REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

AIR KIRIBATI LIMITED FINANCIAL STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2021-2022

KIRIBATI AUDIT OFFICE

November 2024

KIRIBATI AUDIT OFFICE

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Audit for an impact for the public

INDEPENDENT AUDITOR'S REPORT

To the Readers of
AIR KIRIBATI LIMITED FINANCIAL STATEMENT
For the year ended 31st December 2021-2022

I have audited the Financial Statements of Air Kiribati Limited for the year ended 31st December 2021-2022 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 Cash Flow
- Statement of Changes in Equity
- Notes to the Accounts

Adverse Audit Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly (or *do not give a true and fair view of*) the financial position of Air Kiribati limited as at 31st December, 2021-2022, and (*of*) their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards

Basis for Adverse Opinion:

- In 2022, the total additions of $36,647.06 for the following assets: computer software ($23,433.43), air conditioner ($4,713), and tools ($8,500.63) (refer Fixed Asset Schedule), did not match the balance of $67,843 reported under cash flow from investing activities (purchase of fixed assets). This generated a variance of $31,195.94 ($67,843 - $36,647.06). Management unable to provide satisfactory explanation therefore the audit treats this issue as an error or reconciliation issues thus has agreed that this issue will be adjusted in 2023 as per management response.

- In 2021, total additions for all assets amounted to $18,134, as reported in the fixed asset schedule. However, this does not reconcile with the $1,285,277.10 recorded under cash flow from investing activities for the purchase of fixed assets, resulting in a significant variance of $1,267,143.10. Management was unable to provide a justification for this discrepancy. Consequently, the audit cannot verify the accuracy, existence, or completeness of the assets due to this variance.

There was limitation of scope noted during the audit that restrict the auditor to carry out further substantive testing due to the following reasons noted below:

- There is no breakdown or detailed explanation for the provision for doubtful debts amounting to $150,000, which has been carried forward in the annual accounts from prior years (2019 to 2022). As a result, we are unable to verify the accuracy, existence, and completeness of the provision for doubtful debts or determine the method AKL used to calculate it. Management has acknowledged this issue and agreed to address it in the 2023 accounts, as noted in their response.

- Upon sighting the board minutes for 2021-2022, the audit notes that board minutes (February-December) 2021 were available but not yet signed. For 2022, board minutes from January, February, June, July, August, September, October, November and December were missing from box file. Unsigned minutes cannot be considered reliable evidence to confirm the occurrence, approval, or content of board meetings. This may affect the auditor's ability to verify decisions that impact financial reporting or operational policies.

- We cannot verify the existence, completeness, valuation and allocation, right and obligation of disposal of fixed asset (motor vehicles $31,367) due to the. missing board minutes for 2022.
- No contract/agreement nor evidence available during the audit for the purchase of new aircraft (2022) cost of $7million therefore, we cannot verify the accuracy, existence, completeness and value and allocation of the new aircraft.

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 **Authority** 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's and Management's responsibilities for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Authority'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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

Those charged with governance are responsible for overseeing the Authority'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 Company'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 Company'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 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 Company 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

AKL lodged its Financial Statement 2021-2022 on 13th March 2023 and 22 September 2023 respectively which indicate that AKL 2022 submission account had not comply with Section 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. Other than the audit, we have no relationship with or interest in AKL.

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Mr. Eriati Tauma Manaima
Auditor General.

Date:28/11/2024

Air Kiribati
Flying our Nation Forward

File ref: K 2/23

Date: 13/09/2023

Eriati T Tauma
Auditor General
Kiribati Audit Office
Bairiki

Dear Sir,

RE:FINANCIAL STATEMENT 2022

I am pleased to submit Air Kiribati Ltd' financial statements for the year ending 31 December, 2022. The attachments included 18 pages covering Air Kiribati Ltd;

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cash Flow
- Statement of Changes in Equity and
- Accompanying Notes

Looking forward for your usual supports.

Kind Regards,

Tomwa Tehumu
Chief Executive Officer
Air Kiribati Ltd.

Note
Rakova for audit
25/9/23.

Rec'd 22/09/23.

Air Kiribati
Flying our Nation Forward

AIR KIRIBATI LIMITED

DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST DECEMBER 2022

Chairman Kevin Rouatu

Kataraiti Koraing

Contents

Chairman Kevin Rouatu

Kataraiti Koraing

1. Statement of Financial Performance for 31/12/2022

AIR KIRIBATI LIMITED					
STATEMENT OF FINANCIAL PERFORMANCE AS AT 31st DECEMBER 2022					
	Notes				
Income			**2022**		**2021**
Ticketing Sales	1	$	3,946,060.50	$	3,869,355.00
Cargo Sales	2	$	1,048,554.39	$	812,570.00
Ground Handling		$	318,760.98	$	265,907.00
Charter		$	880,156.72	$	825,687.00
Other Income	3	$	143,812.24	$	133,977.00
Regional Sales		$	-	$	23,614.00
Total Income		**$**	**6,337,344.83**	**$**	**5,931,110.00**
Cost of Sales					
Fuel & Cartages		$	1,422,186.36	$	1,831,207.00
Landing fees		$	86,062.41	$	92,624.00
Maintenance	4	$	1,559,508.02	$	1,254,520.00
Airframe & Engine Lease		$	1,491,826.52	$	2,039,888.00
Insurance		$	292,747.25	$	266,649.00
Other DOC	5	$	62,785.32	$	44,965.00
Regional		$	-	$	108,632.00
Total COS		**$**	**4,915,115.88**	**$**	**5,638,485.00**
Gross Profits		**$**	**1,422,228.95**	**$**	**292,625.00**
General & Admin	6	$	1,602,785.26	$	1,420,012.00
Marketing & Promotions		$	1,566.00	$	4,349.00
Employment costs	7	$	2,734,735.91	$	3,087,068.00
Occupancy Costs	8	$	157,697.74	$	150,992.00
Total Indirect Costs		**$**	**4,496,784.91**	**$**	**4,662,421.00**
EBITDA		**-$**	**3,074,555.96**	**-$**	**4,369,796.00**
Other Income					
GoK CSO	9	$	3,841,812.41	$	4,150,677.00
Aircraft Lease Refund		$	143,841.14	$	-
PPI & Others	10	$	83,674.00	$	756,355.00
Amortization Aid Reserve		$	29,666.00	$	-
Total Other Income		**$**	**4,098,993.55**	**$**	**4,907,032.00**
EBITD		**$**	**1,024,437.59**	**$**	**537,236.00**
Other Expenditures					
Depreciation		$	1,077,359.15	$	1,296,797.00
Other Expenses	11	$	405,245.85	$	396,656.63
Interest		$	-	$	76,011.00
		$	**1,482,605.00**	**$**	**1,769,464.63**
Net Profits/ (Loss)		**-$**	**458,167.41**	**-$**	**1,232,228.63**

Chairman Kevin Rouatu

Katararaiti Koraing

2. Statement of Financial Position as at 31/12/2022

AIR KIRIBATI LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2022

Current Assets	**Notes**		**2022**		**2021**
Cash on Hand & at Bank	12	$	573,466.74	$	418,580.84
Trade Debtors	13	$	581,325.65	$	547,051.53
Other Debtors & Receivables	14	$	310,550.29	$	281,196.91
Total Current Assets		**$**	**1,465,342.68**	**$**	**1,246,829.28**
Current Liabilities					
Trade Creditors		$	1,004,741.29	$	562,178.69
Other Creditors & Accruals	15	$	99,451.77	$	114,631.79
Total Current Liabilities		**$**	**1,108,531.21**	**$**	**676,810.48**
Working Capital		**$**	**356,811.47**	**$**	**570,018.80**
Fixed Assets	16	**$**	**16,697,573.94**	**$**	**9,780,261.53**
Total Assets		**$**	**18,162,916.62**	**$**	**11,027,090.81**
Long Term Liabilities					
Loan - KFL		$	40,929.92	$	190,930.00
Loan - KPF (Twin Otter T3-AKL)		$	1,487,949.35	$	1,487,949.35
KOIL Outstandings		$	3,445,317.18	$	3,445,317.18
Dash 8 - Aircraft Lease		$	-	$	372,272.00
Dash 8 - Spares Lease		$	-	$	212,619.00
Total Long Term Liabilities		**$**	**4,974,196.45**	**$**	**5,709,087.53**
Total Liabilities		**$**	**6,082,727.66**	**$**	**6,385,898.01**
Net Assets		**$**	**12,080,189.0**		**$4,641,193**
Equity					
Share Capital			$500.00		$500.00
Shareholder Contributions			$13,522,215.36		$13,522,215.36
Government Grant			$7,897,163.00	$	-
Retained Earnings			($8,881,522.18)		($7,649,293.55)
Current Year Earnings			($458,167.41)		($1,232,228.63)
			$12,080,189	**$**	**4,641,193**

Chairman Kevin Rouatu

Kataraiti Koraing

3. Statement of Cash Flow for 31/12/2022

AIR KIRIBATI LTD
STATEMENT OF CASH FLOW
For the year ended 31st December 2022

	Note	2022	2021
Cash flow from operating activities			
Receipts from customers & debtors		$10,343,045	$10,878,463
Payments to suppliers & employees		-($9,385,426)	-($10,606,164)
Net Cash inflow/Outflow from Operating Activities		$957,619	$272,298
Cash flow from investing activities			
Purchase of fixed assets		-($67,843)	-($11,521)
Net Cash inflow/Outflow from investing activities		-($67,843)	-($11,521)
Cash flow from Financing activities			
Payment to Long term Liabilities		-($734,891)	-($766,457)
Government grant received			$753,158
Net Cash inflow/outflow from Financing activities		-($734,891)	-($13,299)
Net Cash Flow		**$154,885**	**$247,479**
Cash and Bank Balances - Beginning		$418,580	$171,101
Cash and Bank Balances - Ending		**$573,465**	**$418,580**

Note A - Details of Cash and Bank Balances

	2022	2021
Air Kiribati Limited- 239877	$487,689	$277,999
AKL CXI - 816290	$2,353	$4,174
Undeposited Funds	$67,159	$67,040
Electronic Clearing - Fuel	$3,567	$68,567
Outstanding Deposits Receivables	$4,355	$0
Dishonored Cheques Receivables	$3,979	$0
Petty Cash	$900	$800
Payroll Cheque	$1,212	$0
Imprest Accounts	$2,251	$0
	$573,466	**$418,580**

Note B - Reconciliation of cash flow from operations

	2022	2021
Net Profit / loss for the period	-($458,167)	-($1,232,229)
Depreciation charge for the period	$1,077,359	$1,296,797
Amortisation of aid reserve for the period	-($29,666)	$0
Decrease/(Increase) in Debtors	-($63,628)	$40,321
Increase/(Decrease) in Creditors	$431,721	$168,022
Adjustment		-($614)
	$957,619	**$272,298**

Chairman Kevin Rouatu

Kataraiti Koraing

4 Statement of Changes of Equity for 31/12/2022

AIR KIRIBATI LTD

Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2022

	Share capital	Shareholder contributions	Retained Earnings	Total
Balance at the beginning of the year	**$500**	**$13,522,215**	-($8,881,522)	**$4,641,193**
Operating profit/(loss) for the year			-($458,167)	-($458,167)
Other comprehensive income				
Adjustments For the Year				
GoK contributions		$7,897,163		**$7,897,163**
Other items				
		$7,897,163	-($458,167)	**$7,438,996**
Balance at the end of the year	**$500**	**$21,419,378**	-($9,339,690)	**$12,080,188**

AIR KIRIBATI LTD

Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Share capital	Shareholder contributions	Retained Earnings	Total
Balance at the beginning of the year	**$500**	**$13,522,215**	-($7,648,682)	**$4,641,806**
Adjustment			-($612)	-($612)
			-($7,649,294)	-($7,649,294)
				$0
Operating profit/(loss) for the year	**$0**	**$0**	-($1,232,229)	-($1,232,229)
Other comprehensive income	**$0**	**$0**	**$0**	**$0**
GoK contributions	**$0**	**$0**	**$0**	**$0**
Other items	**$0**	**$0**	**$0**	**$0**
	$0	**$0**		**$0**
Balance at the end of the year	**$500**	**$13,522,215**	-($8,881,523)	**$4,641,192**

5 Statement of Accounting Policies

Chairman Kevin Rouatu

Kataraiti Koraing

Reporting Entity

Air Kiribati Limited's (AKL) primary business is the transportation of passengers and cargoes on scheduled airline services. Its secondary services are ground handling and baggage services on SGHA and ad hoc basis. The financial statements presented is for the financial year 2022 with Air Kiribati as the only reporting legally registered entity.

Statutory Base

Air Kiribati Limited is a state-owned enterprise providing essential air services to the people of Kiribati. The airfare prices are controlled by the Government of Kiribati thereby GoK provides fare subsidy and Community Service Obligation (CSO) to support the operations for the shortfall in revenue.

AKL is domiciled in the Republic of Kiribati, registered company no. 80. The statutory reporting is under the Public Finance Act and Generally Accepted Accounting Practice.

Basis of Preparation

Air Kiribati Limited prepares its financial statements in accordance with the New Zealand Generally Accepted Accounting Practice (NC GAAP). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate to profit-oriented entities. These financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on

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Basis of Measurement

The financial statements have been prepared on the historical cost basis with the exception of certain items as identified in specific accounting policies and are presented in Australian Dollars which is the AKL's functional currency.

Use of accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. Areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed within the specific accounting policy or note.

Chairman Kevin Rouatu

Kataraiti Koraing

The financial statements are prepared in accordance with the Generally Accepted Accounting Practice and the applicable financial reporting standards. The financial statements have been prepared on the historical cost basis. The following is a summary of important accounting policies used by the company.

Depreciation

Depreciation is calculated on a straight-line method to write off the costs of the Long-Term Assets over their expected useful lives. The rates are as follows.

Aircraft Airframe	3-7%
Spare Engine	20%
Aircraft spare	20%
Computers & computer software	20%
Ground handling equipment	10-20%
Air Condition	20%
Tools	25%
Furniture & Fixtures	33.3%
Motor Vehicles	20%
Building improvements	5%

Where parts of an item of aircraft, property, plant and equipment have different useful lives, they are accounted for as separate items (major aircraft components including engine assets) of aircraft, property, plant and equipment.

- Stock of Spare Parts

Spare parts stocks comprise rotables and expendables and consumables. They are stated at the lower cost or net realizable value. Spare parts are capitalized and are depreciated.

- Property, plant and equipment

Items of property plant and equipment are stated at cost or deemed costs less accumulated depreciation. Costs include expenditure that is directly attributable to the acquisition of the items and in bringing the asset to the location and working condition for its intended use.

- Finance leased assets

Leases under which the Airline assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Upon initial recognition, assets held under finance leases are measured at the amounts equal to their lower of fair value and the present value of the minimum lease payments at the inception of the lease.

Chairman Kevin Rouatu

Kataraiti Koraing

Donated assets

Assets granted by GoK are recorded at cost at the date of the gift. Depreciation and Amortization are computed using the straight-line method over the assets' estimated useful life

Chairman Kevin Rouatu

Katataiti Koraing

6 Notes to the Financial Statements

Notes

Notes	Revenue	2022 AUD	2021 AUD
1	**Ticket Sales**		
	Tickets Bairiki	$53.00	$754,447.00
	Ticket Bonriki	$2,621,885.56	$1,780,389.00
	PTA Received	$0.00	$18,391.00
	Ticket Kiritimati	$93.10	$1,606.00
	Air Ticket- O/I Agents	$1,314,372.64	$1,314,522.00
	International RPT Income	$9,656.20	$0.00
	Total Ticket Sales	**$3,946,060.50**	**$3,869,355.00**
2	**Cargo Sales**	**2022**	**2021**
	Bonriki Freight	$704,408.77	$507,787.00
	O/I Agents- Freight	$117,997.56	$142,847.00
	Bonriki Excess Freight	$192,016.36	$131,618.00
	O/I Excess Freight	$14,772.00	$17,795.00
	Post Mail	$1,247.00	$12,308.00
	Wrapping Service Income	$18,112.70	$215.00
	Total Cargo Sales	**$1,048,554.39**	**$812,570.00**
3	**Other Income**	**2022**	**2021**
	Sundry - PTA/REMIT Fees	$26.50	$1,407.00
	Surplus Agency	$4,541.84	$545.00
	Administrative and Other Fees	$49,044.90	$130,484.00
	Ticket Commissions/Booking Fee	$52,168.45	$5,138.00
	International Fuel Surcharges	$26,953.00	$0.00
	Disruption Flight Compensation	$9,000.00	$0.00
	Fuel Cost for Charger	$204.00	$0.00
	Domestic Charter Xmas	$707.00	$0.00
	Solomon Ticket Sales	$0.00	$23,614.00
	Jet Operations Charter	$1,166.55	$0.00
		$143,812.24	**$161,188.00**
		2022	**2021**
4	Aircraft Inhouse Repair	$1,503,009.93	$1,248,043.00
	Aircraft Outside Labour	$130.84	$0.00
	Aircraft Major Overhaul	$56,367.25	$6,476.00
		$1,559,508.02	**$1,254,519.00**

Chairman Kevin Rouatu

Kataraiti Koraing

5	Other DOC	AUD	AUD
	Porters Outer Island Wages	$25,398.50	$24,715.00
	Passenger Disruption Charges	$1,394.00	$18,322.00
	Ground Handling Charges Dash 8	$1,729.10	$1,800.00
	Air Navigation Fee	$385.29	$128.00
	Solomons Honiara Services	$45.43	$0.00
	Freight for Spare Parts	$7,790.63	$0.00
	Ferry Cost leased aircraft	$26,042.37	$0.00
		$62,785.32	**$44,965.00**

Notes

6	General and Administrative	2022	2021
		AUD	AUD
	Hire of Services	$46,170.00	$215,959.00
	Technical Assistance	$166,479.00	$79,195.00
	Professional Fees	$0.00	$26,004.00
	Regulatory Fees	$13,043.00	$52,027.00
	Cleaning	$3,509.00	$11,233.00
	Bank Charges	$12,193.00	$20,846.00
	Local Travel & Accommodation	$22,908.84	$37,405.00
	Local Training/Workshop	$5,821.48	$8,652.00
	Donations	$350.00	$4,546.00
	Telephone/Internet/Fax	$99,661.00	$126,127.00
	Office Supplies	$45,505.00	$86,626.00
	Overseas Travelling	$248,968.00	$120,537.00
	Overseas Training/Workshop	$124,189.00	$26,603.00
	Freight Paid	$147,554.74	$134,702.00
	Repairs & Maint - Furn/OE	$950.00	$1,747.00
	MV Repairs & Maintenance	$6,031.00	$16,558.00
	MV Fuel	$45,064.00	$57,329.00
	Car rental	$78,430.00	$12,430.00
	Subscriptions, software, license	$302,692.38	$117,159.00
	Board Allowance	$13,030.00	$11,777.00
	Board Sundry Expenses	$3,394.00	$1,720.00
	Compensation/Damage	$15,228.00	$5,682.00
	Agents Commission	$114,985.82	$109,144.00
	Refund Ticket and Airway Bill	$85,506.00	$128,089.00
	Custom VAT expenses	$1,122.00	$7,916.00
	Total General and Administrative	**$1,602,785.26**	**$1,420,012.00**

Chairman Kevin Rouatu

Kataraiti Koraing

7	**Employment Expenses**	**2022**	**2021**
	Wages and Salary	$1,545,866.50	$1,933,628.00
	KPF Employer Contribution	$104,189.57	$149,441.00
	Allowance - Uniform/Safetyware	$11,715.00	$16,307.00
	Allowance - Acting/Other	$399,063.53	$393,390.00
	Allowance - Telephone/Internet	$3,970.00	$5,178.00
	Allowance - Meal	$6,959.00	$1,690.00
	Overtime	$171,037.32	$103,381.00
	Leave Grants	$252,154.00	$121,170.00
	Medical Checkup	$17,253.75	$24,756.00
	Visa Costs	$210.43	$3,062.00
	Accomodation/Rental	$197,691.73	$290,641.00
	Staff welfare	$23,055.08	$43,095.00
	ID Cards	$1,570.00	$1,330.00
	Total Employment Expenses	**$2,734,735.91**	**$3,087,068.00**

8	**Occupancy Costs**	**2022**	**2021**
		AUD	**AUD**
	Electricity & Water	$80,636.20	$78,115.00
	Rent	$4,905.25	$6,730.00
	Building Repairs and Maintenance	$33,077.29	$66,147.00
	Permits & Licenses	$39,079.00	$0.00
	Total Occupancy Costs	**$157,697.74**	**$150,992.00**

Chairman Kevin Rouatu

Kataraiti Koraing

9	**Government Contributions**	**2022**	**2021**
	Total CSO approved	**$4,359,733.00**	**$4,150,675.91**
	Received by AKL	**$3,841,812.41**	
		$517,920.59	
	Less: CSO Paid		
	Tranche 1 (15/01/2021)		$1,000,000.00
	Tranche 2 (01/04/2021		$534,257.00
	Tranche 3 (12/05/2021)		$800,000.00
	Less: Insurance Payment		
	4th Instalment 2020		$264,713.00
	1st Instalment 2021		$121,142.15
	2nd Instalment 2021		$57,618.00
	3rd Instalment 2021		$4,137.65
	Less: Aircraft Lease Payment		
	Lease		$309,883.86
	Leases		$404,182.71
	Leases		$197,752.15
	Leases		$427,526.25
	Total funding remaining		**$29,463.14**

*The remaining balance was appropriated towards the payment of the DASH 8 loans

10	**PPI & Others**	**2022 AUD**	**2021 AUD**
	Sundry Income	$10.00	$582.00
	Asset Gain	$1,588.00	$755,773.00
	Prior Period Items	$82,076.00	$0.00
	Total Other Income	**$83,674.00**	**$756,355.00**

11	**Other Expenses**	**2022 AUD**	**2021 AUD**
	Prior year items	$362,436.85	$101,451.63
	Jet Operations	$22,855.00	$0.00
	Jet - Insurance	$0.00	$295,205.00
	Nauru Airline Sundry Expenses	$29.00	$0.00
	Solomon Airline Sundry Expenses	$34.00	$0.00
	Asset Loss	$9,123.00	$0.00
	Currency Loss	$10,768.00	$0.00
	Total Other Expenses	**$405,245.85**	**$396,656.63**

12 Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, demand deposit, current accounts in bank and other short term highly liquid investments that are rapidly convertible to known amounts of

Chairman Kevin Rouatu Kataraiti Koraing

cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprised:

12	**Cash at Bank**	**2022 AUD**	**2021 AUD**
	Air Kiribati Limited- 239877	$487,689.40	$277,999.94
	AKL CXI - 816290	$2,353.00	$4,173.52
	Imprest Account	$2,251.36	$0.00
	Undeposited Funds	$67,159.00	$67,039.89
	Petty Cash	$900.00	$800.00
	Electronic Clearing - Fuel	$3,567.49	$68,567.49
	Outstanding Deposits Receivables	$4,355.00	$0.00
	Dishonored Cheques Receivables	$3,979.00	$0.00
	Payroll Cheque Account	$1,212.49	$0.00
	Total Cash on Hand	**$573,466.74**	**$418,580.84**

13 Trade Debtors

Trade Debtors are recognized at cost less any provision for impairment. Bad debts are written off when they are considered to have become uncollectable.

		2022 AUD	**2021 AUD**
13	**Trade Debtors**	$731,326	$697,051.53
	Less Prov'n for Doubtful Debts	-$150,000	-$150,000
	Total Trade Debtors	**$581,325.7**	**$547,051.53**

14	**Other Debtors & Receivables**		
	Air Tickets Prepaid (Int Ops)	$35,000	$35,000
	Prepaid - House Rent Bond	$9,950	$9,550
	Prepayment - Skytec	$74,937	$74,936.8
	Prepayment - PTB	$159,113	$159,113
	Short-Agencies	$10,459	$0
	Prepaid Taxes	$21,091.48	$2,597.48
	Total Other Debtors and Receivables	**$310,550**	**$281,196.91**

Chairman Kevin Rouatu

Katataiti Koraing

15	**Other Creditors**	**2022**	**2021**
	Payroll Liabilities	**$ 53,569.98**	**$ 86,111.50**
	Customer Deposits	$ 38,216.00	$ -
	Cash Remittance	$ 762.25	$ -
	Fiji Airways	$ 19,494.00	$ -
	Solomon Airlines	-$ 20,127.52	$ -
	Air Tickets	-$ 25,941.51	$ -
	Kiribati Pax Tax	$ 33,490.47	$ 28,520.29
	Others	-$ 11.90	$ -
		$99,451.77	**$114,631.79**

Chairman Kevin Rouatu

Katataraiti Koraing

16 Fixed Assets and Depreciation Schedule 2022

2022	Aircraft	Spares parts	Spare engines	Ground handling & other equiment	Computers & software	Air Conditioning	Fixtures & fittings	Tools	Motor vehicles	Building improvements	Total
COST											
Balance 1/01/22	$12,708,724.00	$1,059,508	$1,625,845.00	$725,116.00	$328,983.00	$70,102	$74,119	$324,958	$257,886.00	$188,527	$17,363,768.00
Additions 2022	$ 7,926,829.00	$ -	$ -	$ -	$ 23,433.43	$4,713	$ -	$ 8,500.63	$ -	$ -	$ 7,963,475.56
Disposals 28/02/2021									($31,367.00)		($31,367.00)
Adjustments									$ 800.00		$ 800.00
Adjustments											
Balance 31/12/2022	$20,635,553.00	$1,059,508	$1,625,845.00	$725,116.00	$352,416.43	$74,815	$74,119.00	$333,459	$227,319.00	$188,527	$25,296,676.56
DEPRECIATION											
Balance 1/01/22	$ 4,004,095.00	$423,803	$1,625,845.00	$643,085.00	$247,156.00	$ 52,482.00	$50,278.00	$240,241.00	$245,016.00	$ 48,159.00	$ 7,580,160.00
1/01 - 31/12	$ 767,701.00	$105,948		$45,996.000	$ 39,842.00	$ 6,298.00	$ 5,425.00	$ 29,376.00	$ 6,489.00	$ 9,397.20	$ 1,016,472.20
Additions	$ 29,666.00				$ 2,141.88				$ 29,078.00	$ -	$ 60,885.88
Total Depreciation 2022	$ 797,367.00	$105,948	$ -	$ 45,996.00	$ 41,983.88	$ 6,298.00	$ 5,425.00	$ 29,376.00	$ 35,567.00	$ 9,397.20	$ 1,077,358.08
Asset Disposal & Adjustments									-$ 61,764.00		-$ 61,764.00
Balance 31/12/22	$ 4,801,462.00	$529,751	$1,625,845.00	$689,081.00	$289,139.88	$ 58,780.00	$55,703.00	$269,617.00	$218,819.00	$ 57,556.20	$ 8,595,754.08
NBV 31/12/2022	$15,834,091.00	$529,757	$ -	$ 36,035.00	$ 63,276.55	$ 16,034.50	$18,416.00	$ 63,841.63	$ 8,500.00	$ 130,970.80	$16,697,573.00

Chairman Kevin Rouatu

Kataraiti Koraing

14 Fixed Assets and Depreciation 2021 Schedule

2021	Aircraft	Spares parts	Spare engines	Ground handling & other equiment	Computers & software	Airconditioning	Fixtures & fittings	Tools	Motor vehicles	Building improvements	Total
COST											
Balance 1/01/21	$12,708,724	$1,059,508	$1,625,845	$725,116	$323,679	$62,402	$68,989	$324,958	$257,886	$188,527	$17,345,634
Additions	$0	$0	$0	$0	$5,304	$7,700	$5,130	$0	$0	$0	$18,134
Balance 31/12/201	**$12,708,724**	**$1,059,508**	**$1,625,845**	**$725,116**	**$328,983**	**$70,102**	**$74,119**	**$324,958**	**$257,886**	**$188,527**	**$17,363,768**
DEPRECIATION											
Balance 1/01/21	$3,236,394	$317,852	$1,463,149	$525,690	$197,004	$46,295	$45,358	$206,974	$206,941	$37,705	$6,283,363
Additions	$767,701	$105,951	$162,696	$117,396	$50,152	$6,187	$4,920	$33,267	$38,075	$10,453	$1,296,797
Balance 31/12/21	$4,004,095	$423,803	$1,625,845	$643,085	$247,156	$52,482	$50,278	$240,241	$245,016	$48,159	$7,580,160
NBV 31/12/20	**$8,704,629**	**$635,705**	**$0**	**$82,030**	**$81,827**	**$17,621**	**$23,842**	**$84,717**	**$12,870**	**$140,368**	**$9,780,261**

Chairman Kevin Rouatu

Kataraiti Koraing

17 Finance Lease and Loan Liabilities

The below debts still remain as outstanding in the books of AKL as at 31st December 2022:

Loan - KFL	$ 40,929.92	$ 190,930.00
Loan - KPF (Twin Otter T3-AKL)	$ 1,487,949.35	$ 1,487,949.35
KOIL Outstandings	$ 3,445,317.18	$ 3,445,317.18
Dash 8 - Aircraft Lease	$ -	$ 372,272.00
Dash 8 - Spares Lease	$ -	$ 212,619.00
Total Long Term Liabilities	**$ 4,974,196.45**	**$ 5,709,087.53**

The Airline entered into a second loan agreement with the Kiribati Provident Fund to borrow USD$4,640,000 to acquire a Twin Otter aircraft in 2013. However, this aircraft was never received. The Government of Kiribati pursued legal action against the supplier, however no recourse was provided. There is no chance of recovering the aircraft or the monies paid. This loan was never recorded in the books of AKL and is now passed onto the government for payment and resolution as per the cabinet paper approval.

As of January 31st 2022, Ministry of Finance has repaid the Avmax (DASH 8) loan bringing the balance to current outstanding to date.

Air Kiribati Ltd together with Koil entered into an MOU to review the fuel prices charged in Tab North. In October 2021, the MOU was signed by both the organizations. It was also agreed as part of the MOU that $0.10 per liter for refueling in Tab North will contribute towards the long outstanding debt AKL has had with Koil.

Chairman Kevin Rouatu

Kataraiti Koraing

Air Kiribati

Flying our Nation Forward

SOE OIC

Fyna.

14/3/23

File Reference: 12/22

10th March 2023

Auditor General
AG' Office
Bairiki, Tarawa
Republic of Kiribati

Re: Air Kiribati Finance Statement end of 2021.

This to formally submit Air Kiribati finance statement for the year 2021 in which is covering periods of twelve months from January 1 up to 31 December.

Please find attached FINANCIAL STATEMENT for the end of YEAR 2021.

I trust the report complies with Auditing requirements of SOEs.

Please contact the undersigned should you need further clarification.

Sincerely,

....

Tomwa Baitika Tehumu

CEO Air Kiribati

+686 74028533
info@airkiribati.com.ki
www.airkiribati.com.ki
PO Box 274, Bikenibeu, Tarawa, Republic of Kiribati

Rec'd 13/03/23.

Air Kiribati

Flying our Nation Forward

FINANCIAL STATEMENTS

CONFIDENTIAL

For the Period FY2021

TABLE OF CONTENTS

1.0 Statement of Financial Performance

FOR THE YEAR ENDED 31ST DECEMBER 2021

Signed by:

Chairman: ______________

Date: 19/8/22

Board Director: ______________

Date: 10/03/23

	Notes	2021	2020
		AUD	AUD
Revenue			
Ticket Sales	6	$3,869,355	$3,767,357
Cargo Sales	6	$812,570	$780,300
Charter Sales	6	$825,687	$482,846
Ground Handling Revenue	6	$265,907	$93,271
Other income	6	$133,977	$143,398
Regional Sales	6	$23,614	$355,849
Total Revenue		**$5,931,110**	**$5,623,021**
Direct Operating Costs			
Fuel & Cartage	7	$1,831,207	$1,788,407
Maintenance	7	$1,254,520	$1,409,738
Insurance	7	$266,649	$136,680
Aircraft and Engine leases	7	$2,039,888	$1,204,982
Other DOC	7	$137,589	$316,902
Regional	7	$108,632	$710,888
Total Direct Operating Costs		**$5,638,485**	**$5,567,597**
Gross Profit		$292,624	$55,424
General and Administrative	8	$1,420,012	$2,215,665
Marketing and Promotions	9	$4,349	$22,063
Employment Expenses	10	$3,087,068	$3,441,439
Occupancy Costs	11	$150,992	$171,268
Total Expenses		**$4,662,421**	**$5,850,435**
Other Income	12	$756,355	$533,457
Other Expenses	13	$396,655	$444,092
Government contributions	14	$4,150,677	$7,594,271
EBITDA		**$140,580**	**$1,888,625**
Interest		$76,011	$135,216
Depreciation	4	$1,296,797	$1,372,779
Net Profit / (Loss)		($1,232,228)	**$380,630**

Signed by:

Chairman________ Board Director:________

Date: 19/8/22 Date: 10/03/23

2.0 Statement of Financial Position

AS AT 31ST DECEMBER 2021

	Notes	2021	2020
		AUD	AUD
Current Assets			
Cash on hand and at bank	1	$418,580	$171,101
Trade debtors	2	$550,246	$620,334
Other debtors & receivables	2	$278,599	$248,235
Total Current Assets		**$1,247,425**	**$1,039,669**
Current Liabilities			
Trade creditors	3	$562,162	$425,951
Other creditors & accruals	3	$114,631	$82,837
Total Current Liabilities		**$676,793**	**$508,788**
Working Capital		**$570,632**	**$530,881**
Fixed Assets	4	**$9,780,261**	**$11,065,538**
Long Term Liabilities			
Loan - KFL (GSE Equipment)	5	$190,930	$190,930
Loan - KPF (Twin Otter T3-AKL)	5	$1,487,949	$1,487,949
KOIL Outstanding	5	$3,445,317	$3,459,282
Dash 8 - Aircraft Lease	5	$372,272	$860,618
Dash 8 - Spares Lease	5	$212,619	$476,765
Total Long-Term Liabilities		**$5,709,087**	**$6,475,544**
Net Assets		**$4,641,806**	**$5,120,875**
Equity			
Share capital		$500	$500
Shareholder contributions	5	$13,522,215	$12,769,057
Retained earnings		($7,648,682)	($8,029,313)
Current Year Earnings		($1,232,228)	$380,630
Total Equity		**$4,641,806**	**$5,120,875**

Signed by:

Chairman ____________

Date: 19/8/22

Board Director: ____________

Date: 10/3/23

3.0 Statement of Cash Flow

FOR THE YEAR ENDED 31ST DECEMBER 2021

	2021	2020
	AUD	**AUD**
Cash Flow from Operating Activities		
Net Income	($1,232,228)	$380,630
Trade Debtors	$70,088	$521,722
Other debtors & receivables	($30,365)	$464,171
Trade creditors	$136,211	($2,083,286)
Other creditors & accruals	$31,794	($3,660,394)
Net Cash Flows from Operating Activities	**($1,024,500)**	**($4,377,156)**
Cash Flow from Investing Activities		
Acquisition of property plant & equipment	$1,285,277.10	$1,244,565.36
Net Cash Flows from Investing Activities	**$1,285,277.10**	**$1,244,565.36**
Cash Flow from Financing Activities		
Koil Outstanding Debt	($13,965)	$3,459,282
Loan - KFL (GSE Equipment)	$0	($15,045)
Loan - KPF (Twin Otter T3-AKL)	$0	$424,031
Dash 8 - Aircraft Lease	($488,346)	($433,653)
Dash 8 - Spares Lease	($264,147)	($234,207)
Government Grant/Subsidy	$753,158	$0
Net Cash Flows from Financing Activities	**($13,299)**	**$3,200,407**
Net Increase/Decrease for the period	**$247,479**	**$67,817**
Cash at the Beginning of the period	$171,101	$103,284
Cash at the End of the period	**$418,580**	**$171,101**

Signed by:

Chairman ______ Board Director: ______

Date: 19/8/22 Date: 10/03/23

4.0 Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Share capital	Shareholder contributions	Retained Earnings	Total
Balance at the beginning of the year	**$500**	**$12,769,057**	**($8,029,313)**	**$5,120,875**
Operating profit/(loss) for the year	$0	$0	$380,630	**$380,630**
Other comprehensive income	$0	$0	$0	**$0**
GoK contributions	$0	$753,158	$0	**$753,158**
Other items	$0	$0	$0	**$0**
	$0	$753,158	$380,630	**$1,133,789**
Balance at the end of the year	**$500**	**$13,522,215**	**($7,648,682)**	**$4,641,806**

Signed by:

Chairman

Date: 19/8/22

Board Director:

Date: 10/03/23

5.0 Statement of Accounting Policies

Reporting Entity

Air Kiribati Limited's primary business is the transportation if passengers and cargo on scheduled airline services. Its secondary services are ground handling and baggage services on SGHA and ad hoc basis. The financial statements presented ate consolidated with Air Kiribati as the only reporting legally registered entity.

Statutory Base

Air Kiribati Limited is a state-owned enterprise providing essential air services to the people of Kiribati. The fare prices are controlled by the Government of Kiribati thereby GoK provides fare subsidy and Community Service Obligation (CSO) to support the operations for the shortfall in revenue.

AKL is domiciled in the Republic of Kiribati, registered company no. 80. The statutory reporting is under the Public Finance Act and Generally Accepted Accounting Practice.

Basis of Preparation

Air Kiribati Limited prepares its financial statements in accordance with the New Zealand Generally Accepted Accounting Practice (NC GAAP). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate to profit-oriented entities. These financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 6th April 2022.

Basis of Measurement

The financial statements have been prepared on the historical cost basis with the exception of certain items as identified in specific accounting policies and are presented in Australian Dollars which is the AKL's functional currency.

Use of accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. Areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements are disclosed within the specific accounting policy or note.

Significant Accounting Policies

The financial statements are prepared in accordance with the Generally Accepted Accounting Practice and the applicable financial reporting standards. The financial statements have been prepared on the historical cost basis. The following is a summary of important accounting policies used by the company.

- Depreciation

Signed by:

Chairman: ____________

Date: 19/8/22

Board Director: ____________

Date: 10/03/23

Depreciation is calculated on a straight-line method to write off the costs of the Long-Term Assets over their expected useful lives. The rates are as follows.

Aircraft Airframe	3-7%
Spare Engine	20%
Aircraft spare	20%
Computers & computer software	20%
Ground handling equipment	10-20%
Air Condition	20%
Tools	25%
Furniture & Fixtures	33.3%
Motor Vehicles	20%
Building improvements	5%

Where parts of an item of aircraft, property, plant and equipment have different useful lives, they are accounted for as separate items (major aircraft components including engine assets) of aircraft, property, plant and equipment.

- Stock of Spare Parts

Spare parts stocks comprise rotables and expendables and consumables. They are stated at the lower cost or net realizable value. Spare parts are capitalized and are depreciated.

- Property, plant and equipment

Items of property plant and equipment are stated at cost or deemed costs less accumulated depreciation. Costs include expenditure that is directly attributable to the acquisition of the items and in bringing the asset to the location and working condition for its intended use.

- Finance leased assets

Leases under which the Airline assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Upon initial recognition, assets held under finance leases are measured at the amounts equal to their lower of fair value and the present value of the minimum lease payments at the inception of the lease.

Signed by:

Chairman: ______ Board Director: ______

Date: 19/8/22 Date: 10/03/23

6.0 Notes to the Financial Statements

1 Cash and Cash Equivalent

Cash and cash equivalents include cash on hand, demand deposit, current accounts in bank and other short term highly liquid investments that are rapidly convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise:

	2021 AUD	2020 AUD
Air Kiribati Limited- 239877	$277,999	($68,949)
AKL CXI - 816290	$4,174	$4,174
Imprest Account	$800	$1,000
Undeposited Funds	$67,040	$23,416
Electronic Clearing - Fuel	$68,567	$211,460
Total Cash on Hand	**$418,580**	**$171,101**

2 Trade Debtors and Other Receivables

Trade and other receivables are recognized at cost less any provision for impairment. Bad debts are written off when they are considered to have become uncollectable. Other deposits comprise deposits provided goods or service and are fully refundable.

	2022 AUD	2021 AUD
Trade Debtors	$700,246	$700,246
Less Prov'n for Doubtful Debts	($150,000)	($150,000)
Total Trade Debtors	**$550,246**	**$550,246**
Air Tickets Prepaid (Int Ops)	$35,000	$35,000
Prepaid - House Rent Bond	$9,550	$9,550
Prepayment - Skytec	$74,937	$74,937
Prepayment - PTB	$159,113	$159,113
Total Other Debtors and Receivables	**$278,599**	**$278,599**

Signed by:

Chairman ____________

Date: 19/8/22

Board Director: ____________

Date: 10/03/23

3 Trade Creditors and Other Creditors & Accruals

Trade creditors comprise amounts payable in respect to goods or services received by the Airline which remained unpaid as at balance date. These accounts are payable in the normal course of business at the terms of trade offered by the suppliers. Any amounts deferred and not considered payable within 12 months are classified as non-current. Balance remaining at balance date are:

	2021 AUD	2020 AUD
Trade Creditors	**$562,162**	**$425,951**
Payroll Liabilities		
Payroll Liability -Tax	$55,324	$31,945
Payroll Liability-KPF	$18,799	$33,151
Payroll Liability DBKDeduction	$274	$0
Payroll Liability KHCHouserent	$288	$0
Payroll Liability KHCHouseloan	$744	$0
Payroll Liability - Contributn	$3,926	$0
Payroll Salary Staff Recharge	$6,756	$0
Kiribati pax taxes domestic	$28,520	$17,741
Total Other Creditors and Accruals	**$114,631**	**$82,837**

Signed by:

Chairman________

Date: 19/8/22

Board Director: ________

Date: 10/3/23

4 Fixed Assets and Depreciation Schedule

2021	Aircraft	Spares parts	Spare engines	Ground handling & other equipment	Computers & software	Airconditioning	Fixtures & fittings	Tools	Motor vehicles	Building improvements	Total
COST											
Balance 1/01/21	$12,708,724	$1,059,508	$1,625,845	$725,116	$323,679	$62,402	$68,989	$324,958	$257,886	$188,527	$17,345,634
Additions	$0	$0	$0	$0	$5,304	$7,700	$5,130	$0	$0	$0	$18,134
Balance 31/12/201	$12,708,724	$1,059,508	$1,625,845	$725,116	$328,983	$70,102	$74,119	$324,958	$257,886	$188,527	$17,363,768
DEPRECIATION											
Balance 1/01/21	$3,236,394	$317,852	$1,463,149	$525,690	$197,004	$46,295	$45,358	$206,974	$206,941	$37,705	$6,283,363
Additions	$767,701	$105,951	$162,696	$117,396	$50,152	$6,187	$4,920	$33,267	$38,075	$10,453	$1,296,797
Balance 31/12/21	$4,004,095	$423,803	$1,625,845	$643,085	$247,156	$52,482	$50,278	$240,241	$245,016	$48,159	$7,580,160
NBV 31/12/20	**$8,704,629**	**$635,705**	**$0**	**$82,030**	**$81,827**	**$17,621**	**$23,842**	**$84,717**	**$12,870**	**$140,368**	**$9,783,608**

Signed by:

: 19/8/22

Chairman ______________

Date: ______________

Board Director: ______________

Date: 10/3/23

5 Finance Lease and Loan Liabilities

The below debts still remain as outstanding in the books of AKL as at 31st December 2021:

	2021 AUD	2020 AUD
Loan - KFL (GSE Equipment)	$190,930	$190,930
Loan - KPF (Twin Otter T3-AKL)	$1,487,949	$1,487,949
KOIL Outstanding	$3,445,317	$3,459,282
Dash 8 - Aircraft Lease	$372,272	$860,618
Dash 8 - Spares Lease	$212,619	$476,765
Total Long-Term Liabilities	**$5,709,087**	**$6,475,544**

The Airline entered into a second loan agreement with the Kiribati Provident Fund to borrow USD$4,640,000 to acquire a Twin Otter aircraft in 2013. However, this aircraft was never received. The Government of Kiribati pursued legal action against the supplier, however no recourse was provided. There is no chance of recovering the aircraft or the monies paid. This loan was never recorded in the books of AKL and is now passed onto the government for payment and resolution as per the cabinet paper approval.

As of 31st December, Ministry of Finance has repaid the Avmax (DASH 8) loan brining the balance to current outstanding to date.

Air Kiribati Ltd together with Koil entered into an MOU to review the fuel prices charged in Tab North. In October 2021, the MOU was signed by both the organizations. It was also agreed as part of the MOU that $0.10 per liter for refueling in Tab North will contribute towards the long outstanding debt AKL has had with Koil.

On 30th December 2021, the board of directors also agreed to repay the ground handling equipment loan with KFL in installments. As agreement has been entered into with payments starting from March 2022.

Signed by:

Chairman______

Date: 19/8/22

Board Director:______

Date: 10/3/23

6 Revenue

	2021 AUD	2020 AUD
Ticket Sales		
Tickets Bairiki	$754,447	$1,758,750
Ticket Bonriki	$1,780,389	$214,074
PTA Received	$18,391	$125,770
Ticket Kiritimati	$1,606	$148,358
Air Ticket- O/I Agents	$1,314,522	$1,413,859
International RPT Income	$0	$6,122
Funafuti Ticket sales	$0	$9,630
Hahn Air Sales International	$0	$6,313
Hahn Air Payments	$0	$0
Air Tickets Australia Sales	$0	$76,131
Air Tickets Payments	$0	$0
Nauru Airlines Agency income	$0	$8,350
Nauru Airlines payments	$0	$0
Total Ticket Sales	**$3,869,355**	**$3,767,357**
Cargo Sales		
Cargo Funafuti	$0	$833
Excess Funafuti	$0	$102
Bonriki Freight	$507,787	$434,858
O/I Agents- Freight	$142,847	$115,490
Bonriki Excess Freight	$131,618	$178,396
O/I Excess Freight	$17,795	$18,393
Kiritimati Freight	$0	$9,672
Kiritimati Excess Freight	$0	$3,646
Post Mail	$12,308	$10,724
Wrapping Service Income	$215	$8,185
Total Cargo Sales	**$812,570**	**$780,300**
Charter Sales		
Jet Operations - Charters	$111,562	$97,313
Domestic Charter Tarawa	$714,125	$378,508
Domestic Charter Kiritimati	$0	$7,025
Total Charter Sales	**$825,687**	**$482,846**
Ground Handling Revenue		
Ground Handling Bonriki	$265,907	$65,300
Ground Handling Kiritimati	$0	$27,971

Signed by:

Chairman____________ Board Director: ____________

Date: 19/8/22 Date: 10/3/23

Total Ground Handling Revenue	**$265,907**	**$93,271**
Other Income		
Sundry - PTA/REMIT Fees	$1,407	$7,208
Surplus Agency	$545	$0
Administrative and Other Fees	$130,484	$132,603
Late Fees Collected	$0	$100
Ticket Commissions/Booking Fee	$5,138	$3,487
Currency Gain/Loss	($3,597)	$0
Total Other Income	**$133,977**	**$143,398**
Reginal Sales		
Solomon Ticket Sales	$23,614	$0
Solomon Pax Revenue	$0	$309,300
Solomon Cargo Revenue	$0	$44,539
Solomon Excess Baggage	$0	$1,066
Solomon Excess Cargo Sales	$0	$944
Total Regional Sales	**$23,614**	**$355,849**

7 Direct Operating Costs

	2021 AUD	2020 AUD
Fuel & Cartage		
Fuel Oil Aircraft	$1,805,507	$1,759,131
Cartage - for Fuel	$25,700	$29,276
Maintenance		
Aircraft Inhouse Repair	$1,248,043	$1,409,738
Aircraft Major Overhaul	$6,476	$0
Insurance		
Aircraft Insurance	$266,649	$136,680
Aircraft and Engine leases		
Engine Lease rental	$871,993	$30,861
Aircraft Lease	$1,167,896	$1,174,121
Other DOC		
Porters Outer Island Wages	$24,715	$25,892

Signed by:

Chairman __________ Board Director: __________

Date: 19/8/22 Date: 10/3/23

Catering	$0	$3,594
Passenger Disruption Charges	$18,322	$45,844
Ground Handling Charges Dash 8	$1,800	$2,297
Air Navigation Fee	$128	$4,991
Landing Fees	$92,624	$234,284
Regional		
Solomon Air ACMI	$108,632	$402,362
Fuel HIR Services	$0	$239,591
Ground Handling HIR Services	$0	$13,054
Catering HIR Services	$0	$20,562
Landing HIR Services	$0	$11,913
Navigation HIR Services	$0	$9,083
Immigration HIR Services	$0	$883
Disinfection HIR Services	$0	$462
Bio Security HIR Services	$0	$3,756
Crew Allowance HIR Services	$0	$9,222
Total Cost of Sales	**$5,638,485**	**$5,567,597**

Signed by:

Chairman: ______________ Board Director: ______________

Date: 19/8/22 Date: 10/3/23

8 General and Administrative

	2021 AUD	2020 AUD
General and Administrative		
Hire of Services	$215,959	$303,210
Technical Assistance	$79,195	$323,652
Professional Fees	$26,004	$169,812
Regulatory Fees	$52,027	$0
Cleaning	$11,233	$11,920
Bank Charges	$20,846	$45,132
Local Travel & Accommodation	$37,405	$52,082
Local Training/Workshop	$8,652	$0
Donations	$4,546	$1,372,779
Telephone/Internet/Fax	$126,127	$201,416
Office Supplies	$86,626	$86,419
Overseas Travelling	$120,537	$233,644
Overseas Training/Workshop	$26,603	$12,300
Freight Paid	$134,702	$299,008
Late Fees Paid	$0	$1,131
Repairs & Maint - Furn/OE	$1,747	$12,705
MV Repairs & Maintenance	$16,558	$30,056
MV Fuel	$57,329	$54,090
Car rental	$12,430	$23,252
Subscriptions, software, license	$117,159	$107,714
Board Allowance	$11,777	$16,077
Board Sundry Expenses	$1,720	$1,809
Compensation/Damage	$5,682	$111,362
Agents Commission	$109,144	$106,002
Refund Ticket and Airway Bill	$128,089	$5,896
Custom VAT expenses	$7,916	$5,896
Security Services	$0	$6,977
Total General and Administrative	**$1,420,012**	**$3,594,341**

Signed by:

Chairman: ____________

Date: 19/8/22

Board Director: ____________

Date: 10/3/23

9 Marketing and Promotions

	2021 AUD	2020 AUD
Marketing and Promotions		
Advertising	$1,767	$14,084
Training and Seminars	$0	$7,979
Website development and fees	$2,582	$0
Total Marketing and Promotions	**$4,349**	**$22,063**

10 Employment Expenses

	2021 AUD	2020 AUD
Employment Expenses		
Wages and Salary	$1,933,628	$2,316,046
KPF Employer Contribution	$149,441	$118,124
Allowance - Uniform/Safetyware	$16,307	$20,236
Allowance - Acting/Other	$393,390	$388,205
Allowance - Telephone/Internet	$5,178	$5,323
Allowance - Meal	$1,690	$8,406
Overtime	$103,381	$85,031
Leave Grants	$121,170	$123,062
Medical Checkup	$24,756	$0
Visa Costs	$3,062	$10,697
Accomodation/Rental	$290,641	$341,546
Staff welfare	$43,095	$23,861
ID Cards	$1,330	$900
Total Employment Expenses	**$3,087,068**	**$3,441,439**

11 Occupancy Costs

	2021 AUD	2020 AUD
Occupancy Costs		
Electricity & Water	$78,115	$92,578
Rent	$6,730	$20,093
BuildinRepairs and Maintenance	$66,147	$58,597
Total Occupancy Costs	**$150,992**	**$171,268**

Signed by:

Chairman ______________

Date: 19/8/22

Board Director: ______________

Date: 10/03/23

12 Other Income

	2021 AUD	2020 AUD
Other Income		
Exchange difference	$0	$15,167
Sundry Income	$582	$3,662
Jet - Gok Contribution	$0	$514,627
Asset Gain/Loss	$755,773	$0
Total Other Income	**$756,355**	**$533,457**

13 Other Expenses

	2021 AUD	2020 AUD
Other Expenses		
Prior year items	$101,450	$444,092
Jet Operations	$0	$0
Jet - Insurance	$295,205	$0
Total Other Expenses	**$396,655**	**$444,092**

Signed by:

Chairman ______

Date: 19/8/22

Board Director: ______

Date: 10/3/23

14 Government Contributions

Total CSO approved	**$4,150,675.91**
Less: CSO Paid	
Tranche 1 (15/01/2021)	$1,000,000.00
Tranche 2 (01/04/2021	$534,257.00
Tranche 3 (12/05/2021)	$800,000.00
Less: Insurance Payment	
4th Instalment 2020	$264,713.00
1st Instalment 2021	$121,142.15
2nd Instalment 2021	$57,618.00
3rd Instalment 2021	$4,137.65
Less: Aircraft Lease Payment	
Leases	$309,883.86
Leases	$404,182.71
Leases	$197,752.15
Leases	$427,526.25
Total funding remaining	**$29,463.14**

*The remaining balance was appropriated towards the payment of the DASH 8 loans

Signed by:

Chairman________________

Date: 19/8/22

Board Director: ________________

Date: 10/3/23