



**FOURTH REGULAR SESSION
FINANCE AND ADMINISTRATION COMMITTEE
Tumon, Guam, USA
02-07 December 2007**

**AUDITOR'S REPORT FOR 2006 AND GENERAL ACCOUNT FUND
FINANCIAL STATEMENTS FOR 2006**

**WCPFC4-FAC1-2007/03
17 September 2007**

Introduction

1. The Commission's Financial Regulations require that the independent external Auditor issue a report on the audit of the annual financial statements and relevant schedules relating to the accounts (Finance Regulation 12.6) and that following consideration of the audited financial statements and audit report the Commission shall signify its acceptance of the audited financial statements or take such other action as it may consider appropriate (Financial Regulation 13.1).

2. In undertaking the audit the Auditor is required to report on all relevant matters, including: whether the statements are based on proper accounts and records; whether the statements are in agreement with the accounts and records; whether income, expenditure and investment of moneys and the acquisition and disposal of assets by the Commission during the year have been in accordance with the Regulations; and provide observations with respect to the efficiency and economy of the financial procedures and conduct of business, the accounting system, internal financial controls and the administration and management of the Commission.

3. Copies of the following documents, which were sent in June 2007 to the Chairman, Vice Chairman and Chair of the Ad-Hoc Working Group on Finance and Administration as well as being simultaneously posted on the Commission website with circularised notification to all Members, Cooperating Non Members, and Participating Territories (CCMs) are attached for reference:

- the Auditor's report on the 2006 financial statements and the audited 2006 financial statements (Attachment A);
- the Auditor's report on compliance with Section 12.4(c) of the Commission's Financial Regulations (Attachment B); and
- the Auditor's Management Letter (Attachment (C)).

For the information of Committee Members it is advised that no comments have been received.

External Audit Timing Requirements

4. In accordance with the requirements of Finance Regulation 11, the Commission's annual financial statements for the 2006 financial period were submitted to the Auditor prior to 31 March 2006. The audit was completed within the prescribed time period of 90 days and

a copy of the audit report and audited financial statements was provided to the Commission within 30 days of their receipt, as prescribed.

Scope

5. The primary reporting focus of the financial statements is the Commission's General Account Fund established in accordance with Financial Regulation 6.1 (a). However detailed information about the other funds in existence as at 31 December 2006, namely the Working Capital Fund, Special Requirements Fund, Regional Observer Programme Support Fund and the Indonesia/Philippines Data Collection Project Fund is given at Note 6 to the Financial Statements. These other funds were therefore subject to the same audit process as the General Account Fund. The reporting format for these funds was adopted on the recommendation of the external auditor.

Audit findings

6. The audit report, Statement in relation to Financial Regulation 12.4(c), and the Management Letter provide:

- the external auditor's opinion that the "financial statements present fairly, in all material respects, the financial position of the general account fund of the Commission as of 31 December, 2006, and the results of its operations and its cash flows for the year then ended...";
- a statement that there was no evidence of non compliance with the Commission's Financial Regulations;
- that no matters were noted involving the internal control over financial reporting and its operations that the auditor considered to be a material weakness; and
- that the auditor did not find any matters pursuant to Finance Regulation 12.4(d) (efficiency, economy, accounting system, internal financial controls, administration and management) that needed to be reported.

Financial results

8. The financial statements show that the outcome for the General Account Fund for 2006 operations was a surplus of USD10,853. As Miscellaneous Income for the year was USD\$9,384 the outcome represents 99.9% utilisation of 2006 contributions received. 2005 contributions received in 2006 totalled USD118,405 which enabled a year end Fund balance of USD129,258 to be transferred to the Working Capital Account in accordance with Financial Regulation 4.4.

Recommendation

10. The Commission is invited to either accept the audited financial statements or take other action as it may consider appropriate.

**WESTERN AND CENTRAL PACIFIC
FISHERIES COMMISSION**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED DECEMBER 31, 2006



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Independent Auditors' Report

The Chairman
Western and Central Pacific Fisheries Commission:

We have audited the accompanying general account fund statements of assets, liabilities and fund balance of the Western and Central Pacific Fisheries Commission (the Commission) as of December 31, 2006, and the related statements of income and expenditures and changes in the fund balance, of cash flows and of appropriations and expenditures for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards, which are consistent with the generally accepted auditing standards referred to in the Commission's financial regulation 12.4, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared in conformity with financial regulations of the Commission and certain accounting standards adopted by other international organizations, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the general account fund of the Commission as of December 31, 2006, and the results of its operations and its cash flows for the year then ended, on the basis of accounting described in Note 2.

We have also issued our report dated April 14, 2007, on the Commission's compliance with financial regulation 12.4(c) and our consideration of the Commission's internal control over financial reporting as required by the Commission's financial regulation 12.4(d).

April 14, 2007

Member of
Deloitte Touche Tohmatsu

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

**General Account Fund
Statement of Assets, Liabilities and Fund Balance
December 31, 2006
(With Comparative Totals as of December 31, 2005)**

<u>Assets</u>		2006	2005	Note
Cash and term deposits		\$ 266,531	\$ 288,870	3
Contributions receivable	2005	\$ 7,074		
	2006	<u>63,698</u>		
		\$ 70,772	125,479	
less provision for delayed contributions		<u>(70,772)</u>	0	(125,479) 4
Accounts receivable		2,667	13,451	
Other assets and advance payments		22,203	4,049	
Total assets		<u>\$ 291,401</u>	<u>\$ 306,370</u>	
 <u>Liabilities and Fund Balance</u>				
Unliquidated obligations	\$ 109,649		\$ 38,679	
Other accounts payable	10,488		0	
Member contributions in advance	724		611	
Accrued entitlements	39,810		3,450	
Income tax withheld	574		0	
Social security tax withheld	898		0	
Fund balance	<u>129,258</u>		<u>263,630</u>	
Total liabilities and fund balance		<u>\$ 291,401</u>	<u>\$ 306,370</u>	

See accompanying notes to financial statements.



 Andrew Wright
 Executive Director

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

**General Account Fund
Statement of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2006
(With Comparative Totals for the Year Ended December 31, 2005)**

<u>Income</u>	2006	2005	Note
Contributions:			
Assessed contributions	\$ 1,804,350	\$ 975,005	4
<i>less</i> adjustments due to membership timing			
Indonesia	\$ 26,574		
United Kingdom	36,261		
USA	<u>189,732</u>	<u>(252,567)</u>	<u>(163,836)</u>
sub-total Contributions income due	1,551,783	811,169	
Other contributions			
Australia	18,263		
USA	<u>189,732</u>	<u>207,995</u>	<u>144,037</u>
Total contributions income	<u>1,759,778</u>	<u>955,206</u>	
Miscellaneous income			
Interest	\$ 9,190		
other	<u>194</u>	<u>9,384</u>	<u>1,389</u>
Transfer (net) from Working Capital Fund	<u>0</u>	<u>0</u>	
Total income	1,769,162	956,595	
<i>Less</i>			
<i>(refer Statement of Appropriations & Expenditures, page 5)</i>			
<u>Expenditure</u>	1,694,611	567,486	
Excess of income over expenditure	<u>74,551</u>	<u>389,109</u>	
<i>Less</i>			
Delayed 2006 contributions	63,698	125,479	4
Net Excess of 2006 income over expenditure	<u>10,853</u>	<u>263,630</u>	
<i>add</i>			
2005 Contributions paid in 2006	118,405	0	
Fund balance at December 31, 2005	263,630		
Transfer to Working Capital Account	(263,630)		
Fund balance at end of year	<u>\$ 129,258</u>	<u>\$ 263,630</u>	

See accompanying notes to financial statements.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

**General Account Fund
Statement of Cash Flows**

Year Ended December 31, 2006

(With Comparative Totals for the Year Ended December 31, 2005)

	2006	2005
Cash flows from operating activities:		
Net excess of income over expenditure	\$ 10,853	\$ 263,630
(Increase) decrease in other accounts receivable	10,784	(13,451)
(Increase) decrease in other assets	(18,154)	(4,049)
Increase (decrease) in advances from member states	113	611
Increase (decrease) in unliquidated obligations	70,970	38,679
Increase (decrease) in other liabilities	48,320	3,450
Previous year's contributions paid	118,405	
Net cash from operating activities	<u>241,291</u>	<u>288,870</u>
Transfer to Working Capital Fund	(263,630)	
Net increase (decrease) in cash and short term deposits	<u>(22,339)</u>	<u>288,870</u>
Cash and short term deposits at the beginning of the year	288,870	0
Cash and short term deposits at the end of the year	<u>\$ 266,531</u>	<u>\$ 288,870</u>

See accompanying notes to financial statements.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Statement of Appropriations and Expenditures
Year Ending December 31, 2006

Budget Items	Original Budget	Transfers	Revised Budget	Expenditures	Budget Balance
Part 1 (Item 1)					
Sub-item 1.1 - Staff costs					
Established Posts	\$ 844,763	\$ -	\$ 844,763	\$ 592,284	\$ 252,479
General temporary assistance	5,000		5,000	4,668	332
Overtime	10,000		10,000	592	9,408
Consultancy	190,000	-9,220	180,780	143,070	37,710
<i>Total sub-item 1.1</i>	<i>1,049,763</i>	<i>-9,220</i>	<i>1,040,543</i>	<i>740,614</i>	<i>299,929</i>
Sub-item 1.2 : Staff Travel	80,000	6,751	86,751	86,757	0
Sub-item 1.3 - General Operating Expenses					
Electricity	30,000		30,000		30,000
Communications	30,000	698	30,698	30,698	0
Office supplies	20,000		20,000	11,371	8,429
Publications & Printing	25,000		25,000	20,622	4,378
Audit	12,500		12,500	12,500	0
Bank charges	5,000		5,000	3,086	1,914
Entertainment	12,000		12,000	2,755	9,245
Fuel	3,500		3,500	1,102	2,398
Water	600		600		600
Garbage disposal	1,200		1,200	25	1,175
Pohmpet State tax	10,000		10,000	1,673	8,327
Miscellaneous	10,000		10,000	6,834	3,166
<i>Total sub-item 1.3</i>	<i>159,800</i>	<i>698</i>	<i>160,498</i>	<i>99,866</i>	<i>69,632</i>
Sub-item 1.4 - Capital expenditure					
Computers	55,000	2,547	57,547	57,547	0
Furniture and Office Equipment	75,000	-2,547	72,453	62,332	10,121
<i>Total sub-item 1.4</i>	<i>130,000</i>	<i>0</i>	<i>130,000</i>	<i>119,879</i>	<i>10,121</i>
Sub-item 1.5 - Maintenance					
Vehicles	2,500		2,500	543	1,957
IT (incl. licences)	20,000		20,000	416	19,584
Buildings & grounds	15,000		15,000	1,640	13,360
Insurance	30,000		30,000	4,437	25,563
<i>Total sub-item 1.5</i>	<i>67,500</i>		<i>67,500</i>	<i>7,036</i>	<i>60,464</i>
Sub-item 1.6 - Meeting services					
Annual session	70,000	14,159	84,159	84,159	0
Scientific Committee	100,000	-17,876	82,124	82,124	0
Northern Committee	15,000	-3,950	11,050	11,050	0
Technical and Compliance Committee	70,000	9,438	79,438	97,701	-18,263
<i>Total sub-item 1.6</i>	<i>255,000</i>	<i>1,771</i>	<i>256,771</i>	<i>275,034</i>	<i>-18,263</i>
<i>Sub-total Part 1 (Item 1)</i>	<i>1,742,063</i>	<i>0</i>	<i>1,742,063</i>	<i>1,320,180</i>	<i>421,883</i>
Sub-item 2.1 - Scientific services (OFF-SPC)	254,500		254,500	244,500	10,000
Sub-item 2.2 - Scientific research					
Regional tagging	20,000		20,000	20,000	0
Data security W/shop	45,000		45,000	40,944	4,056
<i>Total sub-item 2.2</i>	<i>65,000</i>		<i>65,000</i>	<i>60,944</i>	<i>4,056</i>
Sub-item 2.5 - TCC W/Plan					
Vessel registry	40,000		40,000	38,878	1,122
Observer Programme	30,000		30,000	28,000	2,000
Port State measures	25,000		25,000	2,109	22,891
Catch documentation	15,000		15,000		15,000
<i>Total sub-item 2.5</i>	<i>110,000</i>		<i>110,000</i>	<i>68,987</i>	<i>41,013</i>
<i>Sub-total Part 2</i>	<i>429,500</i>		<i>429,500</i>	<i>374,431</i>	<i>55,069</i>
Total Approved Budget for Assessed Contributions	\$ 2,171,563	\$ -	\$ 2,171,563	\$ 1,694,611	\$ 476,952

* A voluntary contribution of USD18,263 was received to offset the costs of TCC2. This is reflected in the income statement.

The real net budget balance for the TCC meeting is therefore zero.

while the nominal budget balance is USD476,952, contributions received for 2006 totalled USD1,696,080 compared to the approved budget of USD2,171,563. After taking miscellaneous income into account the excess of income for 2006 was USD10,853 (refer income statement).

See accompanying notes to financial statements.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements

December 31, 2006

(With Comparative Totals as of December 31, 2005)

1. Organization

The Western and Central Pacific Fisheries Commission (the Commission) is an international organisation established under the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean. The Commission came into existence on 19th of June 2004 upon entry into force of the Convention. The Secretariat was established in September 2005 when the Executive Director took up his post.

The Commission is the organisation through which state parties to the Convention seek to ensure, through effective management, the long term conservation and sustainable use of highly migratory fish stocks in the western and central Pacific Ocean in accordance with the United Nations Convention on the Law of the Sea of 10 December 1982 and the Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.

The subsidiary bodies of the Commission are a Scientific Committee, a Technical and Compliance Committee and a Northern Committee.

The Commission is currently concentrating on:

- (i) Implementation of the decisions of the Annual Sessions of the Commission in relation to conservation and management measures;
- (ii) Operationalising an integrated system for monitoring, control and surveillance, as provided for in the Convention, including establishment of the Commission's Vessel Record and Authorisations to Fish and addressing IUU fishing in the Convention Area, particularly in relation to national plans to combat IUU fishing and support for efforts that address the unreported and unregulated components of IUU fishing, not solely the illegal components;
- (iii) Formalisation of relationships with other Regional Fisheries Management Organisations with a focus on those responsible for tunas;
- (iv) Monitoring initiatives to establish an international convention for straddling fish stocks in the southern Pacific Ocean;
- (v) Supporting efforts to improve data collection and research associated with tuna fisheries and the WCPO ecosystem including, as resources permit, initiatives to scale up tuna tagging programmes;
- (vi) Supporting efforts to promote an ecosystems approach to fisheries (EAF) and its application to WCPO;
- (vii) Supporting initiatives to evaluate management options for WCPO tuna resources including, if required by Members, preparatory work to consider the matter of allocation;
- (viii) Monitoring and engagement with global efforts to address tuna fishing capacity concerns;
- (ix) Monitoring developments in the tuna industry; and
- (x) The establishment of a fully functional Secretariat.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006

(With Comparative Totals as of December 31, 2005)

2. Summary of Significant Accounting and Financial Reporting Policies of the Commission

Scope

These financial statements primarily reflect the assets, liabilities and transactions relating to the General Account Fund. The Commission administers the following other funds:

- Working Capital Fund;
- Special Requirements Fund
- Regional Observer Support Fund
- Indonesia – Philippines Data Collection Project Fund

The accounts of the Commission are maintained in accordance with the financial regulations of the Commission and administrative instructions issued by the Executive Director of the Commission. They also take into account certain accounting standards adopted by the United Nations Common System.

The Commission accounts are maintained on a fund accounting basis. The funds are maintained as distinct financial and accounting entities.

The financial period of the Commission consists of a calendar year. The financial statements presented are for the calendar year January 1 to December 31, 2006.

Generally, income, expenditure, assets, and liabilities are recognised on the accrual basis of accounting (please refer to “Assets” hereunder).

The accounts of the Commission are presented in United States Dollars (\$). Accounts maintained in other currencies are translated into \$'s at the time of the translation at the current rates of exchange.

Income

The amounts necessary to finance the activities of the Commission are assessed to Member States according to the agreed scale of assessments set out in the Commission’s Financial Regulations.

Interest income includes interest earned on various bank accounts and term deposits.

Expenditures

All General Account Fund expenditures are recorded against allocated lines of budgetary appropriation.

Assets

Cash and term deposits comprise funds on deposit in operating accounts, interest bearing bank accounts, and petty cash holdings.

The asset Contributions receivable is matched by a Provision for delays in collection of the outstanding contributions, in accordance with United Nations System Accounting Standards Revision VI of November 03, 2004 paragraph 33. This is done in the interest of prudence and no judgment is made about collectability.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006

(With Comparative Totals as of December 31, 2005)

2. Summary of Significant Accounting and Financial Reporting Policies of the Commission, Continued

Assets, Continued

Acquisitions of capital assets are charged against expenditure accounts in the year of purchase, hence furniture, equipment and other non-expendable property are not included in the assets of the Commission appearing in the Statement of Assets, Liabilities, Reserves and Fund Balance. The estimated total of non-expendable property held by the Commission is stated in note 5.

Use of Estimates

The preparation of financial statements can require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

Taxation

The Commission is exempt from taxes and custom duties as follows:

Within the scope of the official activities, the Commission, its property, premises and assets and its income, including contributions made to the Commission under the Convention, shall be exempt from all national taxes. Goods, including the Commission's publications, motor vehicles and items for official entertainment purposes that are intended for the official use of the Commission shall be exempt from all customs and excise duties payable at customs, except payment for services.

Goods imported or purchased under an exemption shall not be sold or otherwise disposed of in the Federated States of Micronesia (FSM), except under conditions agreed in advance with the FSM National Government.

The Commission is subject to Pohnpei State Tax and is working with the national government to implement a reimbursement arrangement for those taxes.

Prior Year Financial Information

Certain comparative financial information from the prior year's financial statements have been presented in accordance with Section 11.2 of the Financial Regulations, which provides that the Executive Director shall give such other information as may be appropriate to indicate the financial position of the Commission.

3. Cash and Term Deposits

Funds being held in bank accounts in the name of the Commission but which are not included in the General Account Fund statements amounted to \$638,656 in 2006 and \$265,190 in 2005. These funds are in respect of:

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006
(With Comparative Totals as of December 31, 2005)

3. Cash and Term Deposits, Continued

<u>Fund</u>	<u>2006</u>	<u>2005</u>
Working Capital Fund	\$ 416,848	\$153,177
Indonesia-Philippines Data Collection Project	66,524	-
Regional Observer Program Support Fund	99,005	-
Special Requirements Fund	<u>56,320</u>	<u>112,013</u>
Total	<u>\$ 638,697</u>	<u>\$ 265,190</u>

4. Provision for Delays in the Receipt of Contributions Receivable

The provisions of \$70,772 in 2006 and \$125,479 in 2005, respectively, are derived as follows:

	<u>2006</u>	<u>2005</u>
Approved 2006 and 2005 budget for funding by member contributions	\$ 1,804,350	\$ 975,005
<u>Less</u> adjustments due to certain assessed members not taking up membership	<u>252,567</u>	<u>163,836</u>
Total member contributions available for collection	1,551,783	811,169
<u>Less</u> 2006 Contributions received in 2006 and 2005 Contributions received in 2005 respectively	<u>1,488,085</u>	<u>685,690</u>
Provision for delayed contributions	<u>63,698</u>	<u>\$ 125,479</u>
2005 contributions outstanding as at 31 December 2005	125,479	
<u>Less</u> 2005 contributions received in 2006	<u>118,405</u>	
Provision for delayed 2005 contributions	<u>7,074</u>	
Total provision as at 31 December 2006	<u>\$ 70,772</u>	

5. Non-Expendable Property

At December 31, 2006 and 2005, the estimated value at cost of non-expendable property totalled \$154,821 and \$40,406, respectively. The December 31, 2006 total includes in-kind contributions estimated at \$63,768, which \$19,642 and \$44,144 were received from Japan and the Republic of Korea, respectively. The December 31, 2005 total includes an in-kind contribution of an office vehicle valued at \$18,000.

6. Other Funds

Working Capital Fund

The Commission's Working Capital Fund at December 31, 2006 and 2005 totalled \$416,807 and \$153,177 respectively. A copy of the financial statements related to the Working Capital Funds is at page 10.

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006

(With Comparative Totals as of December 31, 2005)

6. Other Funds, Continued

Indonesia-Philippines Data Collection Project

The balance of this fund at December 31, 2006 and 2005 totaled \$66,523 and \$0 respectively. At December 31, 2005, \$76,892 of project funds were held in the Special Requirements Fund. A copy of the financial statements related to the Fund is at page 11.

Regional Observer Program Support Fund

The balance of this fund at December 31, 2006 and 2005 totaled \$99,005 and \$0 respectively. A copy of the financial statements related to the Fund is at page 12.

Special Requirements Fund

The balance of the Special Requirements Fund at December 31, 2006 and 2005 totaled \$56,320 and \$35,141 (after deducting \$76,892 of Indonesia, Philippines, Data Collection Project Funds held as of December 31, 2005), respectively. Financial statements related to the Fund are presented on page 12:

Working Capital Account Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
Income:		
Balance b/fwd from 2005	\$ 153,177	\$ -
2005 General Account Surplus	263,630	153,177
Total income	<u>416,807</u>	<u>153,177</u>
Less Transfer:		
To General Account Fund as per Finance regulation 5.2	416,807	
From General Account Fund in October 2006	<u>(416,807)</u>	
Net transfers	<u>-</u>	
Fund Balance	\$ <u>416,807</u>	\$ <u>153,177</u>

Working Capital Fund
Schedule of Assets, Liabilities and Fund Balance
December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash at bank	\$ 10,041	\$153,177
Interest bearing deposit	406,807	-
Total Assets	\$ <u>416,848</u>	\$ <u>153,177</u>
<u>Liabilities</u>		
Interest due to General Account Fund	<u>41</u>	
Total Liabilities	<u>41</u>	
Fund balance	\$ <u>416,807</u>	\$ <u>153,177</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006

(With Comparative Totals as of December 31, 2005)

6. Other Funds, Continued

Indonesia Philippines Data Collection Project Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
<u>Income</u>		
Balance of Indonesia/Philippines Project funds b/fwd from 2005	\$ 76,892	\$ -
Contribution from France	50,803	established 2006
Interest	<u>174</u>	<u>-</u>
Total income	<u>127,869</u>	<u>-</u>
Expenditure	<u>61,345</u>	
Fund Balance	\$ <u>66,524</u>	\$ <u>-</u>

Indonesia Philippines Data Collection Project Fund
Schedule of Assets, Liabilities and Fund Balance
December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Interest bearing deposit	\$ 40,800	\$ -
Cash at bank	25,724	established 2006
	<u>-</u>	<u>-</u>
Total Assets	\$ <u>66,524</u>	\$ <u>-</u>
Fund balance - IPDCP	66,524	-
Fund Balance	\$ <u>66,524</u>	\$ <u>-</u>

The expenditure of \$61,345 comprises:

Payment in relation to the MOU with The National Fisheries Research and Development Institute of the Philippines (23 January):	\$ 34,549
Payment in relation to the MOU with The Bureau of Agricultural Statistics of the Philippines (Mar.):	23,982
Airfare and per diem for the travel costs of Mr Peter Williams for NSAP Database work and a review of the items in the IPDCP plan of action (March):	2,661
Bank fees	<u>154</u>
	\$ <u>61,345</u>

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006

(With Comparative Totals as of December 31, 2005)

6. Other Funds, Continued

Regional Observer Program Support Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
<u>Income</u>		
Contribution - USA	\$ 99,000	\$ -
Interest	5	established 2006
	<u>-</u>	<u>-</u>
Total income	99,005	
Less expenditure	<u>-</u>	<u>-</u>
Fund Balance	\$ <u>99,005</u>	\$ <u>-</u>

Regional Observer Program Support Fund
Schedule of Assets, Liabilities and Fund Balance
December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
<u>Assets</u>		
Cash at bank or interest bearing deposit	\$ 10,005	\$ -
Interest bearing deposit	89,000	established 2006
	<u>-</u>	<u>-</u>
Total assets	\$ <u>99,005</u>	\$ <u>-</u>
Fund balance	\$ <u>99,005</u>	\$ <u>-</u>

Special Requirements Fund
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
Income:		
Balance b/fwd for 2005	\$ 35,121	\$ -
Contribution - USA	55,000	35,000
Interest	<u>219</u>	<u>141</u>
Total income	90,340	35,141

WESTERN AND CENTRAL PACIFIC FISHERIES COMMISSION

Notes to Financial Statements
December 31, 2006

(With Comparative Totals as of December 31, 2005)

6. Other Funds, Continued

Special Requirements Fund, Continued
Schedule of Income and Expenditure and Changes in Fund Balance
Year Ended December 31, 2006
(With Comparative Totals as of December 31, 2005)

Expenditure:		
SPC MOU	34,000	-
Bank fees	<u>20</u>	<u>20</u>
Total expenditure	<u>34,020</u>	<u>20</u>
Fund balance	\$ <u>56,320</u>	\$ <u>35,121</u>

Special Requirements Fund
Schedule of Assets, Liabilities and Fund Balances
December 31, 2006
(With Comparative Totals as of December 31, 2005)

	<u>2006</u>	<u>2005</u>
Assets:		
Cash at bank	\$ 11,320	\$ 35,121
Interest bearing deposit	<u>45,000</u>	<u>-</u>
Total assets	\$ <u>56,320</u>	\$ <u>35,121</u>
Fund balance	\$ <u>56,320</u>	\$ <u>35,121</u>

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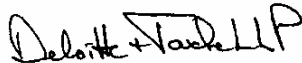
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SECTION 12.4(C) OF THE COMMISSION'S FINANCIAL REGULATIONS**

The Executive Director
Western and Central Pacific Fisheries Commission:

We have audited the general account fund statement of assets, liabilities and fund balance of the Western and Central Pacific Fisheries Commission (the Commission) as of December 31, 2006 and the related statements of income and expenditures and changes in fund balance, of cash flows and appropriations and expenditures for the year then ended and have issued our report thereon dated April 14, 2007.

During our audit, we determined whether compliance with the Commission's financial regulation 12.4(c) occurred. As a result of our audit, no instances came to our attention to indicate noncompliance with financial regulation 12.4(c).



April 14, 2007

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April 14, 2007

CONFIDENTIAL

The Chairman
Western and Central Pacific Fisheries Commission

Dear Mr. Chairman:

We have performed an audit of the financial statements of Western and Central Pacific Fisheries Commission (the "Commission") as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America and have issued our report thereon dated April 14, 2007.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Commission is responsible.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letter dated October 26, 2005. As described in that letter, the objective of a financial statement audit conducted in accordance with auditing standards generally accepted in the United States of America is to express an opinion on the fairness of the presentation of the Commission's financial statements for the year ended December 31, 2006 in conformity with financial regulations of the Commission ("generally accepted accounting principles") in all material respects. We considered the Commission's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. During the year ended December 31, 2006, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.

The Chairman
Western and Central Pacific Fisheries Commission
April 14, 2007

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AUDIT ADJUSTMENTS AND UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. All proposed audit adjustments (whether or not recorded) were reviewed with management and were determined, individually and in the aggregate, not to have a significant effect on the financial reporting process.

SIGNIFICANT ACCOUNTING POLICIES

The Commission's significant accounting policies are set forth in note 2 to the Commission's 2006 financial statements. During the year ended December 31, 2006, there were no significant changes in previously adopted accounting policies or their application.

CRITICAL ACCOUNTING POLICIES AND PRACTICES

Critical accounting policies are those that are both most important to the portrayal of the Commission's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We had no oral discussions with management regarding critical accounting policies and practices related to the year ended December 31, 2006.

ALTERNATIVE ACCOUNTING TREATMENTS

We had no discussions with management regarding alternative accounting treatments within generally accepted accounting principles for policies and practices related to material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, related to the year ended December 31, 2006.

OTHER INFORMATION IN THE ANNUAL REPORTS TO MEMBERS

The 2006 audited financial statements have not yet been included in documents containing other information such as the Commission's Annual Report to its Members.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Commission's 2006 financial statements.

CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2006.

The Chairman
Western and Central Pacific Fisheries Commission
April 14, 2007

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MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO OUR INITIAL ENGAGEMENT OR RETENTION

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as auditors.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Commission's management and staff and had unrestricted access to the Commission's senior management in the performance of our audit.

OTHER MATERIAL WRITTEN COMMUNICATIONS

There were no other material written communications between management and us related to the audit of the financial statements for the year ended December 31, 2006.

CONTROL-RELATED MATTERS

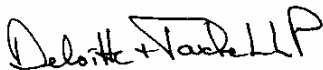
We have not identified control deficiencies and other matters involving the Commission's internal control over financial reporting as of December 31, 2006 that we wish to bring to your attention.

The definition of a control deficiency is set forth in Appendix A.

* * * * *

This report is intended solely for the information and use of management, the Board of Directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



APPENDIX A

The definition of a control deficiency that is established in AU 325, *Communicating Internal Control Related Matters Identified in an Audit*, is as follows:

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective is not always met. A deficiency in *operation* exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.