



COMPILATION GUIDE

INTERNATIONAL INVESTMENT STATISTICS

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Preface

The Compilation Guide on International Investment Statistics aims to educate users of the data on how the International Investment Statistics are compiled by the Economic Statistics Division of the Fiji Islands Bureau of Statistics.

To all of you who have helped compile this publication, I extend to you my sincere gratitude.

Your comments and suggestions on the compilation guide are welcome.

T Bainimarama
Government Statistician

REPRODUCTION OF MATERIAL

Any table or material published in this report maybe reproduced and published with the Fiji Islands Bureau of Statistics' prior approval. However, the source of information should always be identified and acknowledged in all modes of presentation.

NOTES

1 Total values are subject to rounding errors.

2 Key to Abbreviations:

BOP	Balance of Payments
BR	Business Register
FIBOS	Fiji Islands Bureau of Statistics
FSIC 2004	Fiji Standard Industrial Classification 2004
FTIB	Fiji Trade and Investment Board
IIP	International Investment Position
IIS	International Investment Statistics
IISCL	International Investment Survey Company Listing
SII	Survey of International Investment

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1.0 INTRODUCTION

1.1 Overview

The International Investment Statistics (IIS) provides information on Fiji's international investment transactions and positions. It is compiled quarterly and is supplemented by an annual compilation.

1.2 Purpose

The main reason for the Fiji Islands Bureau of Statistics (FIBOS) compiling the IIS is to measure:

- Fiji's investment overseas (international assets)
- Foreign investment in Fiji (international liabilities)
- The income earned through investment ie profits, dividends and interest

1.3 Need for International Investment Statistics

There is wide demand for IIS. The major users are the FIBOS, the Reserve Bank of Fiji, the Government of Fiji and the International Monetary Fund. The IIS is not published on its own; it is instead used, along with other data, to compile Fiji's BOP (refer 3.1 under Results) and IIP (refer 3.2 under Results). The BOP and IIP assist in:

- **Debt Analysis/Monitoring:** Monitoring the extent of foreign debt and the cost of servicing this debt.
- **Economic Policy Formulation:** Evaluating various economic strategies, formulating policy advice and monitoring the economy's responses to policy initiatives.
- **Market Information:** Changes in levels of international investment, particularly levels of debt, are used by participants in financial markets (such as the foreign exchange markets), in conjunction with other indicators, as pointers to the general health of the economy.
- **General Economic Research:** Economic forecasting, econometric modelling, academic research, and media articles on economic developments.

2.0 METHODOLOGY

Getting hold of timely and accurate International Investment data may at times prove difficult, more so when information is sought on a quarterly basis instead of annually, in which case data can easily be extracted from the financial accounts.

International Investment data are sourced from the Survey of International Investment (SII) which is a mail enquiry conducted every quarter and which is supplemented by an annual mail enquiry.

2.1 Legal Basis

The SII is conducted under the provisions of the Statistics Act 1961 (Cap 71). This Act protects the confidentiality of the information submitted to FIBOS by the companies and stipulates the completion of the questionnaire as well.

2.2 Scope

The SII extends to:

- those businesses located in Fiji that are partly or wholly foreign owned
- branches of Fiji businesses located overseas
- those Fiji businesses that have ownership interests in businesses located overseas
- Fiji businesses that have financial asset and liability positions with residents abroad.

2.3 Coverage

As a basic rule of thumb, businesses with a total shareholders equity value greater than or equal to \$500,000 are surveyed every quarter. Those businesses with less than \$500,000 shareholders equity are only surveyed annually ie once a year since empirical evidence suggests that smaller companies are less likely to engage in international investment activity every quarter. It is nevertheless possible that some small units are omitted due to difficulties in identifying them, but the nature of such units will not affect the overall results in any significant way.

2.4 Statistical Unit

The unit of reporting is the enterprise. The enterprise, as a statistical unit, is defined as an institutional unit or combination of units that controls all necessary functions to carry out its production activities, and for which consolidated financial and balance sheet accounts are maintained.

2.5 Frame

The frame used for surveying the businesses engaged in international investment activity is a list of businesses maintained by the FIBOS. This list is known as the SII Company Listing (SIICL) which is sourced from the Business Register (BR), FIBOS' mainframe list of all registered/licensed businesses operating in Fiji. FIBOS keeps the BR, and as a consequence the SIICL, updated (refer 2.5.1 for exception) on the basis of information supplied by the Fiji Trade and Investment Board (FTIB), Registrar of Companies, Fiji Islands Revenue and Customs Authority, Fiji National Provident Fund and the City and Town Councils.

2.5.1 Introducing New Companies to the SIICL

SII personnel liaise with FTIB on a regular basis to get a list of new businesses entering into operation. The companies in the list are then sent exploratory surveys (refer Appendix III) which gathers information on the size and nature of the business and most importantly whether it engages in any form of international investment activity. Short-listed companies are then added to the SIICL, and eventually the BR.

2.6 Questionnaire Design

A common questionnaire (refer Appendix I) is used for surveying companies engaged in international investment activity. It calls for information on foreign shareholders, claims in enterprises overseas, funds borrowed from and lent to non-residents and trade credit issued (export credit) and received (import credit).

2.7 Data Collection and Survey Procedures

The SII questionnaires together with a Survey Guide (refer Appendix II) and pre-paid envelopes are posted a week after the end of the quarter being surveyed. Replies are required within thirty days. Response by the due date is generally low to medium; therefore a reminder is issued allowing further 14 days to respond. A minimum response rate of 80 per cent is required for publication each quarter. Rating-up is then carried out afterwards to account for non-responding companies. For companies in the annual survey, a response of 80 per cent is also required before any rating-up is attempted. Telephone calls are made to follow-up companies, which do not respond after being reminded. In extreme cases, personal visits to obtain the questionnaires are made to those companies that do not respond in spite of the telephone calls and to those companies that require assistance in filling out the questionnaire. The visits are usually done over a two week period. One week is set aside for visiting companies in the Western Division while the other week concentrates getting responses from companies in the Central area.

2.8 Data Verification

Once the questionnaires are received in the office, scrutiny and editing of the data contained in them follows. Errors and omissions, if found, call for more correspondence, telephone calls or personal visits in an attempt to obtain complete and correctly filled up returns which are then placed in files sorted by activity and passed on for data entry.

2.9 Data Processing

Survey data are entered into a pre-set Data Entry Microsoft Excel spreadsheet. The Data Entry sheet is designed so that each section of the survey corresponds to a particular worksheet. For example, data from Section 1, Part B of the SII questionnaire "*Borrowing from non-residents*" is entered into Worksheet 6 "Shareholder Borrowing" and Worksheet 7 "Other Borrowing".

To enter the data, companies are first sorted by industry as per the Fiji Standard Industrial Classification 2004 (FSIC 2004) eg Banks, Insurance, Hotels etc. The industries are then further sorted into groups according to the company's equity size. The totals for each group and sub-group are automatically calculated in tables at the bottom of each respective spreadsheet. These totals will change after the rating-up for non-response is carried out.

The Data Entry Microsoft Excel spreadsheet contains names of all businesses in the SIICL and new companies can easily be inserted.

2.10 Reference Period

The companies contacted are requested to submit details for the quarter or year being surveyed. There are four quarters in a year: Quarter 1 ended 31st March, Quarter 2 ended 30th June, Quarter 3 ended 30th September and Quarter 4 ended 31st December.

For the annual surveys, the reference period is from 1st January to 31st December of the same year.

2.11 Non-responding Companies

In terms of the number of companies, the survey generally has a response rate somewhere around 60-65 per cent. Since all significant companies with sizeable turnover respond, in terms of value, the response easily crosses 80 per cent, which is the minimum response rate required before publication. To account for the operations of the non-responding companies, data are rated-up.

2.12 Non-response rate-up

In order to cater for the activities of companies that do not send in their SII responses, a rating up is carried out. FIBOS uses a *Three-Year-Averaging* rate-up method that simply calculates a 3 year average (figures from the same quarter in the last three years) for the non-responsive companies' transaction figures and valuation changes and uses them in the current quarter. The Opening Balances are carried forward from the previous quarters Closing Balances, and the current quarters Closing Balance is calculated using the Opening Balance and the estimated transaction and valuation figures. Of the three methods of conducting a Rate Up available to FIBOS, (refer Appendix IV) the above method has been assessed to give the most logical information.

Note: One-off transactions are not rated-up but only their opening balance, which because transactions and valuation changes are not rated-up, also equates to the closing balance, is considered.

Sometimes the questionnaires are received after the data has been released using rated-up numbers. In such cases, if the transactions are significant, data would be revised and released immediately (since the companies that do not respond are small an immediate revision has never been done), but if the transactions are not significant, revisions will be released with the next quarter's release.

2.13 Data Dissemination

An Advance Release Calendar posted on the FIBOS' Website gives information on the date the data are going to be released. Data are disseminated via:

- *Press Releases:*
 - BOP Quarterly & Annual press release
 - IIP Annual press releases
- *Website:* The same data that is released to the media is posted to the FIBOS Website www.statsfiji.gov.fj on the first working day of every quarter.
- *Key Statistics:* This is a quarterly publication of the FIBOS and includes a collection of data releases that was posted on the FIBOS website.
- *Email:* Data is sent in Portable Document Format (PDF) format on request by users.

3.0 RESULTS

The IIS are used for the compilation of the BOP and the IIP.

3.1 Balance of Payments

The BOP measures the payment flows between any individual country (in this case Fiji) and all the other countries (in this case the rest of the world). It is made up of three main accounts; the Current Account, the Capital Account and the Financial Account; which systematically summarise all international economic transactions for Fiji for a specific period. The BOP is determined by Fiji's exports and imports of goods, services and income and reflects all payments and liabilities to foreigners (debit) and all payments and obligations received from abroad (credits).

The shaded rows in Tables 3.1 and 3.2 below show where in the BOP compilation the international investment data are used:

- The entries in the financial account record the purchase and sale of domestic and foreign assets. These assets are divided into Foreign Direct Investment, Portfolio investment (trade in stocks and bonds) and other investment (transactions in currency and bank deposits). If foreign ownership of domestic assets has increased more than domestic ownership of foreign assets in a given year then the domestic country would have a financial account surplus, but if domestic ownership of foreign assets has increased more than the foreign ownership of domestic assets then the domestic country would have a financial account deficit.
- The entries in the income account record income earned through employment and investment ie profits, dividends and interest.

Table 1: Quarterly Balance of Payments (\$M)

	2005[p]				2006[p]			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Fiji's Current Account Summary								
Balance on Current Account	-117.9	-155.4	-127.0	-240.1	-231.6	-316.4	-325.0	-285.9
Balance on Goods	-202.0	-312.8	-345.2	-431.5	-359.1	-449.8	-421.6	-376.7
Exports (FOB)	295.5	301.5	316.7	266.3	255.5	234.6	389.0	352.4
Imports (FOB)	497.5	614.3	661.9	697.8	614.6	684.4	810.6	729.1
Balances on Services	104.4	112.4	156.6	105.5	100.9	89.7	121.5	75.8
Exports of services	296.5	323.6	400.7	342.3	327.2	305.0	377.6	317.0
Imports of services	192.1	211.2	244.1	236.8	226.3	215.3	256.1	241.2
Balance on Income	-22.7	3.8	-15.4	-12.4	-2.2	-10.9	-71.2	-35.1
Income from non-residents	43.8	38.6	27.7	25.9	27.3	26.5	35.3	25.5
Income to non-residents	66.5	34.8	43.1	38.3	29.5	37.4	106.5	60.6
Balance on Current Transfers	2.4	41.2	77.0	98.3	28.8	54.6	46.3	50.1
Inflow of current transfers	29.4	76.4	113.3	139.3	68.5	95.6	86.0	82.5
Outflow of current transfers	27.0	35.2	36.3	41.0	39.7	41.0	39.7	32.4
Fiji's Capital Account Summary								
Balance on Capital Account	0.7	-3.3	-18.2	-9.3	-8.1	-1.5	-1.5	1.4
Capital transfers inflow	13.3	15.8	13.4	13.7	13.9	13.6	14.3	15.8
Capital transfers outflow	12.6	19.1	31.6	23.0	22.0	15.1	15.8	14.4
Fiji's Financial Account Summary								
Balance on Financial Account	-28.5	32.6	142.7	105.9	93.7	159.9	150.4	74.6
Fiji Investment Abroad	-76.0	20.8	52.9	-14.8	-61.3	101.7	9.2	-8.6
Direct investment	-0.3	-9.6	-4.5	-3.1	-0.3	-0.3	-0.1	-0.3
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	-75.7	30.4	57.4	-11.7	-61.0	102.0	9.3	-8.3
Foreign Investment in Fiji	-17.9	23.2	37.2	4.1	126.5	-87.8	310.5	145.9
Direct investment	18.9	-1.8	-9.9	-15.0	44.3	25.4	77.7	47.8
Portfolio investment	0.3	0.3	-0.1	1.0	0.0	0.0	254.9	0.0
Other investment	-37.1	24.7	47.2	18.1	82.2	-113.2	-22.1	98.1
Reserve assets	65.4	-11.4	52.6	116.6	28.5	146.0	-169.3	-62.7
Net Errors and Omissions								
Net Errors and Omissions	145.7	126.1	2.5	143.5	146.0	158.0	176.1	209.9

Notes:

1. These tables are presented in general accordance with principles laid down by the International Monetary Fund, in the fifth edition of the Balance of Payments Manual.
2. Data may not sum to stated totals due to rounding.
3. FOB - free on board
4. Net Errors and Omissions = Sum of all Credit and Debit entries (and reverse the sign)

3.2 International Investment Position

Fiji's IIP is a financial statement setting out the value and composition of Fiji's external financial assets and liabilities. The position at the end of a specific period reflects financial transactions and other changes in the levels of these assets and liabilities that occurred during the period. The difference between Fiji's external financial assets and liabilities is the Net International Investment Position (NIIP).

IIP data is sourced directly from the IIS. Before doing the Balance Sheet (refer Table 3 below) data are reconciled using a Reconciliation Statement.

Table 2: International Assets and Liabilities Statement For The Year Ended 31 December 2005 (\$M)

	2000	2001	2002	2003	2004	2005[p]
FJI'S INTERNATIONAL ASSETS						
Equity Assets	76.2	74.6	87.1	70.2	72.2	90.2
Loans and other	-230.9	-133.3	-208.9	-228.3	-133.0	-259.6
Reserve Assets	1,039.0	994.4	902.1	943.6	1,045.7	822.3
Total International Assets	884.3	935.7	780.3	785.5	984.9	652.9
FJI'S INTERNATIONAL LIABILITIES						
Equity liabilities	848.6	624.3	461.8	490.7	544.3	507.7
Borrowings	1,527.0	1,126.7	1,186.8	1,247.6	1,091.5	1,142.5
Total International liabilities	2,375.6	1,751.0	1,648.6	1,738.3	1,635.8	1,650.2
FJI'S NET INTERNATIONAL INVESTMENT POSITION						
Net Equity Position	266.6	444.7	527.4	523.1	573.6	404.8
Net Overseas Debt Position	-1,757.9	-1,260.0	-1,395.7	-1,475.9	-1,224.5	-1,402.1
Net International Investment Position	-1,491.3	-815.3	-868.3	-952.8	-650.9	-997.3

* A positive figure denotes a net increase in assets over liabilities, a negative sign denotes a net decrease. The sign convention differs from that used in Balance of Payments statistics.

These tables are prepared on a balance sheet basis

APPENDIX I – SURVEY OF INTERNATIONAL INVESTMENT QUESTIONNAIRE



SURVEY OF INTERNATIONAL INVESTMENT

QUARTER 1: (_____) 200_

CONFIDENTIAL

DESPATCHED: _____

Please correct any errors in this label.

Dear Sir\Madam,

Enclosed are two copies of the questionnaire on International Investment and a Survey Guide to help you with your response.

PURPOSE: The survey collects information from enterprises on the foreign financial assets and liabilities of Fiji residents and associated income transactions. The survey of International Investment is used in the compilation of Fiji's balance of payments and international investment position.

DUE DATE: Please return the completed form in the postage-paid envelope by _____.

COLLECTION AUTHORITY: The information asked for is collected under the authority of the Statistics Act 1961(Cap 71). In accordance with Section 8 subsection 2 of this Act you are required to fill in one copy of the questionnaire and return it to the undersigned by the due date stated. Failure to meet this deadline could result in legal action without further notice.

CONFIDENTIALITY OF INFORMATION: Your completed form remains confidential to the Fiji Islands Bureau of Statistics.

HELP AVAILABLE: If you have problems completing this form, or feel you may have difficulties in meeting the due date, please contact the Fiji Islands Bureau of Statistics by:

Contact

Telephone

Mail

The Fiji Islands Bureau of Statistics
Balance of Payments Unit
P O Box 2221
Government Buildings
Suva

Facsimile

3 303 656

T Bainimarama

Government Statistician

Please read this first

- All definitions and treatments used in this form are complex. An annex designed to assist providers in the completion of this questionnaire therefore is provided.
- If exact figures are not available, please provide careful estimates.
- If sufficient space is not provided, please include full details in a separate attachment.
- Please report all monetary values in Fijian dollars.

Note

Not all of the questions in this form will apply to the activities of your enterprise group. It is suggested that you use the following table of contents to determine which question you should answer. The note reference eg *see Note A1* are located in the annex to this form.

Section 1 – Equity and Other Liabilities to non-residents		Page
Part A	Equity in and profit of Fijian enterprise	_____
Part B	Borrowing from non-residents	_____
Part C	Trade credits and other liabilities to non-residents	_____
Section 2 – Claims on non-residents		
Part D	Equity held in non-resident enterprise	_____
Part E	Lending to non-residents	_____
Part F	Trade credit extended and other claims on non-residents	_____
Section 3 – Supplementary information		_____
Annex	Explanatory notes to assist in the completion of the form	_____

Section 1 – Equity and Other Liabilities to non-residents

Part A. Equity in and profit of Fijian enterprise

1a Direct investment equity held by non-residents in Fijian enterprise – see Note A1

Note: Report the direct investment equity that is held by your direct investment groups abroad (*see Note 2.4*) separately from direct investment equity held by Other non-resident direct investors.

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER				Closing position at 31-03-__ (1+2-3+4+5=6)	Dividends or remitted profits
		Transactions <i>see Note 2.8</i>		Valuation and other changes			
		Increases in liabilities	Decreases in liabilities	Market price changes	Other changes		
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note A3</i>	<i>see Note A3</i>	<i>see Note 2.9</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.12 & 2.13</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
F\$							
Direct investors: (non-residents holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise in your group).							
Direct investment groups abroad: (your non-resident subsidiaries, associates and branches holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise).							
Total - question 1a							

<i>Note: If data are reported in question 1a, then complete questions 1b and c, otherwise go to question 2</i>							

1b Consolidated profit and total equity held by residents and non-residents in Fijian enterprise – see Notes A1 and A4

<i>Market value of total equity capital on issue/net equity at the end of the quarter see Note A2 (1)</i>	<i>Consolidated operating profit or loss before tax at the end of the quarter see Note A4 (2)</i>	<i>Tax payable on income earned during the quarter see Note A5 (3)</i>	<i>Dividends or remitted profits during the quarter see Note 2.12 & 2.13 (4)</i>
F\$ <input type="text"/>	F\$ <input type="text"/>	F\$ <input type="text"/>	F\$ <input type="text"/>

1c Please tick the method of market valuation used in questions 1a and 1b.

Listed price	<input type="checkbox"/>	Directors' valuation	<input type="checkbox"/>
Recent transaction price	<input type="checkbox"/>	Net asset valuation	<input type="checkbox"/>

2 Other equity held by non-residents in Fijian enterprise – see Note A1

Note: Other equity held by non-residents refers to shareholdings of less than 10% of the equity in the Fijian enterprise.

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER				Closing position at 31-03-__ (1+2-3+4+5=6)	Dividends or remitted profits
		Transactions <i>see Note 2.8</i>		Valuation and other changes			
		Increases in liabilities	Decreases in liabilities	Market price changes	Other changes		
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note A3</i>	<i>see Note A3</i>	<i>see Note 2.9</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.12 & 2.13</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
F\$							
Direct investment groups abroad: (equity of less than 10% held by your non-resident subsidiaries, associates and branches in the Fijian enterprise)							
Other non-resident investors: (non-residents holding less than 10% of the ordinary shares or voting stock of your Fijian enterprise).							
Total - question 2							

Part B. Borrowing from non-residents

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER				Closing position at 31-03-__ (1+2-3+4+5=6)	Dividends or remitted profits
		Transactions <i>see Note 2.8</i>		Valuation and other changes			
		Increases in liabilities	Decreases in liabilities	Exchange rate variations	Other changes		
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note B2</i>	<i>see Note B3</i>	<i>see Note 2.10</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.15</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
F\$							
Direct investors: (non-residents holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise in your group)							
Direct investment groups abroad: (your non-resident subsidiaries, associates and branches holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise).							
Other non-resident counterparties:							
Total							
Of which:							
Derivatives (<i>see Note B1</i>)							
Loans:							
long term							
short term							

Part C. Trade credits and other liabilities to non-residents

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER				Closing position at 31-03-__ (1+2-3+4+5=6)	Dividends or remitted profits
		Transactions <i>see Note 2.8</i>		Valuation and other changes			
		Increases in liabilities	Decreases in liabilities	Exchange rate variations	Other changes		
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note C1</i>	<i>see Note C2</i>	<i>see Note 2.10</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.15</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
F\$							
Direct investors: (non-residents holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise in your group)							
Direct investment groups abroad: (your non-resident subsidiaries, associates and branches holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise).							
Other non-resident counterparties:							

Total							
Of which:							
Derivatives (see Note B1)							
Loans:							
long term							
short term							

Section 2 – Claims on non-residents

Part D. Equity held in non-resident enterprise

1a Equity held by Fijian enterprise groups in your non-resident direct investors – see Note D1

Note: Question 1a should only be completed if you have reciprocal ownership interests in your non-resident direct investors. If not please go to question 2.

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER					Closing position at 31-03-__ (1+2-3+4+6=7)	Dividends or remitted profits	After tax operating profit attributable on your direct investment
		Transactions <i>see Note 2.8</i>		Valuation and other changes					
		Increases in assets	Decreases in assets	Market price changes	Exchange rate variations	Other changes			
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note D2</i>	<i>see Note D2</i>	<i>see Note 2.9</i>	<i>see Note 2.10</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.12 & 2.13</i>	<i>see Note D3</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
					F\$				
Where your shareholding is: Less than 10%									
10% or more: (ie direct investment groups abroad - your non-resident subsidiaries, associates and branches).									
Total - question 1a									

2 Other equity held by your Fijian enterprise group in non-resident enterprises – see Note D4

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER					Closing position at 31-03-__ (1+2-3+4+6=7)	Dividends or remitted profits	After tax operating profit attributable on your direct investment
		Transactions <i>see Note 2.8</i>		Valuation and other changes					
		Increases in assets	Decreases in assets	Market price changes	Exchange rate variations	Other changes			
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note D2</i>	<i>see Note D2</i>	<i>see Note 2.9</i>	<i>see Note 2.10</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.12 & 2.13</i>	<i>see Note D3</i>
	1	2	3	4	5	6	7	8	9
	F\$	F\$	F\$	F\$	F\$	F\$	F\$	F\$	F\$
Direct investment groups abroad: (your non-resident subsidiaries, associates and branches).									
Other non-resident counterparties: (unrelated non-resident enterprisers in which your Fijian enterprise group holds less than 10 per cent of the ordinary shares or voting rights)..									
Total - question 2									

1c Please tick the method of market valuation used in questions 1a and 1b.

Listed price	<input type="checkbox"/>	Directors' valuation	<input type="checkbox"/>
Recent transaction price	<input type="checkbox"/>	Net asset valuation	<input type="checkbox"/>

Part E. Lending to non-residents

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER				Closing position at 31-03-__ (1+2-3+4+5=6)	Interest receivable
		Transactions <i>see Note 2.8</i>		Valuation and other changes			
		Increases in liabilities	Decreases in liabilities	Market price changes	Other changes		
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note E1</i>	<i>see Note E2</i>	<i>see Note 2.10</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.15</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				F\$			
Direct investors: (non-residents holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise in your group)							
Direct investment groups abroad: (your non-resident subsidiaries, associates and branches holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise).							
Other non-resident counterparties:							
Total							

Of which:							
Derivatives							
Loans:							
long term							
short term							

Part F. Trade credit extended and other claims on non-residents (see Note F1)

Country of non-resident Investor	Opening position at 01-01-__	CHANGE IN POSITION DURING QUARTER				Closing position at 31-03-__ (1+2-3+4+5=6)	Interest receivable
		Transactions <i>see Note 2.8</i>		Valuation and other changes			
		Claims acquired	Payments received	Exchange gains and losses	Other changes		
<i>see Note 2.6</i>	<i>see Note 2.7</i>	<i>see Note C1</i>	<i>see Note C2</i>	<i>see Note 2.10</i>	<i>see Note 2.11</i>	<i>see Note 2.7</i>	<i>see Note 2.15</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
F\$							
Direct investors: (non-residents holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise in your group)							
Direct investment groups abroad: (your non-resident subsidiaries, associates and branches holding 10% or more of the ordinary shares or voting stock of any Fijian enterprise).							
Other non-resident counterparties:							
Total							
Of which:							
Loans (see note F2):							
long term							
short term							

Section 3 – Supplementary information

Comments: Please provide comments on any of the information you have supplied on this form.

--

Person we should contact if any queries arise regarding this form:

Signature _____ Name: _____
 Telephone No: _____ Facsimile No _____
 Email contact _____ Date: _____

Thank you for completing this form

Explanatory notes to assist in the completion of the form

2.1 A **Fijian enterprise group** consists of a Fiji parent enterprise, its Fiji branches and its Fiji subsidiaries as defined by the law.

2.2 Residents and non-residents

A **resident** is an individual, enterprise, or other organisation ordinarily domiciled in Fiji. Fiji registered branches and incorporated subsidiaries of foreign enterprises are regarded as Fiji residents

A **non-resident** is an individual, enterprise, or other organisation ordinarily domiciled in a country other than Fiji. Foreign branches and foreign subsidiaries of Fiji enterprises are regarded as non-residents; and

2.3 **Non-resident direct investors** are non-residents (individuals, enterprises or groups of related individuals or enterprises) that hold 10% or more of the ordinary shares or voting stock of any Fiji enterprise in your group. For Fiji branches of non-resident enterprises, the non-resident direct investor is the head office of the branch. Non-resident enterprises related to the direct investor are also considered to be in a direct investment relationship with your Fiji enterprise group (*see Note 2.5*).

2.4 **Direct investment groups abroad** comprise non-resident direct investment enterprises and non-resident branches of your Fiji enterprise group.

Non-resident direct investment enterprises consists of any non-resident enterprises in which your Fiji enterprise group owns 10% or more of the ordinary shares or voting stock, and also its related non-resident enterprise (*see Note 2.5*).

Non-resident branches of a Fiji enterprise group are the foreign offices of a Fiji enterprise, which are not separately incorporated abroad, as well as foreign offices of an unincorporated enterprise whose head office is in Fiji. (Joint ventures and partnerships with non-residents are treated as foreign branches).

2.5 Related enterprises in a direct investment relationship

A **direct investment relationship** is established when a direct investor (individuals, enterprises or groups of related individuals or enterprises) resident in one country holds 10% or more of ordinary shares or voting stock of an enterprise resident in another country (direct investment enterprise).

The direct investment relationship extends to all enterprises related to the direct investor. For the purposes of direct investment statistics, related enterprises in a direct investment relationship are:

Subsidiaries which are incorporated enterprises wholly or majority owned by an investor.

Associates which are incorporated enterprises in which a direct investor or its subsidiaries own not more than 50 per cent of the ordinary shares or voting stock and have a direct investment interest in the enterprise.

Branches, which are unincorporated enterprises wholly or jointly owned by an investor.

2.6 **Country of non-resident creditor or debtor** refers to the country in which the immediate non-resident creditor or debtor resides. However, it is not necessary to show separate details in respect of small values. If the opening and closing positions for particular countries are less than \$10,000, the amounts relating to these countries may be aggregated and attributed only to the country of the largest contributor within this group.

Note:

- For international capital markets show the particular capital market (eg Eurobond) as the country of foreign creditor or debtor.
- For syndicated borrowing, show details classified by the country of each syndicate member.

2.7 **Opening and closing positions** refer to the market values of the stock of financial liabilities to and claims on non-residents by your Australian enterprise group at the beginning and end of the year respectively. The opening positions reported should agree with the closing positions reported in the previous year.

All valuations should be market valuations, or if not available, estimated using one of the suggested methods applicable to the instrument.

All values should be reported in Fijian dollars. Positions denominated in foreign currency should be converted to Fijian currency at the midpoint of the appropriate buy and sell rates applicable on the reference dates.

2.8 **Financial transactions**, or flows relate to the increase or decrease of your Fijian enterprise group's financial liabilities to, or claims on non-residents. Transactions are recorded at the traded price and converted to Fijian dollars by using the midpoint of the buy and sell rates applicable at the time of the transaction. Transactions should be recorded on a gross basis, that is, before the deduction of commissions, brokerage fees and withholding taxes.

2.9 **Market price changes** refer to the impact on the stock of financial liabilities and assets due to changes in their price (which are not a result of changes in exchange rates), and include realized and unrealized gains and/or losses during the reporting period arising from interest rate movements and share price movements (listed enterprises), or the impact of retained earnings or other revaluations (unlisted enterprises). Market price changes may be estimated by "marking to market", calculating yield to maturity, discount net present value etc.

2.10 **Exchange rate variations** refer to the impact on the stock of financial liabilities and assets due to variations in the exchange rate between the Fijian dollar and other currencies in which these assets and liabilities are denominated.

2.11 **Other changes** refers to changes to the stock of financial liabilities and assets not due to transactions, market price changes and exchange rate variations, and may include reclassifications (such as from portfolio to direct investment when the 10% equity threshold is reached), and debt write-offs.

2.12 **Dividends** refers to all dividends recorded at your books close date, whether or not they are payable or actually paid in that year.

2.13 **Remitted profits** are the earnings that branches and other unincorporated enterprises remit to their head office. Remittances or profit during the year should be reported regardless of whether the profits were earned in respect of current or previous year activities.

2.14 **Interest payable/receivable** refers to interest income on debt securities that became contractually due for payment during the year, converted to Fijian dollars by using the midpoint of the appropriate buy and sell rates applying on the day the interest becomes due for payment.

Excluding: Accruals of interest that become due for payment in subsequent years
Discounts and premiums expensed during the year
Discounts payable at maturity or on redemption of the security

2.15 **Interest accrued** refers to interest income which accrued during the year on non-tradable instruments (that is, on trade credits, loans, deposits and other claims and liabilities other than securities). It is valued using annual compound rates for the interest rates specified in the loan or other contract, which are then applied to the stock of assets or liabilities. Accrued interest should be

converted to Fijian dollars by using the midpoint of the appropriate buy and sell rates for the period when the interest accrues.

Record the amount of accrued interest for the year in both column 2 and in the accrued interest column (last column) and also in column 3 which will be interest payable.

2.16 **Long term** refers to assets and liabilities with an original contractual maturity of more than one year. Assets and liabilities with an original contractual maturity of one year or less are classified as **Short term**.

A1 **Equity** refers to:

- All classes of shares on issue, excluding non-participating preference shares (*where the holder has no entitlement to a share in the residual value on the dissolution of the issuing entity*) which are held by non-residents; and
- The net equity held in Fijian branches of non-resident enterprisers.

Equity positions should be reported at market value (*see Note A3*)

Excluding

- equity held by the Fijian office of a nominee on behalf of non-residents

Direct investment equity held by non-residents in the Fijian enterprise or in Fijian subsidiaries of Fijian enterprise refers to equity held by non-resident direct investors (*see Note 2.3*).

Report the direct investment equity that is held by your direct investment groups abroad (see Note 2.4) separately to direct investment equity held by other non-resident direct investors.

Other equity held by non-residents includes shareholding of less than 10% of the equity in the Fijian enterprise or in subsidiaries of Fijian enterprise held by non-residents, unless the non-resident investor is:

- A direct investor in an up-the line related enterprise in your group; or
- Related to another enterprise that is a direct investor in an up-the line related enterprise in your group.

A2 **Market value of quantity**

For listed enterprises the market value of equity positions should be reported using a recent transaction share price. If recent transaction prices are not available, the midpoint of the quoted buy and sell prices of the shares on the main stock exchange at the reporting dates specified provides a useful approximation.

For unlisted enterprises if a market value is not available, please estimate the market value of your shares by using one of the following methods, which are listed in order of preference:

- A recent transaction price;
- Director's valuation; or
- Net asset value

Net asset value is equal to total assets, including intangibles, less non-equity liabilities and less the paid up value of non-voting shares. Assets and liabilities should be recorded at estimated market value, rather than historical values.

For net equity of head office in branch report the total assets of the branch valued at current cost, less non-equity liabilities. Equity liabilities include retained earnings revaluation and other reserves, as well as capital invested by the head office.

A3 Transactions that increase or decrease your equity liabilities to non-residents.

Including

- Purchases or sales of shares
- Non-bonus issues, including calls and dividends re-invested
- Redemptions of your enterprise's shares by non-residents
- Additions and withdrawals of equity capital by head office

Excluding

Profit/loss credited to the head office of a branch and remittances of profits to the head office. These should be reported at market price changes in column 4.

A4 Consolidated operating profit

Operating profit

Including

- Delayed dividends from subsidiaries and other enterprises
- Any operating income exempt from taxation
- Provisions for depreciation, annual leave, unconditional long-service leave, employer contribution to superannuation, workers compensation and termination, retrenchment or redundancy payment

Excluding

- Capital gains and losses
- Foreign exchange gains and losses
- Previous quarter's losses
- Accelerated depreciation provision for taxation purposes. Instead, the amount of depreciation should be calculated at current replacement costs
- Goodwill amortised
- Provisions other than those listed under *including* above

A net loss should be shown as a negative profit item.

Mining exploration expenditure should be capitalized, and depreciated as an expense each year using the average service lines used in your accounts.

A5 Tax payable on income earned during the year is an estimate of the amount of gross tax payable of income earned in the year, less any tax credits utilized in the year. **Please do not credit the taxation benefit of a current year loss.**

B1 Derivative contracts are those that are based on other products, either financial or real, or prices associated with financial products, and which involve:

- Future delivery, receipts or exchange of financial items such as cash or another derivative instrument
- Future exchange of real assets for financial items where the contract may be tradable and have market value.

Including

- Forward rate agreements
- Interest rate swaps
- Cross currency interest rate swaps

-
- Other derivative contract such as
 - Options
 - Futures
 - Spot and forward foreign exchange contracts

B2 **Increases in liabilities** refer to drawing on new or existing loans, deposits placed by non-residents, and/or the purchase by non-residents of non-equity securities issued by your enterprise.

B3 **Decreases in liabilities** refer to repayments made on loans from non-residents, withdrawals of deposits held by non-residents, and/or the sale by or redemption from non-residents of non-equity securities issued by your enterprise.

C1 **Increases in liabilities** refer to trade credit and repayments received and other liabilities incurred.

C2 **Decreases in liabilities** refer to payments made for goods and services received on trade credit, delivery of goods and services for which repayments had been received and the settlement of other liabilities

D1 **Equity held by your Fijian enterprise group in your non-resident direct investors** comprise your reciprocal ownership interests in non-resident direct investors (*see Note 2.3*). Your holdings of less than 10% of the issued capital of these investors should be reported separately to your holdings of 10% or more of their total issued capital. Equity positions should be reported at market value.

Excluding

- Non-participating preference shares (*see Note F2*)

D2 **Transactions that increase or decrease your equity assets held in non-resident enterprisers.**

Including

- Purchases or sales of shares held in non-resident enterprisers
- Non-bonus issues, including calls and dividends re-invested
- Redemption of shares in non-resident enterprisers
- Additions and withdrawals of equity capital by the Fijian head office

Excluding

Profit/loss credited to Fijian head office of a branch and remittances of profits to the Fijian head office. These should be reported at market price changes in column 4.

D3 **After tax operating profit** attributable to your direct investment refers to the consolidated operating profit (*see Note A5*) less tax payable on income earned during the year (*see Note A6*) attributable to your direct investment.

Attribution of after tax profit is calculated by applying to after tax profit the percentage of equity (excluding non-participating preference shares) held directly or indirectly by your Fijian enterprise group in a direct investment group abroad. The after tax profit attributable to your direct investment abroad comprises:

- The claim on the after tax profits in proportion to the percentage of equity held directly by your Fijian enterprise group in either the non-resident enterprise in your direct investment group abroad or in its subsidiaries and other related enterprises; and
- Claims on the after tax profits attributable to these directly held enterprises from the down-the-line percentage of ownership in the direct investment group abroad.

For example, should the non-resident enterprise own 80 per cent of the ordinary shares of a subsidiary which in turn owns 60 per cent of the ordinary shares of a subsidiary, then the percentage

of ordinary shares which the enterprise owns in the second subsidiary is calculated as 80 per cent of 60 per cent, ie 48 per cent.

D4 **Other equity held in non-resident enterprises** refers to equity held by your Fijian enterprise group in non-residents who are not direct investors in your group. Report separately the equity held in direct investment groups (*see Note 2.4*) and your equity investment in other non-resident counterparties.

E1 **Increases in assets** refer to loans extended to non-residents, deposits placed with non-resident, and/or the purchase by your enterprise of non-equity securities issued by non-residents.

E2 **Decreases in assets** refer to repayments received on loans to non-residents, withdrawals of deposits with non-residents, and/or the sale by your enterprise of non-equity securities issued by non-residents.

F1 **Trade credits** are commercial credits extended to importers and prepayments made by importers and exporters. Trade credits should be reported at market value.

- Trade credit liability refers to accounts payable by your Fijian enterprise group to non-residents for imports of goods and services and prepayments received from non-residents for future exports of goods and services.

F2 **Loans** include financial liabilities that are created through the lending of funds by a creditor (the non-resident investor) to a debtor (your Fijian enterprise group) through an arrangement in which the lender receives a non-tradable document or instrument, or no security evidencing a transaction.

Including:

- advances, mortgages, bank overdrafts drawn, gold loans, financial leases, loans to finance trade and repurchase agreements where the non-resident acquiring the securities does not become the registered holder of the securities

Excluding:

- unused standby credits and un-drawn amounts of loans.

APPENDIX II INTERNATIONAL INVESTMENT SURVEY GUIDE

1. All amounts to be entered in actual Fiji Dollars. Please specify when the amounts are entered in 000's.
2. When faxing a copy of your survey response, please make sure that the company name is written clearly on each page.

Section 1: Equity and Other Liabilities to non-residents

Part A. Equity and profit of Fijian Enterprise.

1a. Direct investment equity held by non-residents in Fijian enterprise.

This section should be filled in if the company has overseas shareholders owning greater than 10% of the total shares of the company. If the company does not have any foreign shareholders, please move on to fill in only Parts C and F only where applicable

1.b Consolidated profit and total equity held by residents and non-residents in Fijian enterprise.

This section is only to be filled in if 1.a. is filled in. If the company does not have any foreign shareholders, please move on to fill in only Parts C and F only where applicable

2. Other equity held by non-residents in Fijian enterprise.

This section should be filled in if the company has overseas shareholders owning less than 10% of the total shares of the company.

Part B. Borrowing from non-residents.

Details of the company's loans from Foreign Shareholders are to be entered here. If the company did not take any loans from Foreign Shareholders during the quarter, only enter the opening and closing balances.

Part C. Trade credits and other liabilities to non-residents.

- *Details of any trade-related credit purchases from foreign shareholders are to be entered in Direct investors and Direct investment groups abroad respectively.*
- *Other non-resident counterparties would include details of trade with the company's Overseas Creditors.*

Section 2 – Claims on non-residents

Part D. Equity held in non-resident enterprise

1a. Equity held by Fijian enterprise groups in your non-resident direct investors

This section should only be filled in if the company has share ownership in one of their direct investors companies.

2. Other equity held by your Fijian enterprise group in non-resident enterprises.

This section requires details of shares that your company owns in any other Overseas Enterprises.

Part E. Lending to non-residents.

Details of loans extended to foreign shareholders or other non-resident counterparties.

Part F. Trade credit extended and other claims on non-residents.

- *Details of any trade-related credit sales to foreign shareholders are to be entered in Direct investors and Direct investment groups abroad respectively.*
- *Other non-resident counterparties would include details of trade with the company's Overseas Debtors.*

APPENDIX III - EXPLORATORY SURVEY



SURVEY OF INTERNATIONAL INVESTMENT

QUARTER 1: _____ 200__

CONFIDENTIAL

DESPATCHED:

Please correct any errors in this label.

Dear Sir\Madam,

Enclosed are two copies of the Exploratory Survey questionnaire.

PURPOSE: The purpose of this survey is to identify those business units, which have transactions with other countries.

DUE DATE: Please return the completed form in the post-paid envelope by _____ **200_**.

COLLECTION AUTHORITY: The information asked for is collected under the authority of the Statistics Act 1961 (Cap. 71). In accordance with Section 8 subsection 2 of this Act you are required to fill in one copy of the questionnaire and return it to the undersigned by the due date stated. Failure to meet this deadline could result in legal action without further notice.

CONFIDENTIALITY OF INFORMATION: Your completed form remains confidential to the Fiji Islands Bureau of Statistics.

HELP AVAILABLE: If you have problems completing this form, or feel you may have difficulties in meeting the due date, please contact the Fiji Islands Bureau of Statistics.

Contact

Facsimile

3 303 656

Mail

The Fiji Islands Bureau of
Statistics

Balance of Payments Unit

P O Box 2221

Government Buildings

Suva

Telephone

T Bainimarama

Government Statistician

Please read this first

- Please complete this form for the Fijian-based activities of the business named on this label.
- It may be that this business had transactions with non-residents. If so, please report in respect of all transactions with non-residents.

Definitions

A Fiji resident is any individual, business, or other organisation domiciled in Fiji. Fijian branches and subsidiaries of foreign businesses are regarded as Fijian residents.

A non-resident is any individual, business, or other organisation domiciled overseas. Foreign branches and foreign subsidiaries of Fijian businesses are regarded as non-residents.

Business details

Please indicate (✓)

- 1 Did this business have non-resident owners** (a business has a non-resident owner if it is either a branch or a subsidiary of a non-resident company or has a non resident shareholder).

No Go to 3 Yes

- 2** Does a single non-resident shareholder (or a group of related non-resident shareholders) hold 10% or more equity in the business?

No Yes

If the answer to Question 2 is yes, list names of the owners, their equity (as a % of the total equity) and the name of the business the equity is held.

- 3 Does any resident business, which has non-resident owners, own 10% or more of equity in this business or its subsidiaries?**

No Yes

If yes, give details

- 4 Did this business have any non-resident branches or subsidiaries, or own 10% more of a non-resident business?**

No Yes

If yes, give details

Transactions in international trade

5 Did this business or its subsidiaries import or export goods?

<p>Including</p> <ul style="list-style-type: none"> • Goods imported and exported on credit basis <p>Excluding</p> <ul style="list-style-type: none"> • Goods imported and exported on a cash basis

No Go to 7 Yes

Please indicate (✓) categories of goods exported and/or imported	Export	Import
Food, live animals, beverages and tobacco		
Mineral fuels and lubricants		
Chemical, plastic, medical, pharmaceutical and rubber products and fertilizers		
Wood, paper and products thereof		
Textile, clothing and footwear		
Machinery, office and communication equipment and other electrical goods including spares		
Vehicles and transport equipment including spares		
Metal and metal products not included above		
All other goods		

6 Please indicate (✓) the approximate total value to your business of transactions with non-residents included in Question 5 for your last accounting year.

Receipts

Nil	
Less than \$10,000	
\$10,000 but less than \$100,000	
\$100,000 but less than \$1million	
\$1million and more	

Payments

Nil	
Less than \$10,000	
\$10,000 but less than \$100,000	
\$100,000 but less than \$1million	
\$1million and more	

7 Did this business engage in merchunting (buy goods and sell abroad, including gold, without their entering Fiji or act as an agent for a non-resident merchanter ie buy and sell goods on behalf of a non-resident business)?

No Yes

8 Did this business send goods abroad for processing or repair or undertake processing or repair to goods sent from abroad?

No Yes

Transactions in selected services with non-residents

9 Please indicate (✓) whether this business had any transactions with non-residents in any of the following selected services listed below:

- **Professional services**
Legal, accounting, auditing
Advertising, market research
Management consultancy, public relations and other professional services
- **Management fees between affiliated companies**
- **Financial services**
- **Insurance services (Own asset risk placed directly abroad)**
- **Computer and information services**
Computer hardware and software consultancy and implementation
Data processing, data base
News agency and subscription
- **Technical services**
Engineering, architectural, surveying and other technical services
- **Manufacturing services**
- **Agriculture, mining & on-site processing services** (including project management)
- **Rental or operational leasing services other than for ships or aircraft**
- **Communication services**
Postal, courier, telecommunications and other communication services
- **Construction Services** (including project management received in Fiji or provided abroad)
- **Trade related services** (commission agents fees, etc)
- **Research and development services**

- **Personal, cultural and recreational services**
Education, health, medical, sporting, entertainment
- **Royalties; distribution, franchise, copy right, license and patent fees, and trademarks, etc. for:**
Films, TV programs, video, multimedia, music
Patents, industrial designs, industrial know-how, manufacturing rights & prototypes and computer hardware and software
Trademarks and franchising fees and other royalties
- **Other services not elsewhere included** (exclude travel or transportation expenses incurred by your business)
Please specify:

--

Value of transactions with non-residents

1 Have you ticked any of the boxes in Question 9

No Go to 12 Yes

11 Please indicate (✓) the approximate total value to your business of transactions with non-residents included in Question 9 for your last accounting year.

Receipts

Nil	
Less than \$10,000	
\$10,000 but less than \$100,000	
\$100,000 but less than \$1million	
\$1million and more	

Payments

Nil	
Less than \$10,000	
\$10,000 but less than \$100,000	
\$100,000 but less than \$1million	
\$1million and more	

If you have indicated nil in both receipts and payments in Question 11, are you likely to have transactions in these services with non-residents in the next year?

No

Yes

Comments

- 12 Please provide comments on any of the information you have supplied on this form

Person we should contact if any queries arise regarding this form:

Name: _____

Telephone No: _____

Facsimile No _____

Signature _____

Date: _____

Thank you for completing this form

APPENDIX IV Rating-up Methods

The following is a comparison of each of the methods and a comparison of their respective results.

Method 1

The first of the three methods was used by FIBOS prior to 2007. This involved rating-up the actual worksheet totals of responsive companies in the Data Entry spreadsheet by the following formula:

Key:
NR = number of non-responding companies
R = number of responsive companies
Actual = total actual figures from responsive companies

$$\left[\frac{NR}{R} \times \frac{Actual}{1} \right] + Actual$$

The above formula is used to Rate-Up all fields in the Total Actuals table except the Total Opening Balances and Total Closing Balances. Opening balances for the current quarter are carried forward from the previous quarters Closing balance. The Total Closing Balance figure for the current quarter is then calculated using Total Opening Balance and the rated-up Transaction and Valuation Changes (Exchange Rate Changes + Other Changes).

Problems:

- The main drawback with this method was that it applied the same rate-up ratio to all companies irrespective of a company's size and nature.
- The method also reduces the closing balance if an unusual/one-off payment is rated-up.

Example:

The following is an example of how a Total Actuals table from the *Other Creditors* worksheet in the Data Entry spreadsheet may look. In the table below, Companies D & E are Non-Responding companies for the quarter, while companies A, B and C were all responsive.

Company name	Quarter 1	Quarter 2					
	Closing Balance	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
A	880	770 ¹	722	699	0	-1	793
B	2112	2112	3975	2880	0	1	3205
C	9496	9496	2899	6255	366	0	5774
D	268	268	0	0	0	268	0
E	25	25	0	0	0	25	0
Totals	12781	12671	7595	9835	366	293	9773

N.B. The Data Entry worksheets automatically carry the previous quarters Closing Balance forward as the next quarters Opening Balance. Also, if no data is entered for a non-responsive company in the quarter, a Valuation Change equalling the value of the company's

¹ At times, a company's Opening balance in one quarter may differ from its Closing balance in the previous quarter due to issues like valuation changes.

Opening Balance for the quarter is automatically entered in the Other Changes column, thus reducing the Closing Balance for the quarter to zero.

Using the aforementioned formula, the data rate-up is carried out using the following formula:

$$\left[\frac{2}{3} \times \frac{\text{Actual}}{1} \right] + \text{Actual}$$

Rated-Up Total figures then change to those reflected in the below.

Company name	Quarter 1	Quarter 2					
	Closing Balance	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
A	880	770	722	699	0	-1	793
B	2112	2112	3975	2880	0	1	3205
C	9496	9496	2899	6255	366	0	5774
D	268	268	0	0	0	268	0
E	25	25	0	0	0	25	0
Totals	12781	12671	7595	9835	366	293	9773
Rated-Up Totals	24682	12671	12659	16391	610	488	7841

Method 2

The current methodology used by some national organisations. This method imputes the Opening Level from the Closing Level of the previous quarter as is detailed below:

- From the responding units, valuation changes (i.e. market price and exchange rate changes) are calculated as a percentage of the current quarters opening position/level. This ratio is then applied to impute the Opening Level of the non-responsive companies. Therefore the ABS Rate-Up formula for imputing a non-responsive company's opening balance is:

$$\frac{RVC}{ROP} \times \frac{NOP}{1}$$

Key:

RVC = responsive companies total valuation changes (that is the sum of Other Changes and Exchange Rate Changes columns)

ROP = total opening balances of responsive companies (automatically calculated at the bottom of each worksheet in Data Entry tables)

NOP = individual company's closing balance for the previous quarter

- Transactions for the non-response units are imputed as zero.
- The Closing Balance is calculated as Opening Balance + Transactions + Valuation Changes. In case of non-responsive units their Closing Balances will

equal their Opening Balances. This is a result of transactions being imputed as zero thus meaning no valuation changes as well.

- For the significant units, the results of imputation are reviewed based on press articles and contacts with providers. Transactions are *only* imputed if there is strong evidence of activity (eg: mergers, acquisitions, takeovers, etc.)
- Imputation of profits is done by carrying forward the previous quarter's figures.

Problems:

Similar to the previous method, the ABS method does not account for the varying business sizes. It also deflates the Opening Balances of non-responsive units by a considerable amount. This happens because there are very little valuation changes recorded in any given quarter thus making the Rate-Up ratio very small. Applying this ratio to impute a non-responsive company's Opening Balance from its previous quarters Closing balance will no doubt yield unrealistic and inaccurate results. Also, companies generally have their closing balance in the previous quarter carried over as the Opening balance, therefore deflating a companies Opening balance will prove impractical as well as unrealistic. Another major problem is that if the total Valuation Change is a negative figure, we would end up with a negative Rate Up ratio which will cause problems when trying to impose the non-responsive companies' Opening Balances.

Examples:

Using the same example as the first method, below is the Total Actuals for Other Creditors.

Company name	Quarter 1	Quarter 2					
	Closing Balance	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
A	880	770	722	699	0	-1	793
B	2112	2112	3975	2880	0	1	3205
C	9496	9496	2899	6255	366	0	5774
D	268	268	0	0	0	268	0
E	25	25	0	0	0	25	0
Totals	12781	12671	7595	9835	366	293	9773

The Rate Up ratio is then calculated as follows:

$$\begin{aligned}
 \text{Rate Up Ratio} &= \frac{RVC}{ROP} \\
 &= \frac{(366 + 293)}{12781 - (268 + 25)} \\
 &= \mathbf{0.088709}
 \end{aligned}$$

This ratio is then applied to Non-Responsive companies D and E previous quarters Closing Balances to obtain their respective Opening balances for the current quarter. Transactions are taken as zero, and likewise with Valuation Changes. As a result, Closing Balance is equal to the Opening balance as is shown on the next page.

Company name	Quarter 1	Quarter 2					
	Closing Balance	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
A	880	770	722	699	0	-1	793
B	2112	2112	3975	2880	0	1	3205
C	9496	9496	2899	6255	366	0	5774
D	268	24	0	0	0	0	25
E	25	0	0	0	0	0	0
Totals	12781	12402	7595	9835	366	0	9797

Method 3

This method simply calculates a 3 year average (figures from the same quarter in the last three years) for the non-responsive companies' transaction figures and valuation changes and uses them in the current quarter. The Opening Balances are carried forward from the previous quarters Closing Balances, and the current quarters Closing Balance is calculated using the Opening Balance and the estimated transaction and valuation figures. This is probably the more realistic approach of all three Rate Up methods as it rates up each non-responsive companies figures individually, and bases them on historical data without hugely inflating or deflating their Opening and Closing Balances.

Example:

We again look at the same five companies from the first two examples. Here, their closing balances from the previous quarter are brought forward as their respective opening balances. For Transaction and Valuation Changes figures though three year averages are used. The Closing Balance is then calculated from the Opening Balance brought forward and the averaged Transaction and Valuation Changes figures.

Company name	Quarter 1	Quarter 2					
	Closing Balance	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
A	880	770	722	699	0	-1	793
B	2112	2112	3975	2880	0	1	3205
C	9496	9496	2899	6255	366	0	5774
D	268	24	0	0	0	0	25
E	25	0	0	0	0	0	0
Totals	12781	12402	7595	9835	366	0	9797

Quarter 2, 1 year ago						
Company name	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
D	2202	130	494	0	0	1838
E	5541	0	0	0	0	5541

Quarter 2, 2 years ago						
Company name	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
D	1207	276	86	0	0	1397
E	5416	2718	3991	0	0	4143

Quarter 2, 3 years ago						
Company name	Op Level	Liab's Inc (+)	Pymts (-)	Exchange (-)	OthChgs (-)	Clse Level
D	23	81	81	1	0	22
E	659	468	308	0	0	820

Which Rate-Up method to use?

After considering the strengths and weaknesses of the above three Rate-Up methods, the FIBOS feels it would produce more accurate, realistic and credible results using the **Method 3** also known as the **Three-Year-Averaging Rate-Up** method. As such, all IIS data from 2007 onwards will be rated up using this method.