REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF



Development Bank of Kiribati Financial Statements For the Year Ended 31st December 2020

> Kiribati Audit Office April 2022

TO TO THE PROPERTY OF THE PROP

KIRIBATI AUDIT OFFICE



P.O BOX 63 Bairiki, Tarawa Kiribati

Audit for an impact for the public

Tel1: (686)75021118 Tel2: (686)75021335

Email: support@kao.gov.ki

INDEPENDENT AUDITOR'S REPORT

To The Readers Of Development Bank of Kiribati Financial Statements For the year ended 31st December 2020

I have audited the Financial Statements of Development Bank of Kiribati (DBK) for the year ended 31st December, 2020 as required under sec 114 (2) of the Constitution, Part VII, Sec 42(4) of the Public Finances (Control and Audit) 1981, Part IV Sec 23 of the SOE Act, 2013 and Sec 22(1) of the Kiribati Audit Act, 2017. The Financial Statements comprise of the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to the Accounts

Unqualified Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DBK as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.(GAAP).

Basis of Opinion

I have conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are described in the Auditor's Responsibilities paragraph of my report. I am independent of the **Bank** in accordance with the Ethical requirements that are relevant to my audit of the financial statements of the Authority and I have fulfilled my other responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors and Management's responsibilities for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAPs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion as required under the Public Finance (Control and Audit) Ordinance 1976 and Kiribati Audit Act, 2017. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA/ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs & ISSAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether
 due to fraud or error, design and perform audit procedures responsive to those risks, and
 obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
 The risk of not detecting a material misstatement resulting from fraud is higher than for
 one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
 misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing
 an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of
 accounting and, based on the audit evidence obtained, whether a material uncertainty
 exists related to events or conditions that may cast significant doubt on the Bank's ability
 to continue as a going concern. If we conclude that a material uncertainty exists, we are
 required to draw attention in our auditor's report to the related disclosures in the financial

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statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

 Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

DBK lodged its Financial Statement for the year 2020 on 26th March, 2021 therefore indicating that there was insufficient time for the audit to complete the auditing before 31st March as required under sec.20 of SOE Act, 2013.

Independence

Section 114 (4) of the Kiribati Constitution stipulates that the Auditor General shall not be subject to the direction or control of any other person or authority.

Date: 13/04/2022

Other than the audit, we have no relationship with or interest in DBK.

Mc. Eriati Tauma Manaima

Auditor General.

DEVELOPMENT BANK OF KIRIBATI FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2020

DEVELOPMENT BANK OF KIRIBATI

DBM DBM

P.O.Box 33, Baríki Tarawa, Republic of Kiribati
Phone: (686) 21345, 21916 Fax: (686) 21297 e-mail: dbk@tskl.net.ki

26/03/21

Auditor General National Audit Office Bairiki Tarawa

Dear Sir,

DBK ANNUAL ACCOUNT - 2020

Please find enclosed DBK draft account for the year ended 2020 for your information and auditing purposes.

We are looking forward to hear from your end the date you intend to carry out your auditing.

Thank you,

Tebeta. Betero Finance Manager for General manager



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DEVELOPMENT BANK OF KIRIBATI BALANCE SHEET AS AT 31 DECEMBER 2020

	NOTES	2020	2019
CURRENT ASSETS	TOTES	2020	2017
Bank & Cash	4	3,773,606	1,044,707
Current Loans	5	15,314,303	12,959,345
Debtors	6	162,252	2,634
Prepayments	6	17,922	17,922
× ×		19,268,082	14,024,608
less CURRENT LIABILITIES			
Creditors	14	-5,715	45,125
Revolving Fund - Agent's M/Cycle	15	,	13,123
Interest on ADB Loans	17	302,837	289,587
Loans Overpayments	18	546,813	473,457
ADB Loan - Current Portion	12	144,951	144,951
Unearned Interest	19	140,365	140,365
		1,129,251	1,093,485
W/ODWING CADITIAL			
WORKING CAPITAL		18,138,831	12,931,123
add NON CURRENT ASSETS	*		846
Non Current Loans	5	1,442,993	1,343,377
Motor Vehicles, Furniture etc.	3	369,767	460,165
		1,812,760	1,803,542
less NON CURRENT LIABILITIES			
Government Loan ADB	12	1,180,070	1,180,070
KPF Investment	12	991,674	1,336,818
Tobwaan Tekrikirake Loan Scheme	12	20,000	20,000
Government Soft Loan	20	3,500,000	
		5,691,744	2,536,888
NET WORTH		14,259,847	12,197,777
Represented by:			
Paid Up Capital		4,939,940	4,939,940
Assets Replacement fund reserve		164,989	152,193
Accumulated Profits	8	5,306,436	3,919,358
New Zealand Grant		66,082	66,082
Educational Loan Scheme	12	3,282,400	2,620,203
Artisianal Fisheries Project	12	500,000	500,000
		14,259,847	12,197,777
1		// 1	

The accompany notes form part of these financial statements.

Chairman

DEVELOPMENT BANK OF KIRIBATI INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	2020.	2019
Income	2,982,641	2,476,134
Expenditure	1,627,632	1,546,689
Net Profit/(Loss) Before Prior Period Items	1,355,009	929,445
Prior Period Items	-32,069	5,028
Net Profit/(Loss) after Prior Period Items	1,387,078	924,417
Appropriate d Dr. Gr.//Levy v. 1. I. 2000	4.0.42.555	2 040 250
Accumulated Profit/(Loss) at 1 Jan 2020	4,843,775	3,919,358
A	6.000.050	1010555
Accumulated Profit/(Loss) at 31 December 2020	6,230,853	4,843,775

The accompanying notes form parts of these Financial statements.

Development Bank of Kiribati Cash Flow Statement for Ended 31 December 2020

Cash How from Operatins \$ 8 \$ 8 \$ Cash received from operations \$ 1,785,848 \$ 1,495,284 \$ 1,495,285 \$ 1,213,503 \$ 1,213,503 \$ 281,945	(Notes)	2020	2019
Operating expenses 1,345,783 1,213,303 Net Cash Flow from operations 1,437,058 281,945 Cash Flow from Investing 2 Net increased in loans 2,464,333 0 Capital expenditure 47,628 -33,991 Interest on KPF Investment 662,197 555,300 Artisanal Pishing Project 662,197 555,300 Orbanan Terikinake Loan scheme 0 0 Tobwaan Terikinake Loan scheme 0 0 Net (Increase) in loan 0 0 Orvering Financing 3,500,000 0 Interest barid 72,876 0 Cowld Pisting Financing account 2,728,99 0		ŕ	\$	\$
Net Cash Flow from operations 1,437,058 281,945 Cash Fluw from Investing 2,464,333 0 Net increased in loans 2,464,333 0 Capital expenditure 47,628 -53,991 Interest on KPF Investment 345,144 -116,080 Educational Loan Scheme 662,197 535,300 Artisanal Fishing Project 0 0 Unerned Interest 0 0 Tobwasan Terikinke Loan scheme 0 0 Net (Increase) in loan 365,229 0 Rest (Increase) in loan 3,500,000 0 Latevest paid 36,126 -13,250 Covernment Grant 72,876 0 Covernment Grant 72,876 0 Covernment Grant 2,728,899 633,993 Rounded off difference 0 0	Cash received from operations		2,782,842	1,495,248
Net increased in loans	Operating expenses		-1,345,783	-1,213,303
Net increased in loans	Net Cash Flow from operations		1,437,058	281,945
Capital expenditure	Cash Flow from Investing			
Interest on KPF Investment	Net increased in loans		-2,464,333	0
Educational Loan Scheme 662,197 535,000 Artisanal Fishing Project 0 0 Unerned Interest 0 0 Tobwaan Terikinske Loan scheme 0 0 Net (Increase) in loan 0 0 Proceed from Long term Loans 0 0 Net Cash Flows from investing 2,194,909 365,229 Cash Flow from Financing 8,6126 -13,250 Covid 19 Stimulus fund received 3,500,000 0 Interest paid 86,126 -13,250 Government Grant 72,876 -13,250 Net (Decrease)/Increase in cash/cash equivalent 2,728,899 633,993 Net (Decrease)/Increase in Cash flow from decrease at 31/12/20 2 2 Cash Balance 31/12/20 (A) 3,773,606 1,044,707 Cash reconciliation of Cash and Cash Equivalent as at 31/12/	Capital expenditure		-47,628	-53,991
Artisanal Fishing Project				
Unerned Interest 0 0 Tobwaan Terikirake Loan scheme 0 0 Next (Increase) in loan 0 0 Proceed from Long term Loans 2,194,909 365,229 Cash Flows from investing 2,194,900 365,229 Cash Flow from Financing -86,126 -13,250 Covid 19 Stimulus fund received 3,500,000 0 Interest paid -86,126 -13,250 Overnment Grant 72,876 0 Total cash received/(used) from financing activities 3,486,750 13,250 Net (Decrease)/Increase in cash/cash equivalent 2,728,899 633,993 Rounded off difference 0 0 10,44,707 410,714 Closing Cash Balance 31/12/20 4 1,044,707 410,714 Closing Cash Balance 31/12/20 2 20 Cash Float 2 2 2 Belectronic Clearing Account 0 0 0 Cheque Account - Skiritimati 3,423,674 786,362 -17,716 Interest Bearing Deposit 0			662,197	535,300
Tobwaan Terikirake Loan scheme 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				
Net (Increase) in loan 0 0 Proceed from Loans 0 0 Net Cash Flows from investing -2,194,909 365,229 Cash Flow from Financing -2,294,900 0 Uniterest paid -86,126 -13,250 Government Grant 72,876 0 Total cash received/(used) from financing activities 3,486,750 -13,250 Net (Decrease)/Increase in cash/cash equivalent 2,728,899 633,993 Rounded off difference 0 0 0 Opening Cash Balance 31/12/20 4,044,707 410,714 Closing Cash Balance 31/12/20 2 20 Cash Floar 2 2 Electronic Clearing Account 0 0 Cheque Account - Bairiki 3,423,674 786,362 Cheque Account - Kiritimari 45,276 -17,716 Interest Bearing Deposit 0 0 Cash in Transit 66,730 25,302 Cash in Transit 66,730 25,002 Cash in Transit 138,026 153,053			•	
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Cash Flow from Financing 365,229 Cash Flow from Financing 3,500,000 0 Covid 19 Stimulus fund received 3,500,000 1 Interest paid 72,876 0 Total cash received/(used) from financing activities 3,486,750 -13,250 Net (Decrease)/Increase in cash/cash equivalent 2,728,899 633,993 Rounded off difference 0 0 0 Opening Cash Balance 1/1/20 (A) 3,773,606 1,044,707 410,714 Closing Cash Balance 31/12/20 20 20 20 Cash Float 20 20 20 Electronic Clearing Account 20 20 Cheque Account - Bairtki 3,423,674 786,362 Cheque Account - Kiritimati 3,423,674 786,362 Cheque Account - Kiritimati 3,423,674 13,476 Interest Bearing Deposit 3,773,606 1,944,707 Cash in Transit 3,773,606 1,944,707 Cash in Transit 3,823,725 231,908 Cash in Transit 1,387,003 1,509 </td <td></td> <td></td> <td></td> <td></td>				
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Interest paid			2 500 000	0
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Total cash received/(used) from financing activities 3,486,750 -13,250 Net (Decrease)/Increase in cash/cash equivalent 2,728,899 633,993 Rounded off difference 0 0 0 0 1,044,707 410,714 Closing Cash Balance 31/12/20 (A) 3,773,606 1,044,707 (A)- Details of Cash and Cash Equivalent as at 31/12/20 200 200 Cash Float 200 200 Electronic Clearing Account 0 0 0 Cheque Account - Bairki 3,423,674 786,362 1,7116 1 1 0	-		-	-3.5,250
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Closing Cash Balance 1/1/20				
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Government grant -72,876 -72,876 Interest paid 86,126 86,126 Prior period items 0 0 Gain on Disposal 0 0 Closing fees 0 0 Provision Current Doubful loan 9,759 -22,709 (Increase)/Decrease Prepayment -0 0 (Incease)/Decrease in Debtors -158,993 20,476 (Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Revolving fund 0 -2,194,498 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0	•			-
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Prior period items 0 0 Gain on Disposal 0 0 Closing fees 0 0 Provision Current Doubful loan 9,759 -22,709 (Increase)/Decrease Prepayment -0 0 (Incease)/Decrease in Debtors -158,993 20,476 (Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0				
Gain on Disposal 0 0 Closing fees 0 0 Provision Current Doubful loan 9,759 -22,709 (Increase)/Decrease Prepayment -0 0 (Incease)/Decrease in Debtors -158,993 20,476 (Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0				
Closing fees 0 0 Provision Current Doubful loan 9,759 -22,709 (Increase)/Decrease Prepayment -0 0 (Incease)/Decrease in Debtors -158,993 20,476 (Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 1 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0	-			
(Increase)/Decrease Prepayment -0 0 (Incease)/Decrease in Debtors -158,993 20,476 (Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0			0	0
(Increase)/Decrease Prepayment -0 0 (Incease)/Decrease in Debtors -158,993 20,476 (Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0	Provision Current Doubful loan		9,759	-22,709
(Incease)/Decrease in Lterm loan 0 0 (Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0	(Increase)/Decrease Prepayment			
(Incease)/Decrease in provision 0 0 (Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0	(Incease)/Decrease in Debtors		-158,993	20,476
(Incease)/Decrease in current loan 0 1,271,020 (Decrease)/Increase in Creditors 35,141 96,758 (Decrease)/Increase in Unearned Interest 0 -2,194,498 (Decrease)/Increase in Revolving fund 0 0 (Decrease)/Increase in Sinking fund 12,796 12,796 (Decrease)/Increase in KPF Investment 0 0	(Incease)/Decrease in Lterm loan		0	0
(Decrease)/Increase in Creditors35,14196,758(Decrease)/Increase in Unearned Interest0-2,194,498(Decrease)/Increase in Revolving fund00(Decrease)/Increase in Sinking fund12,79612,796(Decrease)/Increase in KPF Investment00			0	0
(Decrease)/Increase in Unearned Interest0-2,194,498(Decrease)/Increase in Revolving fund00(Decrease)/Increase in Sinking fund12,79612,796(Decrease)/Increase in KPF Investment00				
(Decrease)/Increase in Revolving fund00(Decrease)/Increase in Sinking fund12,79612,796(Decrease)/Increase in KPF Investment00				
(Decrease)/Increase in Sinking fund12,79612,796(Decrease)/Increase in KPF Investment00				-2,194,498
(Decrease)/Increase in KPF Investment 0 0				0
1,437,038 281,945	(Decrease)/Increase in KPF Investment		-	-
			1,43/,038	281,945

DEVELOPMENT BANK OF KIRIBATI DETAILED INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

TOX THE TEAK ENDER			
INCOME	NOTES	2020	2019
Interest - Commercial Loans		591,741.54	538,856.66
Interest - Housing Loan		36,593.87	49,160.86
Interest - Personal Loan		1,585,637.75	1,251,085.16
Interest - Bank Deposit		65.13	220.50
Interest - Staff House Loan		18,304.20	11,213.62
Interest - Staff Personal Loan		7,212.91	6,161.20
Interest - Penalty		0.00	0.00
Interest- Rural Support Loan		20,209.93	3,368.66
Interest- Tobwaan Terikirake Loan Scheme		159.56	69.21
Loan Fees		185,727.19	157,208.58
Application Fees		59,066.03	41,272.00
Registration Fees		23,760.00	27,540.00
KPF Pledge Fees		25,350.00	18,990.00
Refinancing Fees		75,917.85	70,862.10
Student loan commission		44,450.00	33,536.75
Loan Administration Fees		137,816.83	126,047.00
Arrears Fees		89,519.78	54,302.78
Recovery Cost		0.00	681.40
Government Grant		72,876.12	72,876.12
Gain on Disposal		0.00	3.00
Closing fees		4,600.00	6,400.00
Sundry Income		3,632.23	6,278.50
		2,982,640.92	2,476,134.10
EXPENDITURE			
Salaries & Staff Expense	9	856,828.47	857,204.33
Workmens Compensation		8,499.96	8,499.96
Leave Grant		72,465.00	1,000.00
Directors		60,423.13	63,812.06
Entertainment		2,000.00	2,247.00
Repair & Maintenance - Motor Vehicle		12,823.57	8,854.00
Repair & Maintenance - Office Equipment		2,463.67	2,128.63
Repair & Maintenance - Computer		957.63	188.80
Transportation		24,619.15	20,484.79
Office Rent	16	38,115.68	33,968.80
Electricity		31,545.30	29,064.40
Telephone, Fax and Emails		35,167.01	36,575.96
Postage & Telegram		6,406.65	5,417.93
Printing and Stationery		26,247.11	13,482.66
Overseas Travel		0.00	0.00
Subscriptions		4,319.34	8,450.53
Advertising		3,972.60	4,177.60
Bank Charges		5,764.49	5,718.60
Provision for Loans Specific	11	63,226.14	-15,347.08
Depreciation	3	138,026.30	153,052.81
Outer Island Travel		57,232.27	65,484.91
Operating Cost - Outer Is, Agencies		-30.00	0.00
Interest on Borrowing	12	86,126.40	86,126.40
Loan Adjustments		60,308.79	125,306.36
Audit Fees		0.00	0.00
Rebate Interest expense		0.00	0.00
Research and development		8,310.00	
Silver Jubilee		0.00	0.00
Insurance Coverage		4,296.00	4,296.00
		.,	-,

Sundry Expense	13	17,517.25	18,393.70
Total Expenditure		1,627,631.91	1,546,689.15
Operating Profit/(Loss) before Prior Period Items		1,355,009.01	929,444.95
Prior Period Items	10	-32,069.28	5,028.02
Net Profits / (Loss) after Prior Period Items		1,387,078.29	924,416.93

DEVELOPMENT BANK OF KIRIBATI NOTES TO THE FINANCIAL STATEMENTS

1 The Development Bank of Kiribati was established by the Development Bank Act 1986 for the provision of long, medium and short term loans as well as the required technical assistance to promote the efficient organization and conduct of business undertakings.

2 Principal Accounting Policies

2.1 ACCOUNTING CONVENTION

The Financial Statements have been prepared under the historical cost convention.

2.2 CURRENCY

The Financial statements are expressed in Australian Dollars.

2.3 DEPRECIATION

Depreciation is calculated to write down fixed assets value in equal installments using the following rates:

Furniture & Fittings 20%
Computer Upgrade 20%
Office Improvement 33.33%
Motor Vehicle 20.00%
Fence security Area 33.33%
Land and Buildings 5%

2.4 INTEREST AND INVESTMENT INCOME

Interest on loans and income from investments are included in the income and expenditure statement in the accounting period in which they are due.

2.5 TURNOVER

Turnover comprises interests, fees and sundry income.

3 Fixed Assets	Motor	Office Fun	Fence Sec	Computer	н	Land	Office	
`.· .	Vehicle	& Equip.	Area				mprovemen	Total
Cost at 1 Jan 2020	261,451	489,522		599,382	4,546	165,903	11,653	
Additions	3,383	26,771	0	17,475	7,540	100,900	11,033	1,577,172
Disposal /Adjustme	,	20,172	Ů	17,475				47,629
	264,834	516,293	44,715	616,857	4,546	165,903	11,653	1,624,800
Depreciation	<u> </u>	,,,,,		010,001	190 10	100,000	11,000	1,024,000
At 1 January 2020	233,713	436,760	43,628	370,811	4,546	16,523	11,653	1,117,632
Charge	31,121	17,247	850	78.996	1,010	9,813	11,000	138,026
Disposal / Adjustme	0	1		. 0,,,,0		2,013		130,020
	264,834	454,006	44,478	449,807	4,546	26,335	11,653	1,255,659
								-,200,007
Book Value								
At 31Dec 2020	(U)	62,287	237	167,051	0	139,568	0	369,142
At 01 Jan 2020	27,738	52,763		228,571	0	149,380	ő	459,539

	2020	2019
Cash & Bank Note 4	:	
Cash on Hand - Petty Cash	200.00	200.00
Bank Account - No. 1	3,423,674.38	786,361.6
Bank Account - Kiritimati	45,276.44	-17,716.1
Bank Account - IBD	0.00	19,392.2
Bank Account -No 3	237,724.62	231,098.4
Electronic Clearing account	0.00	0.0
Cash in Transit	66,730.11	25,370.5
	3,773,605.55	1,044,707
Cash in transit Break down		
Abaiang agency	3,650.51	4,297
Abemama agency	12,497.55	4,337
Beru agency	(3,999.80)	(3,411)
Nikunau agency	1,065.05	(800)
Onotoa agency	(1,284.30)	(2,209)
Marakei agency	856.30	52
Fanning agency	5,268.40	5,302
Tabnorth agency	5,818.20	2,112
Butaritari agency	7,199.90	2,759
Tamana agency	782.50	2,702
Nonouti agency	2,439.84	692
Maiana agency	12,638.78	3,626
Arorae agency	4,193.40	990
Kuria agency	7,599.40	655
Aranuka agency	3,048.48	3,918
Makin Agency	6,905.60	3,086
Teraina Agency	(1,380,00)	(35)
North Tarawa Agency	(569.70)	0
Tital Tital Wal Tigotoy	66,730.11	25,370
Current Loans (maturity beyond 12 months)	00,750.11	25,510
Commercial	4,501,241.43	4,645,414
Staff House	613,901.19	153,674
Staff Personal	124,960.56	114,673
Social Development Loan	7,232,367.29	5,996,247
Housing	289,910.42	316,971
Student Loan	2,679,870.49	2,160,131
Non Commercial Loan	(56.46)	4,229
Business Loan	192,175.87	83,343
Fisheman Loan Scheme	153.75	1,860
Rural Support Loan Scheme	320,286.22	111,329
Tobwaan Terikikirake Loan Scheme	5,934.95	4,460
Total Loans - Current Portion	15 060 745 71	12 500 220
less: Provision for Doubtful Loans	15,960,745.71	13,592,332
less. Frovision for Doubling Logis	(646,442.95)	(632,987)
Non Current Loans	15,314,302.76	12,959,345
Commercial	2,598,498.78	2,477,165
Staff House	1,188.88	1,189
Staff Personal	7,668.37	7,668
Personal	28,937.33	29,682
Housing	15,007.48	39,677
Student loan	13,007.40	J9,011
ALCOHOLOGICAL ACTUAL		

Non Commercial Loan	29,952.08	29,952
Total Loans - Non Current Portion	2,681,252.92	2,585,334
less: Provision for Pastdue & Harcore Loans	(1,238,259.85)	(1,241,957)
	1,442,993.07	1,343,377
Total Loans - Current and Non Current Portion	16,757,295.83	14,302,722

Vinster		2020	2019
Loan Deposit		0	0
Ness: Provision for Doubtful Debts			
Suspense & Clearing a/c			
Suspense & Clearing a/c Salary clearing a/c Salary clearing Signary Signary	Officsolved Receivables		
Suspense & Clearing a/c Salary clearing 5 5 5 5 5 5 5 5 5	less: Provision for Doubtful Debts		
Salary clearing 5 5 Staff Imprest 5,258 4,268 Others 136,030 -19,754 Interest on TDs 66 66 Renovation 3,071 3,071 Bounce cheque 4,552 1,708 Staff Training 13,270 13,270 Icss: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 0 0 Office Rent 0 0 Office Rent 0 0 Trade Debtors 180,174 20,556 Trade Debtors 180,174 20,556 Accumulated Profits / (loss) 0 0 Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/ (loss) for the year 1,387,078 924,417 5,306,436 3,919,358 24,941 Salaries & Staff Benefits 5,306,436 3,919,358 Salaries & wages 695,122 643,852 Overtime 60,6123	2636. 1 To vision for Doubling Debis		
Salary clearing 5 5 Staff Imprest 5,258 4,268 Others 136,030 -19,754 Interest on TDs 66 66 Renovation 3,071 3,071 Bounce cheque 4,552 1,708 Staff Training 13,270 13,270 Icss: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 0 0 Office Rent 0 0 Office Rent 0 0 Trade Debtors 180,174 20,556 Trade Debtors 180,174 20,556 Accumulated Profits / (loss) 0 0 Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/ (loss) for the year 1,387,078 924,417 5,306,436 3,919,358 24,941 Salaries & Staff Benefits 5,306,436 3,919,358 Salaries & wages 695,122 643,852 Overtime 60,6123			
Staff Imprest 5,258 4,268 Others 136,030 -19,754 Interest on TDs 66 66 Renovation 3,071 3,071 Bounce cheque 4,552 1,708 Staff Training 13,270 13,270 Isses: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 0 0 Office Rent 0 0 Office Rent 0 0 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 OP 0 0 8 Accumulated Profits/(loss) 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,941 Plus Profit/(loss) for the year 1,387,078 924,941 5,306,436 3,919,358 9 Salaries & Staff Benefits 3 2,94,941 Salaries & wages 695,122 643,			
Others 136,030 -19,754 Interest on TDs 66 66 Renovation 3,071 3,071 Bounce cheque 4,552 1,708 Staff Training 13,270 13,270 Iess: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 17,922 17,922 Office Rent 17,922 17,922 Trade Debtors 180,174 20,556 Pull 0 0 OHL 0 0 0 0 0 8 Accumulated Profits/(loss) 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 Provift/(loss) for the year 1,387,078 924,417 Salaries & Staff Benefits 5,306,436 3,919,358 Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 <			
Interest on TDs	~	·	
Renovation 3,071 3,071 Bounce cheque 4,552 1,708 Staff Training 13,270 13,270 less: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 17,922 17,922 Office Rent 0 0 0 17,922 17,922 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 8 Accumulated Profits/(loss) 8 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits 5,306,436 3,919,358 Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21			
Bounce cheque 4,552 1,708 Staff Training 13,270 13,270 less: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 17,922 17,922 Office Rent 0 0 0 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 0 OHL 0 0 0 8 Accumulated Profits / (loss) 8 2,994,941 9 Plus Profit / (loss) for the year 3,919,358 2,994,941 9 Plus Profit / (loss) for the year 1,387,078 924,417 9 <th< td=""><td></td><td></td><td></td></th<>			
Staff Training 13,270 13,270 less: Provision for doubtful debts 0 0 Prepayments 0 0 Deffered Expenditure - Xmas Office Extension 17,922 17,922 Office Rent 0 0 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 8 Accumulated Profits/(loss) 8 2,994,941 Plus Profit/(loss) for the year 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits 8 3,506,436 3,919,358 9 Salaries & wages 695,122 643,852 643,852 Overtime 26,112 24,191 9,241 9,241 Staff allowances 61,623 58,247 9,247 Provident fund 48,356 44,887 9,247 Provident fund 48,356 44,887 9,247 Provident fund <		•	·
Jess: Provision for doubtful debts 0 0 Prepayments 162,252 2,634 Prepayments 17,922 17,922 Deffered Expenditure - Xmas Office Extension 17,922 17,922 Office Rent 0 0 17,922 17,922 17,922 Trade Debtors 180,174 20,556 OHL 0 0 0 0 0 0 0 0 8 Accumulated Profits/(loss) 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 5taff allowances 61,623 58,247 Provident fund 48,356 44,887 5taff expense 3,000 64,100 House Rent subsidy 22,615 21,927			
Prepayments Deffered Expenditure - Xmas Office Extension 17,922 17,922 Office Rent 0 0 17,922 17,922 17,922 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries OHL 0 0 0 0 0 0 0 0 8 Accumulated Profits / (loss) 8 2,994,941 Plus Profit / (loss) for the year 1,387,078 924,417 5,306,436 3,919,358 2,994,941 Pus Profit / (loss) for the year 1,387,078 924,417 5,306,436 3,919,358 2,994,941 9 Salaries & Staff Benefits 8 26,112 24,191 Staff allowances 605,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927		•	_
Prepayments 17,922 17,922 Office Rent 0 0 17,922 17,922 17,922 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries OHL 0 0 0 0 0 8 Accumulated Profits/(loss) 8 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits 5,306,436 3,919,358 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	less: Provision for doubtful debts		
Deffered Expenditure - Xmas Office Extension 17,922 17,922 Office Rent 0 0 17,922 17,922 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 0 8 Accumulated Profits/(loss) 8 2,994,941 9 0 1 0 0 0 0 0 0	The state of the s	162,252	2,634
Office Rent 0 0 17,922 17,922 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 0 8 Accumulated Profits/(loss) 8 2,994,941 9 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0			
Trade Debtors 17,922 17,922 Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 8 Accumulated Profits/(loss) 8 2,994,941 Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits 8 2,294,417 Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927			
Trade Debtors 180,174 20,556 7 Long Term Loans to Subsidiaries 0 0 OHL 0 0 0 8 Accumulated Profits/(loss) 8 3,919,358 2,994,941 2,994,941 2,387,078 924,417 2,306,436 3,919,358 2,994,941 3,319,358 2,994,941 3,387,078 924,417 2,306,436 3,919,358 2,994,941 3,006,436 3,919,358 2,994,941 2,944,17 2,306,436 3,919,358 2,994,941 2,944,17 2,306,436 3,919,358 2,994,941 2,944,17 2,306,436 3,919,358 2,994,941 2,944,17 2,306,436 3,919,358 2,994,941 2,944,17 2,944,17 2,306,436 3,919,358 2,994,941 2,944,17	Office Renf		
7 Long Term Loans to Subsidiaries OHL 0 0 8 Accumulated Profits/(loss) 8 Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	'	17,922	17,922
OHL 0 0 8 Accumulated Profits/(loss) Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	Trade Debtors	180,174	20,556
8 Accumulated Profits/(loss) Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	7 Long Term Loans to Subsidiaries		
8 Accumulated Profits/(loss) Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits \$\$ Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	OHL	0	0
Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927		0	0
Balance at 1 Jan 2010 3,919,358 2,994,941 Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	8 Accumulated Profits/(loss)		
Plus Profit/(loss) for the year 1,387,078 924,417 5,306,436 3,919,358 9 Salaries & Staff Benefits 8 Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	· · · · · · · · · · · · · · · · · · ·	3 919 358	2,994,941
5,306,436 3,919,358 9 Salaries & Staff Benefits Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927		· ·	
Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	, (, ,		
Salaries & wages 695,122 643,852 Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927			
Overtime 26,112 24,191 Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	9 Salaries & Staff Benefits		
Staff allowances 61,623 58,247 Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	Salaries & wages	695,122	643,852
Provident fund 48,356 44,887 Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	Overtime	26,112	24,191
Staff expense 3,000 64,100 House Rent subsidy 22,615 21,927	Staff allowances	61,623	58,247
House Rent subsidy 22,615 21,927		48,356	44,887
	Staff expense	3,000	64,100
<u>856,828</u> <u>857,204</u>	House Rent subsidy	22,615	21,927
		856,828	857,204

10 Prior Period Items Staff imprest adjustment

2020 2019 -32,069.28 5,028.02

		_	-32,069	5,028
11 Provision for Doubtful Loans				
Provision for Doubtful Loans			2020	2019
Active Loans			2020	2019
Commercial, Personal, Home Loan	12,924,605 @	5%	646,230	564,019
Student Loan	2,679,870 @	2%	53,597	43,203
Non- commercial Loan	29,896 @	2%	598	684
Fisherman Loan Scheme	154 @	2%	3	37
Rural Support	320,286 @	2%	6,406	2,227
Tobwaan Terikirake	5,935 @	2%	119	89
Total Provision Required	3,755 🔾		706,953	610,258
less Provision already provided			647,424	625,605
Write off			,	,
additional provision required/(write b	ack)		59,529	-15,347
Past Due Loans				
Pastdue	2,538,822 @	45%	1,142,470	1,099,127
Total Provision Required	, , ,		1,099,127	1,099,127
less Provision already provided			1,095,430	1,099,127
Write off			0	0
additional provision required/(write b	ack)		3,697.10	0.00
Hard Core Loans		<u></u>	· · · · · · · · · · · · · · · · · · ·	
Hard Core	142,431 @	###	142,431	142,831
Total Provision Required	,		142,830	142,830
less Provision already provided			142,830	142,830
Write off			0	0
additional provision required/(write b	ack)		0.00	0.00
Total Provision Required for	or the Year		1,948,910	1,852,215
less Provision already pro			1,885,684	1,867,562
Additional Provision Requir	· ·		63,226	-15,347
<u>1</u>	, (====			

	2020	2019
12 Long Term Loans	•	
Government Loan - ADB		
Balance 1 st January 2019	1,325,021	1,325,021
Payment to Government	-86,126	-86,126
Interest Due - 2019 (6.5%)	86,126	86,126
	1,325,021	1,325,021
Current Portion	144,951	144,951
	1,180,070	1,180,070
EIB Loan		
Balance at 1 st January 2015	-0	-0
Disbursement from EIB	0	0
Payment to EIB	0	0
Adjustments (Gain on Exrate write off to PPI)	0	0
Interest Due - 2015 (1% p.a)	0	0
* EIB loan fully repaid in January 2015	-0	-0
Fund Held in Trust		
KPF Investment	•	
Balance at 1 st January 2020	1,336,818	1,452,898
Disbursement from KPF	0	. 0
Payment to KPF	-345,144	-116,080
Interest charged cancelled	0	0
Ending Balance 31 Dec 2019	991,674	1,336,818
* No further interest on KPF Investment,		
Educational Loan Scheme	3,282,400	2,620,203
Artisanal Fisherman Loan Scheme	500,000	500,000
Tobwaan Terikirake Loan Scheme	20,000	20,000
13 Sundry Expense		
Training	7,798	6,194
Promotions	1,115	6,000
Janitorial	786	604
Loan adjustments-sundry expense	0	0
Bill of Sale	80	50
Pledge Expense	7,500	5,000
Sundry Expenses	238	511
Legal and Lawyer fees	0.00	35.00
	17,517	18,394

	2020	2019
14 <u>Greditors</u>		
Greditors	7,121	7,121
Term Deposits	549	549
Payroll Accruals Payable	52,628	0
DBK Staff Deduction Clearing	2,488	0
Audit fees Payable	0	. 0
	62,787	7,670
Suspense & Clearing a/c		
Suspense Re: H/Rent Clearence	0	0
Suspense Re: Xmas Branch H	8,948	8,948
Suspense Re: Bank errors	-13,731	-92,294
Suspense Re: Staff fund	-33,478	-29,062
Suspense Re: Unclaimed cheques	207,966	159,494
Suspense Re: Phone Clearence	0	0
Suspense Re: Loan Refund	14	14
Suspense Re: Missing Telmo	0	0
Suspense Re: Vinstar Expenses	0	0
Suspense Re: Commercialisation Project	7,647	7,647
Suspense Re: Project development	0	0
Suspense Re: Loan Adjustments	-244,115	-15,541
Suspense Re: Unknown	-1,753	-1,753
· · · · · · · · · · · · · · · · · · ·	-68,502	37,455
Total Creditors	-5,715	45,125
		,
15 Revolving Fund - Agent's M/ycle		
Abaiang agent	0	0
Abemama agent	0	0
Beru agent	0	0
Nikunau agent	0	0
Onotoa agent	0	0
Marakei agent	0	0
Fanning agent	0	0
Tabnorth agent	0	0
Butaritari agent	0	0
Tamana agent	0	0
Nonouti agent	0 .	0
Arorae Agent-	0	0
Aranuka Agent-	0	0
Maiana agent	0	0
Marakei agent	0	0
Nikunau agent	. 0	0
1 maiiat agent	0	0

16 Office Rent	:	
Head Office & TabNorth (\$50 Monthly)	38,116	33,969
Notional Rent - Xmas Branch	. 0	0
	38,116	33,969
17 Interest on ADB Loans	302,837	289,587
18 Loans Over Payments	546,813	473,457
19 Unearned Interest	140,365	140,365
20 Government Soft Loan	3,500,000.00	