

# Financial Statements

PACER Plus Implementation Unit  
For the year ended 30 June 2026

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# Corporate Directory

## PACER Plus Implementation Unit For the year ended 30 June 2026

### Nature of Business

The Pacific Agreement on Closer Economic Relations (PACER) Plus is a non-profit organisation which establishes a landmark trade and development agreement that will raise living standards, create jobs and increase exports from Pacific Island countries, while also lowering barriers and providing greater certainty for businesses operating in the Pacific.

### Address and registered office

SIDS Manono Media Centre Tuanaimato  
Apia  
**Samoa**

### Business location

SIDS Manono Media Centre Tuanaimato  
Apia  
**Samoa**

### Joint Committee

Australia, Cook Islands, Kiribati, Niue, New Zealand, Samoa, Solomon Islands, Tonga, Tuvalu & Vanuatu

### Budget Committee

Australia, Cook Islands, Kiribati, Niue, New Zealand, Samoa, Solomon Islands, Tonga, Tuvalu & Vanuatu

### Banker

ANZ Bank (Samoa) Limited

# Joint Committee Statement

## PACER Plus Implementation Unit For the year ended 30 June 2026

The PACER Plus Joint Committee, established under Chapter 12 of the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) as the governing and decision-making body of the PACER Plus Implementation Unit, is pleased to present the financial statements for the year ended 30 June 2026.

In accordance with its responsibilities, the Joint Committee has reviewed and considered the financial statements and notes to the accounts.

### **In the opinion of the Joint Committee:**

- The financial statements have been drawn up so as to present fairly the financial position of PPIU as at 30 June 2026, and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS).
- The financial statements comply with the accounting policies adopted by the Joint Committee and with the requirements of applicable funding agreements.
- Proper accounting records have been maintained, and effective internal controls and risk management practices were in operation during the reporting period.
- The resources of PPIU have been applied in accordance with the objectives of the PACER Plus Agreement and the decisions of the Joint Committee.
- There are reasonable grounds to believe that PPIU will be able to meet its obligations as and when they fall due.

The Joint Committee has authorised the accompanying financial statements for issue on the date of their signing in 2026.

Signed by:

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**Mrs. Distaquaine Tu'ihalamaka**  
**Chief Executive Officer - Ministry of Commerce, Consumer, Trade, Innovation and Labour**  
**Chair of PACER Plus Joint Committee**

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**Dated**

# Statement of Financial Performance

## PACER Plus Implementation Unit

For the year ended 30 June 2026

|                                            | NOTES | 2026             | 2025             |
|--------------------------------------------|-------|------------------|------------------|
| <b>Income</b>                              |       |                  |                  |
| Grant from principal donors                | 5     | 5,148,717        | 6,793,134        |
| Host country support                       | 7     | 8,262            | 8,234            |
| Amortization income                        | 12    | 351              | 4,705            |
| Other income                               |       | 8,350            | 2,584            |
| <b>Total</b>                               |       | <b>5,165,680</b> | <b>6,808,657</b> |
| <b>Other income</b>                        |       |                  |                  |
| Interest income                            |       | 33,102           | 74,469           |
| <b>Expenditure</b>                         |       |                  |                  |
| Operating cost                             | 6     | 4,152,856        | 5,565,447        |
| Depreciation expense                       | 11    | 25,745           | 36,510           |
| Loss on disposal                           |       | -                | 395              |
| Host country support                       | 7     | 8,262            | 8,234            |
| Remuneration cost                          | 8     | 996,743          | 1,198,186        |
| <b>Total</b>                               |       | <b>5,183,605</b> | <b>6,808,772</b> |
| <b>Other expenses</b>                      |       |                  |                  |
| Foreign exchange loss                      | 9     | 39,598           | 26,774           |
| <b>Net surplus/ (deficit) for the year</b> |       | <b>(24,421)</b>  | <b>47,580</b>    |

The accompanying notes form part of these financial statements.

# Statement of Financial Position

## PACER Plus Implementation Unit

As at 30 June 2026

|                                    | NOTES | 2026             | 2025             |
|------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                      |       |                  |                  |
| <b>Current Assets</b>              |       |                  |                  |
| Cash at bank and on hand           | 10    | 4,049,232        | 1,983,936        |
| Other receivables and prepayment   |       | 3,024            | 14,073           |
| <b>Total Current Assets</b>        |       | <b>4,052,256</b> | <b>1,998,009</b> |
| <b>Non-Current Assets</b>          |       |                  |                  |
| Property and equipment             | 11    | 14,729           | 40,473           |
| <b>Total Non-Current Assets</b>    |       | <b>14,729</b>    | <b>40,473</b>    |
| <b>Total assets</b>                |       | <b>4,066,985</b> | <b>2,038,482</b> |
| <b>LIABILITIES</b>                 |       |                  |                  |
| <b>Current Liabilities</b>         |       |                  |                  |
| Trade payable                      |       | 7,980            | 87,874           |
| Deferred income liability - assets | 12    | -                | 350              |
| Deferred income - donor grants     | 13    | 3,994,993        | 1,861,825        |
| <b>Total Current Liabilities</b>   |       | <b>4,002,973</b> | <b>1,950,049</b> |
| <b>Total liabilities</b>           |       | <b>4,002,973</b> | <b>1,950,049</b> |
| <b>Net Assets</b>                  |       | <b>64,012</b>    | <b>88,433</b>    |
| <b>ACCUMULATED FUNDS</b>           |       |                  |                  |
| Balance at year end                |       | 64,012           | 88,433           |
| <b>Total accumulated funds</b>     |       | <b>64,012</b>    | <b>88,433</b>    |

Signed by:

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**Mrs. Distaquaine Tu'ihalamaka**  
Chief Executive Officer - Ministry of Commerce, Consumer,  
Trade, Innovation and Labour  
Chair of PACER Plus Joint Committee

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**Dr. Alisi Wenonahlita Kautoke**  
Head of the PACER Plus Implementation Unit

\_\_\_\_\_  
**Dated**

\_\_\_\_\_  
**Dated**

The accompanying notes form part of these financial statements.

# Statement of Changes in Accumulated funds

## PACER Plus Implementation Unit

For the year ended 30 June 2026

|                                      | 2026          | 2025          |
|--------------------------------------|---------------|---------------|
| <b>Accumulated funds</b>             |               |               |
| Opening balance of accumulated funds | 88,433        | 40,853        |
| Net surplus (deficit) for the year   | (24,421)      | 47,580        |
| <b>Total Accumulated funds</b>       | <b>64,012</b> | <b>88,433</b> |

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

## PACER Plus Implementation Unit For the year ended 30 June 2026

|                                                        | NOTES | 2026             | 2025               |
|--------------------------------------------------------|-------|------------------|--------------------|
| <b>Cash flows from operating activities</b>            |       |                  |                    |
| Net surplus                                            |       | (24,421)         | 47,580             |
| <b>Adjustments for:</b>                                |       |                  |                    |
| Amortization income                                    |       | (351)            | (4,705)            |
| Changes in account payable                             |       | (79,894)         | 34,550             |
| Changes in deferred income liability                   |       | 2,133,168        | (3,677,444)        |
| Changes in account receivable                          |       | (3,024)          | 650                |
| Changes in prepaid expenses                            |       | 14,072           | 34,104             |
| Depreciation of plant and equipment                    |       | 25,745           | 36,510             |
| Loss on fixed asset disposal                           |       | -                | 395                |
| <b>Total cash flows from operating activities</b>      |       | <b>2,065,296</b> | <b>(3,528,360)</b> |
|                                                        | NOTES | 2026             | 2025               |
| <b>Cash flows to investing activities</b>              |       |                  |                    |
| Acquisition of property and equipment                  |       | -                | (29,273)           |
| <b>Total cash flows for investing activities</b>       |       | <b>-</b>         | <b>(29,273)</b>    |
|                                                        | NOTES | 2026             | 2025               |
| <b>Net cash flows for the year</b>                     |       |                  |                    |
| Cash at bank and on hand at the beginning of the year  | 10    | 1,983,936        | 5,541,569          |
| Net decrease/ increase in cash flows                   | 10    | 2,065,296        | (3,557,633)        |
| <b>Cash at bank and on hand at the end of the year</b> |       | <b>4,049,232</b> | <b>1,983,936</b>   |

The accompanying notes form part of these financial statements

# Notes to the Financial Statements

## PACER Plus Implementation Unit For the year ended 30 June 2026

### 1. General

PACER Plus (i.e.: Pacific Agreement on Closer Economic Relations) was incorporated/established through Memorandum of Arrangement signed by the Parties (Australia, Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Vanuatu and Tuvalu) which came into force on 13 December 2020. The PACER Plus Implementation Unit (i.e.: PPIU) was set up in Samoa as a separate body corporate through Samoa's Diplomatic Privileges and Immunities Order date 21 July 2021 and a Memorandum with the Parties to the PACER Plus.

These financial statements are for the year ended 30 June 2026. The activities of PACER Plus prior to 1st November 2021 were performed by DT Global, an Australian based company, who is the Contracted Service Provider. The financial activities prior to 1 November 2021 are reported separately to the Joint Committee and do not form part of these financial statements.

The place of business is based at the SIDS Manono Media Centre Tuanaimato, Apia. Its primary activity is to develop agreement that will raise living standards, create jobs and increase exports from Pacific Island countries, while also lowering barriers and providing greater certainty for businesses operating in the Pacific.

### 2. Statement of compliance with IFRS

***New standards, interpretations and amendments that became effective during the financial year or issued and not yet effective.***

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

During the financial year ended 30 June 2026, there were no new standards or interpretations issued by the IASB that became effective and had a material impact on the financial statements of the PACER Plus Implementation Unit (PPIU). Furthermore, although certain new standards, interpretations and amendments have been issued but are not yet effective, management does not expect these to have a material impact on the financial statements of the PPIU.

The PPIU has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### 3. Statement of significant accounting policies

The financial statements are prepared on an accrual basis and under the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liability at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

#### a. Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard issued by the International Accounting Standards Board. They are presented in the AUD currency.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organization's accounting policies. Areas involving a higher degree of judgement or complexity with assumptions and estimations is disclosed in note 3.

## **b. Functional and presentation currency**

Items included in the financial statements are measured using the reporting currency and the functional currency as determined by the Joint Committee. The reporting and functional currency is the Australian dollar (i.e.: AUD) which has been determined based on currency of the funding that the PPIU receives from its donors i.e.: the contracts for grant income are denominated in Australian dollars. PPIU operates in Samoa and reports in AUD, therefore the financial statements are presented in AUD which the Implementation Unit's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the profit or loss. Monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Foreign exchange gains and losses that related to borrowings and cash equivalents are presented in profit or loss together with all other foreign exchange gains and losses and are presented in profit or loss at a net amount.

## **c. Accounting for contributions**

### *Income recognition*

Contributions and grants from donors, including unconditional promise for the use of the contributions, are recognized as income at the earlier of when there is reasonable assurance that the contributions will be received, or such contributions are received. Contributions, including conditional promise to support specified projects or activities mutually agreed upon by the Implementation Unit and the contributor, are fully recognized as income at the earlier of when there is reasonable assurance that the contributions will be received, or such contributions are received unless there is doubt that the Implementation Unit will not be able to use the contributions for their intended purposes, in which case the income is recognized only to the extent of the expenditures incurred during the year.

### *Contributions receivable*

The Implementation Unit recognizes contributions receivable where there is reasonable assurance that the contributions will be received but the cash has not been received. Contribution receivables are stated at their cost net of a provision for uncollectible contributions.

### *Deferred contribution income*

The Implementation Unit recognizes deferred contribution income where there is a doubt that the Implementation Unit will be able to use the contributions for intended purposes and any unused portion of the contribution received will need to be refunded to the contributor. The income recognition for such contributions is deferred to future periods in order to match the underlying related expenses. The income is realized in the statement of Income and Expenditure on a systematic basis in the period during which the underlying related expenses are incurred.

## **d. Financial instruments**

### **Financial assets**

#### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Implementation Unit becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

#### *Classification and initial measurement of financial assets*

All financial assets are initially measured at fair value, adjusted for transaction costs (where applicable). Financial assets are classified into the amortised cost category. The classification depends on the Implementation Unit's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Implementation Unit measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Income and Expenditure.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Implementation Unit's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### *Impairment*

The Implementation Unit assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Implementation Unit applies the simplified approach, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

### **Financial liabilities**

#### *Classification and measurement*

The Implementation Unit's financial liabilities trade, and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in Income and Expenditure are included within finance costs or finance income.

#### **e. Finance income and finance costs**

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### **f. Taxation**

Under Article 7 of the Host Agreement between the Government of Samoa and PACER Plus Implementation Unit signed on 9th September 2021, it stated that the Implementation Unit is exempt from taxes.

#### **g. Cash balances**

Cash and cash equivalents include cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed as a current liability in the statement of financial position. The cashflow from operating activities are disclosed using an indirect method in the cash flow statement.

#### **h. Receivables and other receivables**

All receivable balances are valued at their net realizable value, that is, the gross amount of receivable minus, if applicable, allowances provided for doubtful debts. Any receivable or portion of receivable judged to be uncollectable is written off. Write-offs of receivables are done via allowances for doubtful accounts after all efforts to collect have been exhausted.

#### **i. Payables**

Payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Australian Dollar using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

#### **j. Employee benefit obligations**

The Implementation Unit contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contributions. Obligations for contributions to the defined contribution plan are recognised immediately in statement of financial performance.

Liabilities for annual leave are accrued and recognised in the statement of financial position. Annual leave provisions are recorded at the undiscounted amount if expected to be settled within twelve months.

**k. Leases**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease liabilities are measured at amortised cost using the effective interest method.

PPIU has elected to apply the optional exemptions to not recognise right-of-use assets but to account for the office lease as an expense.

**l. Accumulated funds**

Accumulated funds represent the sum of the accumulated results arising from core activities during the year and are available for use based on the policies contained in the Financial Regulations for the Implementation Unit.

**m. Going Concern**

The going concern of the Implementation Unit is assured by the Joint Committee based on the grounds that the Implementation Unit will be able to pay its debts as and when they fall due.

**n. Property and equipment**

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line-method. The following rates are used for the depreciation of property and equipment

|                                |     |
|--------------------------------|-----|
| Computer equipment             | 50% |
| Motor vehicle                  | 25% |
| Office furniture and equipment | 25% |

**4. Critical accounting estimates and judgements**

The Implementation Unit makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. As at year end the Implementation Unit has no significant critical estimates or judgments.

|                                              | 2026             | 2025             |
|----------------------------------------------|------------------|------------------|
| <b>5. Grants from principal donors</b>       |                  |                  |
| Australian (DFAT) grant received             | 6,113,537        | 2,363,537        |
| New Zealand (MFAT) grant received            | 1,168,349        | 752,152          |
| Less Movement in Deferred income liability   | (2,133,169)      | 3,677,445        |
| <b>Total grants from donors for the year</b> | <b>5,148,717</b> | <b>6,793,134</b> |

The PACER Plus Implementation Unit (PPIU) is principally funded by the Governments of Australia and New Zealand ("Principal Donors") for the management and delivery of the PACER Plus Development and Economic Cooperation Work Programme and the operations of the Implementation Unit. Under the initial funding arrangement (Phase I), which supported implementation through 12 December 2025, the Government of Australia committed funding of AUD 18,017,685, following an amendment to its original commitment of AUD 15,700,000, while the Government of New Zealand committed NZD 7,000,000. Funding under this arrangement was received progressively through agreed instalments and was substantially acquitted during the financial year ended 30 June 2026.

Following the renewal of the PACER Plus Development and Economic Cooperation arrangements, a new Funding Arrangement (Phase II) was entered into between PPIU and the Governments of Australia and New Zealand in December 2025. The arrangement provides funding for the continued management and delivery of the Work Programme and Annual Plans through to 12 December 2030. Under the renewed arrangement, the Government of Australia has committed an indicative total contribution of up to AUD 23,200,000, while the Government of New Zealand has committed up to NZD 10,000,000.

During the financial year ended 30 June 2026, the first contributions under the renewed Funding Arrangement were received, comprising AUD 3,750,000 from the Government of Australia and NZD 500,000 from the Government of New Zealand, equivalent AUD 423,786. These funds are subject to the financial reporting and acquittal requirements of the renewed Funding Arrangement. Subsequent funding instalments are conditional upon, among other requirements, approval of the Annual Plan and satisfactory acquittal of previously received contributions.

|                             | 2026             | 2025             |
|-----------------------------|------------------|------------------|
| <b>6. Operating cost</b>    |                  |                  |
| Bank service charges        | 10,473           | 13,462           |
| CSP cost                    | -                | -                |
| PPIU activity cost          | 3,656,155        | 4,975,757        |
| Operational cost            | 268,677          | 289,392          |
| Personnel support cost      | 217,551          | 286,836          |
| <b>Total Operating cost</b> | <b>4,152,856</b> | <b>5,565,447</b> |
|                             | 2026             | 2025             |

#### 7. Host country support

|                                     |          |          |
|-------------------------------------|----------|----------|
| Office lease cost                   | 8,262    | 8,234    |
| Income recognised as a grant by SOS | (8,262)  | (8,234)  |
| <b>Net host country support</b>     | <b>-</b> | <b>-</b> |

Under the terms of the Host Agreement between the Government of Samoa and PACER Plus Implementation Unit signed on 9th September 2021, office lease costs are to the account of the Government of Samoa. As these costs are not payable, they are recognised in the financial statements in accordance with applicable reporting requirement.

|                                        | 2026           | 2025             |
|----------------------------------------|----------------|------------------|
| <b>8. Remuneration expenses</b>        |                |                  |
| Salaries of PPIU contracted personnel  | 879,151        | 1,084,886        |
| PPIU local personnel - statutory costs | 117,592        | 113,301          |
| <b>Total remuneration expenses</b>     | <b>996,743</b> | <b>1,198,186</b> |

Salaries of PPIU contracted personnel are recorded as part of remuneration expenses with the Head of the Secretariat.

|                                    | 2026          | 2025          |
|------------------------------------|---------------|---------------|
| <b>9. Foreign currency loss</b>    |               |               |
| Realized losses                    | (634)         | 229           |
| Unrealized losses                  | 40,232        | 26,545        |
| <b>Total foreign currency loss</b> | <b>39,598</b> | <b>26,774</b> |

|                                                  | 2026             | 2025             |
|--------------------------------------------------|------------------|------------------|
| <b>10. Cash at bank and on hand</b>              |                  |                  |
| <b>Cash at bank</b>                              |                  |                  |
| Cash at bank - foreign currency                  | 149,471          | 247,460          |
| Cash at bank - reporting and functional currency | 3,899,755        | 1,736,470        |
| <b>Total bank balances</b>                       | <b>4,049,226</b> | <b>1,983,930</b> |
| <b>Cash on hand</b>                              |                  |                  |
| Cash on hand                                     | 6                | 6                |
| <b>Total cash at bank and on hand</b>            | <b>4,049,232</b> | <b>1,983,936</b> |

Cash at bank in foreign currency accounts are in New Zealand dollars (NZD) and Samoan tala (WST). The balance in NZD as at 30 June 2026 is NZD 0.00 dollars and WST balance is WST 274,208.64 tala.

|                                                                 | 2026          | 2025          |
|-----------------------------------------------------------------|---------------|---------------|
| <b>11. Property and equipment</b>                               |               |               |
| <b>Computer equipment</b>                                       |               |               |
| Computer equipment                                              | 41,482        | 41,482        |
| Less Accumulated Depreciation on Computer equipment             | (34,883)      | (24,484)      |
| <b>Net book value</b>                                           | <b>6,599</b>  | <b>16,998</b> |
| <b>Office furniture and equipment</b>                           |               |               |
| Office furniture and equipment                                  | 73,466        | 73,466        |
| Less Accumulated Depreciation on Office furniture and equipment | (65,336)      | (55,653)      |
| <b>Net book value</b>                                           | <b>8,130</b>  | <b>17,813</b> |
| <b>Motor vehicle</b>                                            |               |               |
| Motor vehicle                                                   | 42,529        | 42,529        |
| Less Accumulated Depreciation on Motor vehicle                  | (42,529)      | (36,867)      |
| <b>Net book value</b>                                           | <b>-</b>      | <b>5,662</b>  |
| <b>Total net book value of property and equipment</b>           | <b>14,729</b> | <b>40,473</b> |
|                                                                 | 2026          | 2025          |

### Movement of property and equipment

|                                       |              |               |
|---------------------------------------|--------------|---------------|
| <b>Computer equipment</b>             |              |               |
| Opening net book value                | 16,998       | 8,509         |
| Additions                             | -            | 16,968        |
| Depreciation charge                   | (10,399)     | (8,130)       |
| Loss on disposal                      | -            | (349)         |
| <b>Closing net book value</b>         | <b>6,599</b> | <b>16,998</b> |
| <b>Office furniture and equipment</b> |              |               |
| Opening net book value                | 17,813       | 23,303        |
| Additions                             | -            | 12,304        |
| Depreciation charge                   | (9,683)      | (17,748)      |
| Loss on disposal                      | -            | (46)          |
| <b>Closing net book value</b>         | <b>8,130</b> | <b>17,813</b> |

|                                                       | 2026          | 2025          |
|-------------------------------------------------------|---------------|---------------|
| <b>Motor vehicle</b>                                  |               |               |
| Opening net book value                                | 5,662         | 16,294        |
| Depreciation charge                                   | (5,662)       | (10,632)      |
| <b>Closing net book value</b>                         | <b>-</b>      | <b>5,662</b>  |
| <b>Total net book value of property and equipment</b> | <b>14,729</b> | <b>40,473</b> |

|                                                | 2026          | 2025          |
|------------------------------------------------|---------------|---------------|
| <b>Depreciation expense</b>                    |               |               |
| Depreciation of Office Furniture and Equipment | 9,684         | 17,748        |
| Depreciation of Computer Equipment             | 10,399        | 8,130         |
| Depreciation of Motor Vehicle                  | 5,662         | 10,632        |
| <b>Total Depreciation expense</b>              | <b>25,745</b> | <b>36,510</b> |

|                                         | 2026          | 2025          |
|-----------------------------------------|---------------|---------------|
| <b>12. Deferred income - assets</b>     |               |               |
| <b>Cost of donated assets</b>           |               |               |
| Office furniture and equipment          | 16,487        | 18,639        |
| Computer equipment                      | 11,375        | 18,160        |
| Disposal adjustment                     | -             | (8,937)       |
| <b>Total cost of donated assets</b>     | <b>27,862</b> | <b>27,862</b> |
| <b>Accumulated amortization</b>         |               |               |
| Opening accumulated amortization        | 27,512        | 31,742        |
| Disposal adjustment                     | -             | (8,935)       |
| Amortization for the year               | 351           | 4,705         |
| <b>Closing accumulated amortization</b> | <b>27,862</b> | <b>27,512</b> |
| <b>Total deferred income - assets</b>   | <b>-</b>      | <b>350</b>    |

|                                             |                  |                  |
|---------------------------------------------|------------------|------------------|
| <b>13. Deferred income - donor grants</b>   |                  |                  |
| Opening balance                             | 1,861,825        | 5,539,269        |
| Australian (DFAT) grant received            | 6,113,537        | 2,363,537        |
| New Zealand (MFAT) grant received           | 1,168,349        | 752,152          |
| Less Grant utilization (Grant from donors)  | (5,148,717)      | (6,793,133)      |
| <b>Total deferred income - donor grants</b> | <b>3,994,993</b> | <b>1,861,825</b> |

#### 14. Key management remuneration

During the period ended 30 June 2026, the Head of Secretariat is identified as the key management personnel with the primary authority for planning, directing, and controlling the activities of the Implementation Unit.

|                                          | 2026           | 2025           |
|------------------------------------------|----------------|----------------|
| <b>Key management remuneration</b>       |                |                |
| Key management remuneration and benefits | 155,895        | 175,730        |
| <b>Total Key management remuneration</b> | <b>155,895</b> | <b>175,730</b> |

## 15. Financial risk management

Risk is inherent on the Secretariat's activities, and it is managed through a process of ongoing identification, measurement, and monitoring subject to risk limit and other controls. This process of risk management is critical to the Secretariat's stability and everyone within the Secretariat is accountable for the risk exposures relating to his or her responsibilities. The Joint Committee and the Budget Committee are responsible for the management of financial risk.

The Secretariat's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk as follows:

### *i) Foreign exchange risk*

The entity conducts certain transactions in foreign currencies, making it susceptible to foreign exchange rate fluctuations. Foreign exchange risk arises when financial assets and liabilities are denominated in a currency other than the entity's functional currency. However, the entity manages this risk internally, as it considers the impact on its financial results to be insignificant.

The carrying amount of the entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

|                                       | 2026             | 2025             |
|---------------------------------------|------------------|------------------|
| <b>Assets</b>                         |                  |                  |
| <b>Cash and cash equivalent</b>       |                  |                  |
| Australia dollar (AUD)                | 3,899,755        | 1,736,470        |
| New Zealand dollar (NZD)              | -                | 16,575           |
| Samoan tala (WST)                     | 149,471          | 230,884          |
| <b>Total Cash and cash equivalent</b> | <b>4,049,226</b> | <b>1,983,930</b> |
| <b>Accounts receivable</b>            |                  |                  |
| Australia dollar (AUD)                | 2,460            | -                |
| Samoan tala (WST)                     | 564              | -                |
| <b>Total Assets</b>                   | <b>4,052,250</b> | <b>1,983,930</b> |
| <b>Liabilities</b>                    |                  |                  |
| <b>Accounts payable</b>               |                  |                  |
| Australian dollar (AUD)               | 2,600            | 56,902           |
| Fijian dollar (FJD)                   | -                | 10,640           |
| New Zealand dollar (NZD)              | 4,075            | -                |
| Samoan tala (WST)                     | 1,047            | 20,332           |
| Solomon Island dollar (SBD)           | 258              | -                |
| Vanuatu vatu (VUV)                    | -                | -                |
| <b>Total Accounts payable</b>         | <b>7,980</b>     | <b>87,874</b>    |
| <b>Net asset</b>                      | <b>4,044,270</b> | <b>1,896,056</b> |

### *ii) Credit risk*

Receivables balances are monitored on an ongoing basis with the result that the Secretariat's exposure to bad debts is actively managed. Credit risk is managed by the Joint Committee and the Budget Committee. Credit risk arises from cash equivalents, as well as credit exposures including outstanding receivables.

### *iii) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash to meet present obligations. Management and the Budget Committee monitors rolling forecasts of the Secretariat's liquidity reserve, comprising of cash and cash equivalents on the basis of expected cash flow.

## **16. Going concern**

The financial statements have been prepared on a going concern basis. In making this assessment, Management has considered the Entity's current financial position and the continued funding available under the Joint Funding Arrangement with its principal donors for the PACER Plus Development and Economic Cooperation Work Programme.

Based on this assessment, Management considers that the Entity has adequate resources to continue its operations and meet its obligations as they fall due for the foreseeable future. Management has not identified any material uncertainties that may cast significant doubt on the Entity's ability to continue as a going concern.

## **17. Commitments and contingencies**

There are no capital commitments or contingencies as at 30 June 2026.

## **18. Events after the reporting period**

There are no events after the reporting that require adjustment or disclosures in these financial statements as at the time of approval of the financial statements.

## **19. Approval of financial statements**

These financial statements were approved by the Joint Committee and authorized for issue on the date the accounts were signed.

# Independent Auditor's Report

PACER Plus Implementation Unit

For the year ended 30 June 2026