>Net Assets of corporation</u>	<u>GOT share of Net Assets</u>	<u>Net Assets of corporation</u>	<u>GOT share of Net Assets</u>
Tuvalu Maritime Training Institute <sup>4</sup>			1,601,239	1,601,239	1,561,649	1,561,649	1,561,649	1,561,649
National Fisheries Corporation of Tuvalu <sup>5</sup>			0	0	0	0	0	0
Development Bank of Tuvalu <sup>3</sup>	1,342,505	1,342,505	1,052,096	1,052,096	2,086,000	2,086,000	2,489,000	2,489,000
Vaiaku Lagi Hotel <sup>3</sup>	106,204	106,204	159,333	159,333	136,000	136,000	90,311	90,311
National Bank of Tuvalu <sup>3</sup>	4,994,748	4,994,748	4,821,375	4,821,375	6,608,000	6,608,000	7,791,618	7,791,618
Philatelic Bureau <sup>3</sup>	-134,540	-134,540	-134,540	0	-137,000	0	-188,000	0
Tuvalu Electricity Corporation <sup>3</sup>	-659,403	-659,403	-659,403	0	-1,064,000	0	-1,037,761	0
Tuvalu Telecommunications Corporation <sup>3</sup>	2,366,906	2,366,906	420,952	420,952	-543,000	0	-694,560	0
Air Fiji Limited <sup>1</sup>	4,651,590	2,005,766	4,651,590	0	0	0		
Pacific Forum Lines <sup>2</sup>	20,064,000	468,655	20,064,000	468,655	8,597,000	200,809	4,465,000	104,293
		<b><u>10,490,841</u></b>		<b><u>8,523,650</u></b>		<b><u>10,592,458</u></b>		<b><u>12,036,871</u></b>

<sup>1</sup>The Tuvalu Government owned 44% of issued capital of AIL which in turn owned 98% of the issued capital of Air Fiji limited.

Air Fiji ceased operations in 2009 and all assets of the company were liquidated. The value of Air Fiji holdings was written down to \$0 in the 2008 Financial Statements.

<sup>2</sup>Tuvalu Government owns a shareholding of 488,405 shares in PFL dating back to 1993. This represents 2.3358% of the total issued capital of the shipping line.

<sup>2</sup> PFL net assets represent the reported March end of year result from the following financial year.

<sup>3</sup>2010 Net Asset Values for Tuvalu Public Enterprises have been sourced from 2010 Financial Statements.

<sup>4</sup>The Tuvalu Maritime Training Institute has not prepared accounts since 2009.

<sup>5</sup>The National Fisheries Corporation of Tuvalu has not prepared a set of accounts since 1999, Government recognises the debt of NAFICOT as a liability.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6**

**DEBTORS**

**For the Year Ended 31/12/2010**

	<u>2010</u>	<u>2009</u>
Classification		
Claimed Debts Control Account	490,144	358,467
Other Debtors Control Account	2,720,236	2,057,499
Other Debtors NBT	18,784	18,784
Personal Loan Control Account	5,146	2,679
Special Imprest Control Account	(1,784)	53,666
Accounts Receivable Clearing Account (Imprest Matching)	367,369	367,526.47
<b>DEBTORS</b>	<b>3,599,895</b>	<b>2,858,621</b>
Less Allowance for Doubtful Debts		
Provision for Doubtful Debts	(1,099,756)	(954,270)
<b>TOTAL DEBTORS</b>	<b>2,500,139</b>	<b>1,904,351</b>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7

STATEMENT OF PUBLIC DEBT

Prepared in accordance with Public Finance Act s31(1)(xiii)

For the Year Ended 31/12/2010

	<u>Agency</u>	<u>Original debt</u>	<u>2007 Debt Balance</u>	<u>2008 Debt Balance</u>	<u>2009 Debt Balance</u>	<u>2010 Debt Balance</u>	<u>Start</u>	<u>Term</u>	<u>Grace period</u>	<u>Interest Rate</u>	<u>Principle repayments</u>
<b>Government Offshore Loans</b>											
<b>Falekaupule Trust Fund</b>	Asian Dev. Bank - LN1693	US\$3.972m	4,535,627	5,034,568	3,874,715	3,175,245	Nov-99	24yrs, 16 yrs repayment	8 yrs - start Feb 2008	1% in grace, then 1.5%	USD124,115 semi annual
	<i>Interest Payment</i>				76,539	36,757					
	<i>Principle Repayment</i>				359,611	293,758					
	<i>Unrealised Gain (Loss) on Currency Movement</i>				800,243	405,712					
<b>TMTI Original Loan</b>	Asian Dev. Bank - LN1921	SDR1.394m	2,552,052	2,522,824	2,120,079	1,873,844	Nov-02	32yrs, 24 yrs repayment	8 yrs - start Feb 2011	1% in grace, then 1.5%	SDR29,041 Semi annual
	<i>Interest Payment</i>										
	<i>Principle Repayment</i>										
	<i>Unrealised Gain (Loss) on Currency Movement</i>				402,745	246,236					
<b>TMTI Supplementary Loan</b>	Asian Dev. Bank - LN2088	SDR1.353m	2,476,993	2,448,624	2,280,858	2,012,892	Aug-04	32yrs, 24 yrs repayment	8 yrs - start Feb 2012	1% in grace, then 1.5%	SDR28,186 Semi annual
	<i>Interest Payment</i>										
	<i>Principle Repayment</i>										
	<i>Unrealised Gain (Loss) on Currency Movement</i>				167,765	267,967					
<b>DBT Equity Injection</b>	European Invest. Bank	EUR0.3m	503,609	612,690	480,692	392,311	Jan-03	15 yrs	1 repayment 2018	2%	Eur0.3m in 2018
	<i>Unrealised Gain (Loss) on Currency Movement</i>				131,998	88,381					
<b>Air Fiji O/D Guaranteed by Govt</b>	Bank of Baroda			0	361,841	0					In 2010 \$361,841 paid to Mauror & Co for legal proceedings. Following sale of Air Fiji Assets, \$134,041 was returned to GOT
	<i>Principle Repayment</i>					361,841					
	<i>Call on Government Guarantee Expense</i>					361,841					
<b>Air Fiji O/D Guaranteed by Govt</b>	Fiji Dev. Bank			0	290,858	0					Full payment of debt July 2010
	<i>Principle Repayment</i>					290,858					
	<i>Call on Government Guarantee Expense</i>					290,858					
<b>TOTAL GOVERNMENT OFFSHORE DEBT</b>			<b>10,068,281</b>	<b>10,618,706</b>	<b>9,409,044</b>	<b>7,454,291</b>					
<b>Government Domestic Debt</b>											
<b>Air Fiji O/D Guaranteed by Govt</b>	National Bank of Tuvalu			604,295	690,984	774,984					No payments made
	<i>Call on Government Guarantee Expense</i>										
	<i>Interest Expense</i>			604,295		86,689					
<b>NAFICOT Loan Guaranteed by Government</b>	National Bank of Tuvalu	AUD1.308m	1,308,100	1,308,100	1,308,100	1,308,100	Nov-03	129 months from Aug 07		8% from 1st repayment	No payments made
<b>Outer Island Suspense Account</b>	National Bank of Tuvalu	AUD4.923m	4,923,734	3,584,787	2,071,370	2,071,391	Aug-07			No interest	Unscheduled
<b>TMC - Tuvalu Media Corporation Loan absorbed by Government</b>	National Bank of Tuvalu	AUD0.127m	126,919	130,117	130,117	130,117	Dec-07			No interest	No payments made
<b>TOTAL GOVERNMENT DOMESTIC DEBT</b>			<b>6,418,478</b>	<b>5,627,299</b>	<b>4,200,571</b>	<b>4,284,592</b>					
<b>TOTAL PUBLIC DEBT</b>			<b>16,486,759</b>	<b>16,246,005</b>	<b>13,609,615</b>	<b>11,738,883</b>					



NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8**

**STATEMENT OF CONTINGENT LIABILITIES**

Prepared in accordance with Public Finance Act s31(1)(x)

For the Year Ended 31/12/2010

Loans guaranteed by the Government of Tuvalu, whereby commitment is made by government to repay unpaid amounts upon non payment.

Refer Government Borrowing and Guarantee Act

<u>Name</u>	<u>Agency</u>	<u>Original Guarantee</u>	<u>2007 Guarantee</u>	<u>2008 Guarantee</u>	<u>2009 Guarantee</u>	<u>2010 Guarantee</u>
TCS Guarantee	TCS Suppliers	AUD0.5m				500,000
Air Pacific Guarantee (NBT Guarantee on Travel Office operations)	National Bank of Tuvalu	AUD40,000		40,000	40,000	40,000
DBT Global Loan 1 - Guarantee	European Invst. Bank	EUR0.5m	839,348	871,649	0	0
DBT Global Loan 2 - Guarantee	European Invst. Bank	EUR0.7m	1,175,088	1,220,309	1,118,794	809,844
International Monetary Fund (IMF) - Promissory Note	IMF - World Bank	AUD2.1m				2,128,870
			<b>2,014,436</b>	<b>2,131,959</b>	<b>1,158,794</b>	<b>3,478,714</b>

**Exchange Rates applied to Public Debt Balances at year end (Reserve Bank of Australia Website)**

<u>CURRENCY</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$AUD - \$EU	0.4896	0.6241	0.7647
\$AUD - \$USD	0.6903	0.8969	1.0163
\$AUD - Special Drawing Rights		0.5742	0.6599

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9

#### TAXATION

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Income Tax	1,959,829	1,803,000	2,042,350
Company Tax	1,183,039	760,000	251,249
Sales Tax	8,949	100,000	170,249
Tuvalu Consumption Tax	41,566	300,000	(29)
Import Duty	1,730,157	2,500,000	2,113,921
Import Levy & Excise	591,705	855,500	428,449
Other Taxes	192,162	159,500	96,076
	5,707,408	6,478,000	5,102,265

### NOTE 10

#### INTEREST, DIVIDENDS & RENT

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Interest and Dividends	1,669,737	419,571	1,241,461
Lease, rent and hire	211,085	408,220	292,728
	1,880,821	827,791	1,534,189

### NOTE 11

#### EXTERNAL ASSISTANCE & GRANTS

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Republic of China (Taiwan)	5,415,294	5,700,000	7,851,415
AusAID (CIF)	0	0	900,000
New Zealand (CIF)	193,368	0	163,404
World Bank, IMF, ADB	0	0	1,489,736
Project Development Fund (PDF)	0	222,000	0
Other Donors	77,987	1,250,000	0
	5,686,649	7,172,000	10,404,555

### NOTE 12

#### OTHER INCOME

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Vessel Registrations	837,473	700,000	626,677
Marine Services (Nivaga II & Manu Folau)	708,755	673,000	619,910
Stevedoring and Wharfage	249,965	303,500	310,342
Provision of Goods and Services	646,494	924,520	596,561
Other Charges	52,839	273,400	232,772
	2,495,526	2,874,420	2,386,263

### NOTE 13

#### GRANTS AND SUBSIDIES (incl. Scholarship Support)

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Grants and Subsidies	3,331,418	2,749,577	2,469,209
Outer Island Projects (SDE)	1,906,962	1,800,000	366
Scholarships and Support	2,189,148	2,904,307	2,751,473
Contribution to Japan Grant Counterpart Fund	287,172	287,172	381,629
Overseas Contributions	985,096	1,018,176	476,860
	8,699,796	8,759,232	6,079,537

### NOTE 14

#### OTHER EXPENDITURE

	<u>2010</u> Actual	<u>2010</u> Budget	<u>2009</u> Actual
Advertising and Provisions	924,650	837,026	918,796
Supplies and Equipment	1,660,798	1,640,015	2,353,661
Senior Citizen Scheme / Pension	215,671	263,006	229,556
Land & Property Rent	924,106	965,046	785,626
	3,725,225	3,705,093	4,287,640

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15

#### Requirements of the Public Finance Act with no balance

Statement of Other Leger Balances

Statement of Balances on Advances Accounts from Deposits

Statement of Outstanding Loans made from the Consolidated Revenue Fund

Tabulated summaries of unallocated stores and manufacturing accounts

Statement of balances on remittance account

### NOTE 16

#### Events & Decisions with Significant Accounting Impacts

##### Changes in accounting policies

This has no effect on the transactions and balances in the Financial Statements, which have themselves been prepared on a basis consistent with previous years, except for the following and except for changes in accounting estimates and adjustments of prior year errors.

The format of the Financial Statements has been revised in order to improve readability and international comparability. Fundamental changes include:

- Introduction of a statement of income and expenditure to present the financial performance by nature of expense and revenue.
- Introduction of Notes to the Financial Statements
- Revised structure of statements to improve readability, and movement of some details to these Notes.

The revision of the format has no impact on surplus or deficit, nor on total Equity.

##### Recognition of Unrealised Gains and Losses

Prior to the 2009 accounts, Unrealised Gains and Losses were included only on the Balance sheet. Through the 2009 and 2010 accounts, Unrealised gains are now reflected as 'Other Income/Expenditure' on the Income Statement.

This primarily applies to:

- Unrealised Market Gains in Tuvalu's Contributions into the Tuvalu Trust Fund;
- Unrealised Gains/Losses in the Net Asset Values and Government Share of Investments in Corporations;
- and
- Unrealised Currency Gains/Losses in relation to Offshore Loans

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 17**

**STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM**  
 Prepared in accordance with Public Finance Act s31 (xviii)  
 Government of Tuvalu for the Year Ended 31/12/2010  
 Budget Approved on the Cash Basis

<u>Head of Expenditure / Government Function</u>				<u>2010</u> <u>Actual</u>	<u>Final Budget</u> <u>Provision as at</u> <u>31/12/2010</u>	<u>Excess of</u> <u>Expenditure</u> <u>over provision</u>
<b>CASH OUTFLOWS</b>						
<b>Office of the Governor General</b>						
A01	Office of the Governor General	711250	Local Entertainment	3,751	3,500	251
A01	Office of the Governor General	711290	Statutory Utilities	5,356	5,040	316
A01	Office of the Governor General	721100		2,779	1,363	1,416
A01	Office of the Governor General	72120B	Statutory Travel Spouse	3,300	1,413	1,887
A01	Office of the Governor General	721300	Telecom & Internet	3,245	3,000	245
A01	Office of the Governor General	722150	Computer Maintenance	173	100	73
A01	Office of the Governor General	723320	Fuel & Oil Vehicles	1,939	1,500	439
A01	Office of the Governor General	723510	Office Expenses	611	300	311
A01	Office of the Governor General	723540	Office Stationery	393	300	93
A01	Office of the Governor General	723740	Household Items	3,173	2,500	673
A01	Office of the Governor General	723750	Household Official Residence	1,293	1,000	293
A01	Office of the Governor General	723910	Electricity	5,483	5,150	333
<b>Office of the Prime Minister</b>						
B01	Corp. Services - Office of the PM	711120		28,995	13,707	15,288
B01	Corp. Services - Office of the PM	711240	PM's TNPF	3,993	3,595	398
B01	Corp. Services - Office of the PM	711280	Housemaids TNPF	1,764	1,490	274
B01	Corp. Services - Office of the PM	711290	Housemaids Overtime Allowances	2,820	450	2,370
B01	Corp. Services - Office of the PM	711320	DCC Chairperson Allowances	606	500	106
B01	Corp. Services - Office of the PM	712110	PM's Local Entertainment	8,103	5,500	2,603
B01	Corp. Services - Office of the PM	719100	TNPF	24,528	24,008	520
B01	Corp. Services - Office of the PM	721100	Overseas	42,665	20,000	22,665
B01	Corp. Services - Office of the PM	721200	PM's Statutory Travel	12,423	1,000	11,423
B01	Corp. Services - Office of the PM	72120A	PM's Travel	20,758	15,000	5,758
B01	Corp. Services - Office of the PM	72120C	PM's Statutory Travel Spouse	1,950	0	1,950
B01	Corp. Services - Office of the PM	721300	Telecom & Internet	6,117	5,000	1,117
B01	Corp. Services - Office of the PM	722350	Renovate GG's PM's Minister's Resid	103,223	40,000	63,223
B01	Corp. Services - Office of the PM	722500	Vehicle Maintenance	2,442	1,300	1,142
B01	Corp. Services - Office of the PM	723020	Disaster Awareness Program	1,239	1,000	239
B01	Corp. Services - Office of the PM	723320		4,308	1,500	2,808
B01	Corp. Services - Office of the PM	723420	Hospitality	31,744	8,000	23,744
B01	Corp. Services - Office of the PM	72342A	Hospitality Cabinet	1,198	1,000	198
B01	Corp. Services - Office of the PM	723470	Election	32	0	32
B01	Corp. Services - Office of the PM	723510	Office Expenses	5,247	1,600	3,647
B01	Corp. Services - Office of the PM	723530	Computer Supply	1,309	1,000	309
B01	Corp. Services - Office of the PM	723540	Office Stationery	2,189	2,000	189
B01	Corp. Services - Office of the PM	723710	Cleaning Supplies	6,238	6,000	238
B01	Corp. Services - Office of the PM	723770	Recharging of Satellite Phones	10,685	9,900	785
B01	Corp. Services - Office of the PM	729070	ROC President official visit	34,346	30,000	4,346
B01	Corp. Services - Office of the PM	762100	NZ Japan Australia Disaster Donatio	2,760	0	2,760
B01	Corp. Services - Office of the PM	782130	Response & Relief	1,462	100	1,362
B04	Personnel and Training	71112B	PSC Meeting Allowances	6,740	4,800	1,940
B04	Personnel and Training	721100	Overseas Travel and Subsistence	16,217	5,000	11,216
B04	Personnel and Training	72111A	Leave Travel	1,626	1,500	126
B04	Personnel and Training	723450	TMD Charges	520	500	20
B04	Personnel and Training	72346A		2,646	400	2,246
B04	Personnel and Training	723510	Office Expenses	17,735	1,000	16,735
B04	Personnel and Training	723530	Computer Supply	5,650	1,000	4,650
B04	Personnel and Training	723540	Office Stationeries	3,064	3,000	64
B04	Personnel and Training	752110	Rent Subsidy	215,032	155,000	60,032
B04	Personnel and Training	782410	USP Reimbursement	11,535	10,000	1,535
<b>Legal Services</b>						
C01	Office of the Attorney General	711220	Allowance	548	0	548
C01	Office of the Attorney General	719200	TNPF Statutory	2,856	2,849	7
C01	Office of the Attorney General	721100	Overseas Travel & Subsistence	17,589	5,000	12,589
C01	Office of the Attorney General	723510	Office Expenses	1,247	1,000	247
C01	Office of the Attorney General	723540	Office Stationery	1,896	1,300	596
C02	People's Lawyer	723540	Office Stationery	3,091	1,000	2,091
C02	People's Lawyer	723910	Electricity	3,923	1,577	2,346
<b>Parliament</b>						
D01	Office of the Parliament	711120	Allowances	4,414	3,000	1,414
D01	Office of the Parliament	71121A	Parliamentarians Salaries	125,098	125,028	70

## NOTES TO THE FINANCIAL STATEMENTS

### STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM

Prepared in accordance with Public Finance Act s31 (xviii)

Government of Tuvalu for the Year Ended 31/12/2010

Budget Approved on the Cash Basis

				<u>2010</u>	<u>Final Budget</u>	<u>Excess of</u>
				<u>Actual</u>	<u>Provision as at</u>	<u>Expenditure</u>
<u>Head of Expenditure / Government Function</u>				<u>31/12/2010</u>	<u>over provision</u>	
D01	Office of the Parliament	711250	Parliamentarians Local Entertainment	11,856	3,500	8,356
D01	Office of the Parliament	719100	TNPF	5,655	5,404	251
D01	Office of the Parliament	71920A	MPs' TNPF	12,510	12,503	7
D01	Office of the Parliament	721100	Overseas Travel & Subsistence	15,048	7,000	8,048
D01	Office of the Parliament	721200	Statutory Travel Spouse	136,243	1,000	135,243
D01	Office of the Parliament	72120A	Speaker's Travel	53,491	15,000	38,491
D01	Office of the Parliament	721300	Telecom & Internet	1,539	1,200	339
D01	Office of the Parliament	722100	Office Maintenance	1,062	1,000	62
D01	Office of the Parliament	723220	Sessions & Committee Refreshm't	14,801	7,500	7,301
D01	Office of the Parliament	723320	Petrol & Oil	443	0	443
D01	Office of the Parliament	723510	Office Expenses	8,459	1,500	6,959
D01	Office of the Parliament	723540	Office Stationery	2,497	2,000	497
<b>Office of the Auditor General</b>						
E01	Office of the Auditor General	711220	Allowance	506	0	506
E01	Office of the Auditor General	719200	TNPF Statutory	2,636	2,629	8
E01	Office of the Auditor General	721100	Overseas Travel & Subsistence	14,580	11,000	3,580
E01	Office of the Auditor General	72110A	Local Travel & Subsistence	6,135	3,000	3,135
E01	Office of the Auditor General	722250	Equipment Maintenance	1,054	400	654
E01	Office of the Auditor General	723510	Office Expenses	4,054	1,000	3,054
<b>Finance and Economic Development</b>						
F01	Corp. Services - Finance	711120	Allowances	7,458	7,000	458
F01	Corp. Services - Finance	711210	Minister's Salary	31,078	30,196	882
F01	Corp. Services - Finance	711250	Local Entertainment	4,706	3,500	1,206
F01	Corp. Services - Finance	711280	Minister's Overseas Entertainment	2,663	2,500	163
F01	Corp. Services - Finance	712110	Housemaid Salary PF and Leave	47,630	4,338	43,292
F01	Corp. Services - Finance	719200	TNPF Statutory	3,108	3,020	88
F01	Corp. Services - Finance	721100	Overseas Travel & Subsistence	24,115	13,500	10,615
F01	Corp. Services - Finance	72120A	Minister's Travel	59,246	15,000	44,246
F01	Corp. Services - Finance	72120B	Statutory Travel Spouse	155	0	155
F01	Corp. Services - Finance	721300	Internet	980	600	380
F01	Corp. Services - Finance	723510	Office Expenses	1,871	900	971
F01	Corp. Services - Finance	723540	Office Stationery	8,623	1,000	7,623
F01	Corp. Services - Finance	72362A	Head of PERMU	24,609	0	24,609
F01	Corp. Services - Finance	723910	Government Outstanding Debts	4,828	0	4,828
F01	Corp. Services - Finance	762100		217,500	19,000	198,500
F01	Corp. Services - Finance	773210	Senior Citizens Scheme	663	0	663
F01	Corp. Services - Finance	796210	EIB Loan Service Fee	21,477	10,000	11,477
F02	Planning and Budget	723460	Budget Secretariat Expenses	13,508	2,910	10,598
F03	Central Statistics Division	721100	Overseas Travel & Subsistence	6,984	1,000	5,984
F03	Central Statistics Division	721300	Telecom & Internet	183	180	3
F03	Central Statistics Division	723510	Office Expenses	528	500	28
F04	Customs	712110	Casual Workers	381	0	381
F04	Customs	721100	Overseas Travel & Subsistence	3,360	2,000	1,360
F04	Customs	721300	Telecom & Internet	600	500	99
F04	Customs	72210A	Office Maintenance DSW	1,892	1,000	892
F04	Customs	723320	Petrol & Oil	2,494	1,500	994
F04	Customs	791220	Office Equipment	3,012	3,000	12
F05	Postal	723540	Office Stationery	3,544	1,500	2,044
F05	Postal	727050	Carriage of Mail	12,478	3,000	9,478
F05	Postal	762100	Overseas Contribution	23,865	21,500	2,365
F06	Treasury	711120		9,020	5,000	4,020
F06	Treasury	719100	TNPF	17,185	16,898	287
F06	Treasury	723100	Telecom & Internet	71	0	71
F06	Treasury	723510	Office Expenses	514	500	14
F06	Treasury	723530	Computer Supply	277	200	77
F06	Treasury	729990	Doubtful Debts Expense	145,241	300	144,941
F06	Treasury	742100	Bank Charge & Interests	191,137	50,000	141,137
F06	Treasury	742110	Foreign Exchange Cost	16,100	3,000	13,100
F07	Inland Revenue	721100	Overseas Travel & Subsistence	1,487	500	987
F07	Inland Revenue	721110	Leave Travel Entitlements	833	819	14
F07	Inland Revenue	723320	Petrol & Oil	252	0	252
F07	Inland Revenue	723510	Office Expenses	3,152	500	2,652
F07	Inland Revenue	723540	Office Stationery	1,403	800	603
F09	Industries	723510	Office Expenses	180	100	80
F09	Industries	723540	Office Stationery	387	100	287
F09	Industries	74210A	Support to Coconut produce	5,000	0	5,000
F09	Industries	78240A	Government Support to DBT	602,189	0	602,189
<b>Public Utilities</b>						
G02	Energy	711120		952	250	702

**NOTES TO THE FINANCIAL STATEMENTS**

**STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM**  
**Prepared in accordance with Public Finance Act s31 (xviii)**  
**Government of Tuvalu for the Year Ended 31/12/2010**  
**Budget Approved on the Cash Basis**

				<u>2010</u>	<u>Final Budget</u>	<u>Excess of</u>
<u>Head of Expenditure / Government Function</u>				<u>Actual</u>	<u>Provision as at</u>	<u>Expenditure</u>
					<u>31/12/2010</u>	<u>over provision</u>
G02	Energy	721300	Telecom & Internet	1,170	500	670
G02	Energy	723510	Office Expenses	231	200	31
G03	Public Works Department	711120		63,850	29,000	34,850
G03	Public Works Department	721100	Travel & Subsistence	7,646	5,000	2,646
G03	Public Works Department	72110A	Local Travel and Subsistence	3,471	2,000	1,471
G03	Public Works Department	721300	Telecom & Internet	5,493	4,500	993
G03	Public Works Department	722250	Equipment Maintenance	10,182	7,000	3,182
G03	Public Works Department	722300		11,500	10,000	1,500
G03	Public Works Department	722350	Civil Servant House Maintenanc	234,858	210,000	24,858
G03	Public Works Department	722500	Vehicle Maintenance	23,348	18,000	5,348
G03	Public Works Department	722650	Maintenance	22,969	22,000	969
G03	Public Works Department	723320	Petrol & Oil	25,946	25,000	946
G03	Public Works Department	723460		15,720	11,500	4,220
G03	Public Works Department	723510	Office Expenses	1,753	800	953
G03	Public Works Department	723540	Office Stationery	2,918	2,300	618
G03	Public Works Department	723750	Supplies	30,374	6,000	24,374
G03	Public Works Department	723760	Tools	1,121	1,000	121
G03	Public Works Department	723910	Electricity	40,517	35,649	4,868
G03	Public Works Department	726100	Contribution to Water Tanks Project	2,006	0	2,006
G03	Public Works Department	729040	Welding	3,259	3,000	259
G03	Public Works Department	791260	Materials	16,973	15,000	1,973
<b>Health</b>						
H01	Corporate Service - Health	711110	Salaries	87,053	74,260	12,793
H01	Corporate Service - Health	711120		9,824	7,607	2,218
H01	Corporate Service - Health	711210	Minister's Salary	30,982	30,196	786
H01	Corporate Service - Health	711250	Local Entertainment	4,105	3,500	605
H01	Corporate Service - Health	712110	Housemaid Salary & leave	5,223	4,092	1,131
H01	Corporate Service - Health	719100	TNPF	9,578	8,146	1,432
H01	Corporate Service - Health	719200	TNPF Statutory	3,120	3,020	100
H01	Corporate Service - Health	72120A	Minister's Travel	33,414	15,000	18,414
H01	Corporate Service - Health	722500	Vehicle Maintenance	1,661	1,500	161
H01	Corporate Service - Health	723120	Shipping & Transport Costs of Medic	83,700	75,423	8,277
H01	Corporate Service - Health	723320	Petrol & Oil	804	600	204
H01	Corporate Service - Health	723510	Office Expenses	1,583	676	907
H01	Corporate Service - Health	725040		2,200,796	2,082,750	118,046
H01	Corporate Service - Health	762100	Overseas Contribution	10,120	10,000	120
H01	Corporate Service - Health	782310		60,313	50,000	10,313
H02	Health Administration	712120	Cuban Doctors Maintenance Allowa	23,697	22,000	1,697
H02	Health Administration	712510	Cuban Doctors Travel Allowance	32,046	17,000	15,046
H02	Health Administration	71259A	Cuban Doctors Housing	95	0	95
H02	Health Administration	722500	Vehicle Maintenance	2,455	2,000	455
H02	Health Administration	723330	Petrol & Oil	6,305	6,000	305
H02	Health Administration	723510	Office Expenses	5,880	5,000	880
H02	Health Administration	791220	Office Equipment	4,517	1,000	3,517
H03	Curative	711110	Salaries	631,047	609,328	21,719
H03	Curative	721100	Overseas Travel & Subsistence	114	0	114
H03	Curative	72110A	Patients' Travel & Subsistence	315,722	278,750	36,971
H03	Curative	723210	Ration	79,116	75,000	4,116
H03	Curative	723750	Supplies	74,071	73,500	571
H03	Curative	725020		58,780	53,000	5,780
H03	Curative	726040	Uniforms	5,750	5,000	750
H03	Curative	791290	Kitchenware	6,052	5,000	1,052
H04	Preventative Primary and Health Services	723710	Cleaning Supplies	4,260	3,000	1,260
H04	Preventative Primary and Health Services	725030	Medical Linen	2,824	2,000	824
<b>Natural Resources</b>						
I01	MNRE Headquarters	711110	Salaries	69,177	63,296	5,881
I01	MNRE Headquarters	711250	Local Entertainment	8,084	3,500	4,584
I01	MNRE Headquarters	711280	Overseas Entertainment	2,555	2,500	55
I01	MNRE Headquarters	712110	Housemaid's Salary and Leave	6,133	4,611	1,522
I01	MNRE Headquarters	712130	Housemaids TNPF	613	565	48
I01	MNRE Headquarters	719100	TNPF	7,501	7,030	471
I01	MNRE Headquarters	721100	Overseas Travel & Subsistence	1,923	1,800	123
I01	MNRE Headquarters	72120A	Minister's Travel	21,826	15,000	6,826
I03	Fisheries	711120		6,790	6,500	290
I03	Fisheries	721300	Telecom & Internet	2,281	1,500	781
I03	Fisheries	722100	CFC Renovation	75,417	70,000	5,417
I03	Fisheries	722500		741	500	241
I03	Fisheries	723210	Manau Provision	6,682	6,000	682

## NOTES TO THE FINACIAL STATEMENTS

### STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM

Prepared in accordance with Public Finance Act s31 (xviii)

Government of Tuvalu for the Year Ended 31/12/2010

Budget Approved on the Cash Basis

				<u>2010</u>	<u>Final Budget</u>	<u>Excess of</u>	
<u>Head of Expenditure / Government Function</u>				<u>Actual</u>	<u>Provision as at</u>	<u>Expenditure</u>	
					<u>31/12/2010</u>	<u>over provision</u>	
103	Fisheries	723320	Petrol & Oil	4,408	1,000	3,408	
103	Fisheries	723510	Office Expenses	2,724	0	2,724	
103	Fisheries	724050	Data Collection Programme	4,421	3,500	921	
103	Fisheries	726100	Pearl Oyster	21,526	4,680	16,846	
103	Fisheries	782230	CFC Operation & Working	280,250	280,000	250	
103	Fisheries	791350	FADs Programmes	48,409	48,000	409	
104	Lands and Surveys	711220	Lands Court Sitting Allowances	82,981	57,024	25,957	
104	Lands and Surveys	721100	Overseas Travel & Subsistence	1,106	800	306	
104	Lands and Surveys	721120	Communication & Transport	2,010	2,000	10	
104	Lands and Surveys	722500	Vehicle Maintenance	480	300	180	
<b>Home Affairs</b>							
J01	Corporate Services - Home Affairs	711120	Allowances	4,819	4,500	319	
J01	Corporate Services - Home Affairs	711210	Minister's Salary	30,418	30,196	223	
J01	Corporate Services - Home Affairs	712110	Housemaid Salary	6,508	4,092	2,416	
J01	Corporate Services - Home Affairs	712130	Housemaid TNPF	651	409	242	
J01	Corporate Services - Home Affairs	719200	TNPF Statutory	3,042	3,020	22	
J01	Corporate Services - Home Affairs	721100	Overseas Travel & Subsistence	28,046	15,000	13,046	
J01	Corporate Services - Home Affairs	72120A	Minister Travel	30,494	15,000	15,494	
J01	Corporate Services - Home Affairs	72120B	Statutory Travel Spouse	4,050	0	4,050	
J01	Corporate Services - Home Affairs	723320	Petrol & Oil	1,279	1,000	279	
J01	Corporate Services - Home Affairs	723540	Office Stationeries	1,777	1,000	777	
J02	Department of Rural Development	711120		4,837	500	4,337	
J02	Department of Rural Development	721110	Leave Travel	2,762	2,154	608	
J02	Department of Rural Development	723510	Office Expenses	10,702	200	10,502	
J02	Department of Rural Development	723540	Office Stationery	402	400	2	
J02	Department of Rural Development	724040	Access to Lakena Plantation	20	0	20	
J02	Department of Rural Development	781250	Vivalia Reimbursement	55,000	15,000	40,000	
J02	Department of Rural Development	78125B	FTF Leaders Meeting	45,742	20,000	25,742	
J02	Department of Rural Development	782250	Falekaupule Act Grant	440,674	393,775	46,899	
J02	Department of Rural Development	782311	Contribution to Lofeagai chapel	20,000	10,000	10,000	
J02	Department of Rural Development	782390	Tied Grant	125,772	125,682	90	
J02	Department of Rural Development	782410	Outer Islands Projects	1,906,962	1,800,000	106,962	
J02	Department of Rural Development	79111C	Nanumea EKT Church Renovation	1,275	0	1,275	
J02	Department of Rural Development	79117B	Nui Kitchen Phase 3	12	0	12	
J03	Community Affairs	723510	Office Expenses	152	150	2	
J05	Culture	711110	Salaries	15,860	15,817	43	
J06	Immigration (Inactive)	711120	Allowances	2,332	1,000	1,332	
J06	Immigration (Inactive)	719100	TNPF	3,572	3,448	124	
J06	Immigration (Inactive)	762100	Overseas contribution PIDC	1,015	1,000	15	
<b>Police and Prison Services</b>							
K01	Police and Prison Services	711120		95,354	59,090	36,264	
K01	Police and Prison Services	719100	TNPF	70,910	70,507	403	
K01	Police and Prison Services	721100	Overseas Travel & Subsistence	3,124	3,000	124	
K01	Police and Prison Services	72110A	Local Travel & Subsistence	4,446	0	4,446	
K01	Police and Prison Services	721110	Leave travel	4,664	3,095	1,569	
K01	Police and Prison Services	721300	Telecom & Internet	5,619	5,588	31	
K01	Police and Prison Services	723110		6,485	4,400	2,085	
K01	Police and Prison Services	723320	Petrol & Oil	10,219	7,294	2,925	
K01	Police and Prison Services	723330	Vessel Fuel	31,659	30,000	1,659	
K01	Police and Prison Services	723540	Office Stationery	5,588	4,500	1,088	
K01	Police and Prison Services	726050	Ship & Workshop Expenses	3,513	2,900	612	
<b>Transport and Communications</b>							
L01	Corp. Services - Comm. and Trans	711110	Salaries	99,790	96,280	3,510	
L01	Corp. Services - Comm. and Trans	711120		17,113	15,344	1,769	
L01	Corp. Services - Comm. and Trans	711210	Minister's Salary	30,277	30,196	81	
L01	Corp. Services - Comm. and Trans	711250	Minister's Local Entertainment	4,269	3,500	769	
L01	Corp. Services - Comm. and Trans	712110	Housemaid's Salary PF & Leave	7,000	4,827	2,173	
L01	Corp. Services - Comm. and Trans	719100	TNPF	11,690	11,163	527	
L01	Corp. Services - Comm. and Trans	719200	TNPF Statutory	3,028	3,020	8	
L01	Corp. Services - Comm. and Trans	721100	Overseas Travel & Subsistence	23,216	9,800	13,416	
L01	Corp. Services - Comm. and Trans	721110	Leave Travel	2,745	2,051	693	
L01	Corp. Services - Comm. and Trans	72120A	Minister's Travel	51,752	15,000	36,752	
L01	Corp. Services - Comm. and Trans	723510	Office Expenses	124,878	2,000	122,878	
L01	Corp. Services - Comm. and Trans	723540	Office Stationery	11,507	2,200	9,307	
L01	Corp. Services - Comm. and Trans	781220	Purchase of Hanger	19,972	0	19,972	
L01	Corp. Services - Comm. and Trans	782400	Government Support to TTC	480,700	0	480,700	
L01	Corp. Services - Comm. and Trans	796130	Guarantee to Bank of Baroda Air Fiji	361,841	0	361,841	
L01	Corp. Services - Comm. and Trans	796140	Guarantee to Fiji Development Bank	290,858	0	290,858	
L02	Marine	711120		302,723	202,816	99,907	

**NOTES TO THE FINANCIAL STATEMENTS**

**STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM**  
**Prepared in accordance with Public Finance Act s31 (xviii)**  
**Government of Tuvalu for the Year Ended 31/12/2010**  
**Budget Approved on the Cash Basis**

				<u>2010</u>	<u>Final Budget</u>	<u>Excess of</u>
<u>Head of Expenditure / Government Function</u>				<u>Actual</u>	<u>Provision as at</u>	<u>Expenditure</u>
					<u>31/12/2010</u>	<u>over provision</u>
L02	Marine	712410	Stevedoring	388,574	110,000	278,573
L02	Marine	712900	Relieving Fund	41,466	30,000	11,466
L02	Marine	719100	TNPF	78,953	71,050	7,903
L02	Marine	722100	Building Maintenance	15,094	10,000	5,094
L02	Marine	722250	Equipment Maintenance	2,615	2,000	615
L02	Marine	722550	Maintenance	807,638	710,000	97,639
L02	Marine	723210	Victualling	269,195	235,000	34,195
L02	Marine	723320	Petrol & Oil	7,287	5,000	2,287
L02	Marine	723330	Vessel Fuel	1,430,083	1,200,000	230,083
L02	Marine	723510	Office Expenses	3,040	1,600	1,441
L02	Marine	723540	Office Stationery	2,460	2,100	360
L02	Marine	726040	Uniform	7,569	6,348	1,221
L02	Marine	726080	Vessel Canteen	15,750	13,000	2,750
L03	Aviation	711120		16,091	5,200	10,891
L03	Aviation	719100	TNPF	9,770	9,163	607
L03	Aviation	721100	Overseas Travel and Subsistence	3,883	3,000	883
L03	Aviation	723510	Office Expenses	7,569	1,500	6,069
L03	Aviation	723540	Office Stationery	2,654	1,100	1,554
L03	Aviation	723910	Electricity	9,983	6,703	3,280
L03	Aviation	791120	Fire & Security Equipment	61,778	0	61,778
L03	Aviation	791130	NDB & DME	142,121	85,360	56,761
L04	Information, Comm. and Technology	723530	Computer Supply	4,284	1,100	3,184
L04	Information, Comm. and Technology	762100		108,408	8,500	99,908
L04	Information, Comm. and Technology	791220	Satellite Link	167,236	100,000	67,236
L07	Meteorological Office	721110	Leave Travel Entitlements	1,522	1,500	22
L07	Meteorological Office	722100		7,404	4,500	2,904
L07	Meteorological Office	723510	Office Expenses	8,114	1,320	6,794
L07	Meteorological Office	723540	Office Stationery	852	750	102
L07	Meteorological Office	791220	Office Equipment	8,390	4,100	4,290
<b>Education, Youth and Sports</b>						
M02	Education Department	72110A	Local Travel & Subsistence	3,300	2,500	800
M02	Education Department	723540	Office Stationery	1,356	1,000	356
M02	Education Department	723830	Examination Admin	36,054	28,180	7,874
M02	Education Department	782370		33,147	32,000	1,147
M03	Primary Education	711110	Salaries	1,004,618	964,932	39,686
M03	Primary Education	711120		4,795	4,354	441
M03	Primary Education	712210	Contract Teachers	105,446	95,956	9,490
M03	Primary Education	712900	Relieving Teachers	48,235	19,000	29,235
M03	Primary Education	721300	Internet	11,899	10,800	1,099
M03	Primary Education	722250	Equipment Maintenance	1,300	500	800
M03	Primary Education	723050	School Radio Program	3,054	1,560	1,494
M03	Primary Education	723470	Child Convention	1,869	1,000	869
M03	Primary Education	723510	Office Expenses	243	100	143
M03	Primary Education	723560	Textbooks	51,691	30,000	21,691
M03	Primary Education	723710	Cleaning Supplies	1,000	500	500
M03	Primary Education	723750	School Supplies EU	45,399	35,000	10,399
M03	Primary Education	791130	Science Equipment	16,504	15,025	1,479
M04	EFA Secondary School	711120		30,260	27,434	2,826
M04	EFA Secondary School	712110	Casual Workers	5,577	4,500	1,077
M04	EFA Secondary School	72110B	Local Travel & Subsistence	6,880	4,000	2,880
M04	EFA Secondary School	722100		41,828	30,000	11,828
M04	EFA Secondary School	722500	Vehicle Maintenance	904	0	904
M04	EFA Secondary School	723210	Ration	420,268	400,000	20,268
M04	EFA Secondary School	723340	Gas/Kerosene Supplies	9,524	9,000	524
M04	EFA Secondary School	723750	Supplies	29,017	24,700	4,317
M04	EFA Secondary School	723910	Electricity	35,347	21,000	14,347
M04	EFA Secondary School	724020	School Farm Piggery	12,587	10,000	2,587
M04	EFA Secondary School	791220	Science Equipment	3,759	0	3,759
M04	EFA Secondary School	791320	Computer Laboratory	30,296	30,000	296
M05	Library	711110	Salaries	49,630	36,054	13,576
M05	Library	711120	Allowances	1,807	1,000	807
M05	Library	719100	TNPF	5,144	3,705	1,439
M05	Library	721100	Overseas Travel & Subsistence	1,126	200	926
M05	Library	722100	Office Maintenance	2,175	2,000	175
M05	Library	723510	Office Expenses	194	150	44
M06	Sports	721100		10,920	700	10,221
M07	Pre-service Scholarships	721100		3,741	3,600	141
M07	Pre-service Scholarships	723040	Fees Reimbursement	3,761	0	3,761
M07	Pre-service Scholarships	782510	Scholarship Students new award	376,386	300,649	75,737
M07	Pre-service Scholarships	782550	Scholarship Students AFP	159,648	129,200	30,448



**NOTES TO THE FINANCIAL STATEMENTS**

**STATEMENT OF UNAUTHORISED EXPENDITURE by SUB HEAD and ITEM**  
**Prepared in accordance with Public Finance Act s31 (xviii)**  
**Government of Tuvalu for the Year Ended 31/12/2010**  
**Budget Approved on the Cash Basis**

<u>Head of Expenditure / Government Function</u>				<u>2010</u>	<u>Final Budget</u>	<u>Excess of</u>
				<u>Actual</u>	<u>Provision as at</u>	<u>Expenditure</u>
					<u>31/12/2010</u>	<u>over provision</u>
M09	Early Childhood Care and Education	712120	Allowances Pre Sch salaries	60,123	0	60,123
<b>Judiciary</b>						
<b>Foreign Affairs, Trade, Tourism, Environment &amp; Labour</b>						
O01	MFAETLT Headquarter	721100		23,111	0	23,111
O02	Labour	711120		11,067	9,800	1,267
O02	Labour	721100		29,581	29,065	516
O02	Labour	72110A	Local Travel and Subsistence	560	400	160
O02	Labour	723530	Computer Supply	1,539	900	639
O03	Suva Mission	711110	Salaries	102,928	96,515	6,413
O03	Suva Mission	711120		12,483	11,161	1,322
O03	Suva Mission	711160	Overseas allowances	28,405	27,400	1,005
O03	Suva Mission	721100	Overseas Travel and Subsistence	54,262	20,000	34,262
O03	Suva Mission	722350	House Maintenance	31,118	14,500	16,618
O03	Suva Mission	722500	Vehicle Maintenance	58,956	14,000	44,956
O03	Suva Mission	723510	Office Expenses	16,041	9,000	7,041
O03	Suva Mission	723540	Office Stationeries	5,493	3,500	1,993
O03	Suva Mission	723740	Household Items	2,204	2,203	1
O04	Permanent Mission of Tuvalu to the UN	711140	Clothing Allowances	4,403	4,162	241
O04	Permanent Mission of Tuvalu to the UN	711160	Foreign Service Allowances	131,379	101,307	30,072
O04	Permanent Mission of Tuvalu to the UN	712110	Support Staff Salary	18,135	17,846	289
O04	Permanent Mission of Tuvalu to the UN	719100	TNPF	4,426	2,744	1,682
O04	Permanent Mission of Tuvalu to the UN	721100	Overseas Travel and Subsistence	9,222	5,000	4,222
O04	Permanent Mission of Tuvalu to the UN	721300	Telecom & Internet	7,018	7,000	18
O04	Permanent Mission of Tuvalu to the UN	723510	Office Expenses	5,060	0	5,060
O04	Permanent Mission of Tuvalu to the UN	781100	UN Accomodation	71,596	70,000	1,596
O04	Permanent Mission of Tuvalu to the UN	781200	Office Lease	34,250	33,515	735
O05	Brussels Mission	711120	Allowances	13,951	10,400	3,551
O05	Brussels Mission	711140	Clothing Allowance	7,144	5,340	1,804
O05	Brussels Mission	721100		70,199	37,563	32,636
O05	Brussels Mission	722500	Vehicle Maintenance	7,771	1,504	6,267
O05	Brussels Mission	723510	Office Expenses	3,806	3,000	806
O05	Brussels Mission	723740	Household Items	1,023	752	271
O05	Brussels Mission	725050	Health Insurance	21,532	10,642	10,890
O05	Brussels Mission	791220	Office Equipment	4,114	3,000	1,114
O06	Environment	711110	Salaries	38,718	38,615	103
O07	Tuvalu Consulate in Auckland	723510	Office Expenses	450	0	450
O07	Tuvalu Consulate in Auckland	781100		69,471	0	69,471
O08	Trade Office	711110	Salaries	11,687	5,838	5,849
O08	Trade Office	719100	TNPF	1,169	584	585
O08	Trade Office	721100	Overseas Travel and Subsistence	1,391	1,000	391