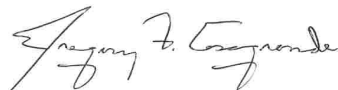


**SOUTH PACIFIC BUSINESS DEVELOPMENT FOUNDATION
BALANCE SHEET AS AT
31 DECEMBER 2001**

Page 2

ACCUMULATED FUNDS	Notes	2001 NZD (\$)	2000 NZD (\$)
Net loss from operations:			
1999		(38,058)	(38,058)
2000		(418,831)	(418,831)
2001		(353,420)	-
		<u>(810,309)</u>	<u>(456,889)</u>
Represented by:			
CURRENT ASSETS			
Cash on hand and at bank	2	42,872	93,069
Loans receivable	3	222,939	377,993
Other receivables	4	108,154	43,357
		<u>373,965</u>	<u>514,418</u>
CURRENT LIABILITIES			
Other creditors and accruals	5	15,131	4,976
Working Capital		358,834	509,442
FIXED ASSETS			
	6	72,122	116,437
TERM LIABILITIES/QUASI: EQUITY			
Soft Loans/Quasi Equity	7	1,241,265	1,082,768
		<u>(810,309)</u>	<u>(456,889)</u>

The above balance sheet is to be read in conjunction with the notes to accounts on pages 5 to 8.



Gregory F. Casagrande
PRESIDENT

7-Oct-02
Date

**SOUTH PACIFIC BUSINESS DEVELOPMENT FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR YEAR ENDING 31 DECEMBER 2001**

Page 3

	Notes	2001 \$NZD	2000 \$NZD
INCOME			
Interest from loans		162,586	103,422
Interest on bank accounts		3,180	2,789
Miscellaneous income		1,186	-
Gain on foreign exchange		-	1,608
		<u>166,953</u>	<u>107,818</u>
EXPENDITURE			
Bank charges		1,150	1,026
Collections		5,239	165
Communications		12,637	9,543
Depreciation	6	52,852	34,611
Doubtful debts		24,045	23,474
Insurance		3,177	1,634
Interest		79,376	38,928
Loss on assets		9,112	-
Office expense		4,215	6,078
Office rental		13,436	12,632
Other expenses		37,923	16,343
Printing and stationeries		10,642	6,536
Professional services		4,435	1,794
Public relations		12,254	9,186
Rental - Vehicle		-	21,068
Repairs and maintenance		20,611	8,342
Salaries and wages		109,457	118,806
Taxes and fees		776	1,111
Transportation		19,991	16,460
Travel		11,114	8,769
Loss on foreign exchange		21,720	-
		<u>454,162</u>	<u>336,507</u>
Excess of expenditures over income		(287,209)	(228,689)
Non-recurring item	8	(66,210)	(190,142)
Transfer to Accumulated Funds		<u>(353,420)</u>	<u>(418,831)</u>

The above statement of income and expenditure is to be read in conjunction with the notes to accounts on pages 5 to 8.

**SOUTH PACIFIC BUSINESS DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
31 DECEMBER 2001**

Page 4

	NZD \$ 2001	NZD \$ 2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Customers	510,249	369,507
Interest	119,641	79,799
Receipts from Suppliers and Employees	1,186	
Cash was applied to:		
Loans disbursement	(420,567)	(969,643)
Payments to suppliers and employees	(268,883)	(279,824)
Foreign Exchange Loss/Others	(12,354)	-
Net cash flows from operating activities	<u>(70,728)</u>	<u>(800,160)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(60,100)	(151,048)
	<u>(60,100)</u>	<u>(151,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Soft Loans/Quasi Equity Infusion	158,594	1,082,671
Interest paid on loans	(77,962)	(38,394)
Net cash flows from financing activities	<u>80,632</u>	<u>1,044,277</u>
NET INCREASE/ (DECREASE) IN CASH	(50,197)	93,069
OPENING CASH BALANCE	93,069	-
CLOSING CASH BALANCE	<u><u>42,872</u></u>	<u><u>93,069</u></u>
Represented by:		
Access Plus Account - ANZ Samoa Ltd	14,072	96,291
Checking Account - ANZ Samoa Ltd	1,545	(30,798)
Bank of New Zealand	5,417	26,461
Grameen Trust Account - ANZ Samoa Ltd	5,594	205
Petty Cash	2,347	352
Cash on Hand	13,334	558
Term Deposit	562	
	<u><u>42,872</u></u>	<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
Used 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 the average exchange rates for the quarter in which they occurred. Assets and liabilities in local currencies at balance date have been converted at rates ruling at that date, except for fixed assets. 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 second year since South Pacific Business Development (SPBD) started its operations.

2 CASH AND BANK BALANCES

	2001	2000
	\$	\$
ANZ Access account	14,072	96,291
ANZ Cheque account	1,545	(30,798)
BNZ	5,417	26,461
Grameen Trust account (ANZ)	5,594	205
Cash on hand	2,347	910
Term Deposit - ANZ	13,334	-
Petty Cash Imprest	562	-
	<u>42,872</u>	<u>93,069</u>