REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Air Kiribati Ltd

For the Year Ended 31st December 2016

Kiribati Audit Office

December 2017

KIRIBATI AUDIT OFFICE

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Audit for an impact for the public

INDEPENDENT AUDITOR'S REPORT

To the Readers of Air Kiribati Ltd Financial Statements for the year ended 31st December 2016

The Auditor-General, Mrs Matereta Raiman, is the auditor of the Air Kiribati Limited (AKL).

The audit covered the Company's compliance with the requirements of Part VII of the Public Finance (Control and Audit) Ordinance, 1976, the Companies Ordinance, 1979 and the SOE Act, 2013 that apply to the Financial Statement of the AKL for the year ended 31st December 2016.

AKL Board of Directors and Management's Responsibility

The Board of Directors and Management are responsible for the preparation and fair presentation of the Financial Statements in accordance with Generally Accepted Accounting Practice in Kiribati and for such internal control as management determines necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

It is my responsibility to express an independent opinion on this Financial Statement and reporting that opinion to you as required under the Public Finance (Control and Audit) Ordinance 1976. The audit was conducted in accordance with International Standards of Supreme Audit Institutions.

Basis for Disclaimer Opinion

- After a review of monthly bank reconciliation, the audit discovered the following issues:
  - Significant variances noted between expected bank balance as per monthly bank reconciliation and bank statement. Normally, these reports (referred to as bank reconciliation & bank statement) are expected to have the same bank balance when proper reconciliation is performed and variances noted indicated lack of efforts entertained in performing regular reconciliation.
  - We were concerned that the total deposit of $326,597.10 was found not completely appeared on the bank statement (i.e. chq deposit for $321,320.00 plus $5,277.10 cash). Further investigation confirmed that only $321,320.00 (chq dep) has appeared, but not able to trace the remaining cash deposit of $5,277.00.

- In addition, total outstanding deposit of $151,301.19 has been approved by the board for write off however part of the total included 2016 current year's outstanding deposits of $60k which should not be written off.

- We were unable to verify Fixed Assets balance due to the following:
  - There was no fixed asset register (FAR) maintained and we also confirmed that there had been no physical counting of assets at end of year 2016.
  - Audit noted differences between the *General Ledger* (GL) closing 2015 and opening 2016 for the following assets:

	GL reports (2015 & 2016)		
Class	31.12.2015	1.1.2016	Var
Air Craft	15,712,293	6,454,480	9,257,813
Computer	75,821	66,625	9,196
AM Radio	44,347	42,490	1,857
Tools	80,040	73,346	6,694
Fixture & Furn	19,024	18,602	422
Motor Vechile	131,065	15,110,578	(14,979,513)

  - A payment of acquiring fixed assets of $7,766.78 in total was incorrectly charged to office supplies (expense).
  - We have identified a number of fixed assets from the *fixed asset schedule*, with closing balance for 2015 that did not agree with opening balances in 2016, as per the **Costs & Acc. Depreciation**. See table below for details of the variances.

	Cost		Acc. Depreciation		Differences	
Assets	31.12.2015	1.1.2016	31.12.2015	1.1.2016	Cost	Acc. Depre
Air Craft	13,626,080	6,454,480	1,383,897	587,813	7,171,600	796,084
Engine			184,663	28,487	-	156,176
Tools			92,218	73,345	-	18,873
Motor Vehicle			133,978	129,977	-	4,001

  - Some assets have been overcharged with depreciation expenses from previous years and as a result, it ended up with negative Net Book Value. For our current year audit of Financial Year (FY) 2016, the same issue remained.

- Audit noted with concern the following Imprest issues:
  - No reconciliation performed on outstanding imprest.
  - No policy for outstanding imprest.
  - We were unable to verify outstanding total of $43,812.32 being written off in 2016 as breakdown of the balance was not available.

- Our current audit for FY 2016 reveals the following anomalies with Trade debtors:
  - No proper reconciliation performed on trade debtors as evidenced by the non-availability of the reconciliation report and a significant variance noted between the ageing and the Financial Statement (FS) of $1.26m.
  - We could not substantiate the decrease in trade debtor balance of $1,409,723 in 2016, as this did not match the total amount approved for write off, of $1,256,202.96, giving a difference of $153,520.

- Provision for Doubtful Debts was not accounted for in the FS 2016 even-though there were portions of Trade debtors deemed doubtful. This is a repetitive issue from last audit.

- These were issues related to Airfare reduction subsidy:
  - Based on the Claims made to MFED for Subsidy we noted that the revenue to be claimed for the year 2016 was understated and we were unable to determine the exact amount being the understatement total as some of the claims were not available. The record provided by AKL on subsidy revenue was not even completed due to some omitted months.
  - We were also concerned that the recognition of revenue for subsidy by AKL is not following the Accrual Basis Accounting but a cash basis. This has significant impacts on the Net Profit as revenues were not fully recognised.
- AKL provided 3 different balances for Revenue from Charter (Domestic and Xmas), it was the GL balance, Manual Excel record, and FS. This had raised doubts on the accuracy of the balance stated in the FS as other control records showed different balances. Refer to table below:

Codes	Description	FS	GL (MYOB)	Manual Excel record	Comments
4-1420	Domestic Charter (Trw)	382,165.35	396,300.89	340,907.18	GL balance is higher than the other records
4-1430	Kiritimati Charter	15,935	1,800	162,391.76	Manual excel record is higher than other records

- Budget was not provided for expenditure account items, hence difficult for the audit to verify whether there has been any overspending of outputs and whether the client has operated within the proposed budget or not.
- We were concerned that Stock (Air Tickets) were not reported in the Financial Statement.
- The followings were weaknesses noted with Air Tickets.
  - No record maintained for air tickets when purchased from overseas, but as noted a register for the distribution of air tickets was maintained. Having record of purchased tickets will help ease tracing of air tickets with serial numbers when distributed to AKL Branches from time to time and to easily determine tickets which were gone missing.
  - The total purchase of air tickets of $35,400.00 was posted as office supplies expense rather than posting them to Stock. Details as per the following table.

Date	Inv #	Qty	Amount paid
16/12/2016	77195	10000	6,400.00
25/10/2016	75935	10000	6,400.00
3/9/2016	74686	10000	6,400.00
9/7/2016	73465	10000	6,400.00
16/5/2016	4537	10000	5,450.00
25/01/2016	69487	7500	4,800.00
			35,850.00
New stock			
31/05/2017	80660	45000	4,800.00

  - In the System the total payment made to Quality Print Ltd on tickets was $32,355.58 however the table above showed total purchases of $35,850 hence a variance of $3,494.42 was noted.

- Stock counting of tickets at year ended 2016 on the remaining tickets on hand was not done, hence hindered us from determining the exact number and value of air tickets (stock) for the year ended 2016.
    - Some tickets distributed to Bairiki Branch were not recorded in the main register, meaning the responsible officer had failed to record them prior to distribution. Ticket # was 703001-703100.
- Payment for staff tax pay on pay period 25/5/16, 8/01/16 & 22/01/16 dated 22/01/16 pv # 143/01/16 cheque number 974939 valued AT $9,412.07 was wrongly allocated to Fuel and Oil-Aircraft expense.
- We were unable to verify Trade Creditors balance due to the following:
    - A comparison of trade creditor balance as per the FS against the Aged Payable (summary), revealed a variance of $1.058m i.e. FS of $0.00 vs Ageing of $1,058,839.16 respectively, and we were concerned because the dominant balance was outstanding dues to KOIL of $1,003,498.28.
    - Further clarification by the FM shows that some portion of the total creditors in 2016 have been transferred and included under the Accrued Expense (other payables), however the total accrued expense disclosed was only $680,661.97. Meaning, the remaining portion from the Ageing, of $378,177.16 i.e. actual trade creditors as per the ageing $1.058m *less* actual transfer to accrued expense of $680k was omitted and not disclosed in the FS.
- AKL had written off it's KPF Loan in the amount of $5,608,175 as a result of the Boards deliberation with KPF and Kiribati Government after the loss on purchase of Twin Otter II. We cannot verify this write off due to the following:
    - Supporting documents were not available.
    - Journal entries made on KPF Loan require breakdown and supporting documents to confirm accuracy of the adjustments, but were not available.
- Based on the agreed new loan repayment arrangement with KPF i.e. $6,580 weekly. We noted that AKL's repayment was out by $65,800 which was equivalent to 10 weeks repayment, after comparing the total amount paid as per MYOB of $250,040 and what we expected as their Total repayment according to the agreement of $315,840. This could mean that AKL had missed payment for 10 weeks or payments may have been posted elsewhere or were not posted at all.
- Retained Earnings GL closing and opening balance for years 2015 & 2016 respectively, did not match and a significant variance of $(1,621,772) was noted. This indicated that the issue with Retained Earnings from last audit still carried on to 2016. Refer table below:

Particulars	2016 (O/bal)	2015 (C/bal)	Difference
Retained Earnings	-984,238	637,534	-1,621,772

- After a review on capital expenditue for the year 2016, it was then noted that total acquisition of fixed assets was $1,464,608 however the balance disclosed under Investing Activities of the Cash

Flow Statement was $1,167,003.47, hence understatement of fund provided from investing activities of $297,604.53 was detected.

- Reconciliation of Cash flows from Operating Activities was not provided.

Disclaimer Opinion

Because of the unavailability of records that leads to the limitation of scope, the various significant variances noted, together with other significant matters described in the Basis for Disclaimer Opinion paragraph above, I have not been able to obtain sufficient appropriate audit evidence, and accordingly I **COULD NOT** express an opinion on the Financial Statements of AKL for the year ended 31st Dec, 2016.

Emphasis of the Matter

I would like to draw attention to the matters described below:

- We cannot verify AKL's level of compliance with the Loan conditions for KFL-Ground Handling Equipment of $304,694.23, & KPF Loan-Aircraft of $1,722,047.11 in the absence of the Loan Agreements.
- Government Remittances Between Chest (RBC) cash also uses AKL air freight service for transferring money to outer islands. These monies usually come in big amounts hence proper security should be strictly followed in their handling to avoid chances of fraud/theft. Our assessment and observation of AKL's freight service especially for cash or RBC revealed the following weaknesses:
  There weren't any distinct precautionary measures in place to safeguard cash from being embezzled hence increases the potential of theft/fraud.
  - RBC after being registered was wrapped inside AKL normal cargo bag just like the other cargoes. *The bags were not safe as they can be easily opened by anyone.*
  - The loading of RBC on board was not done separately or with extra security but was handled just like the normal cargoes, stored on board with the rest of the cargoes either in the front or the back compartments of the aircraft.
  - Ensuring that the RBC flight was actually flew, was not the Supervisors responsibility but the sender. In this case, it was the Post officers who actually stayed behind to see that the RBC plane actually took off.
  - The RBC upon arrival at its destination, was off loaded as with other normal cargoes and were all kept at airport for collection. *Controls to ensure the RBC was actually off loaded at destination, a more secured handling of RBC were not in place.*
  - Along with the above we also noted that there was no proper physical security on site either to survey the cargo handling grounds.

The audit was completed on 15 December, 2017, and was the date at which my opinion was expressed.

Report on other Legal and Regulatory Requirements

AKL lodged its 2016 Financial Statements for audit on 12 May,2017 therefore indicated AKL's non-compliance with Sec. 20 of SOE Act, 2013.

Independence

When carrying out the audit we followed the independence requirements stipulated under section 114 (4) of the Kiribati Constitution and the requirements of the International Standards of Supreme Audit Institutions.

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

....

Mrs. Matereta. Raiman.
Auditor General.

Date: 15 Dec, 2017

AIR KIRIBATI LIMITED

ANNUAL ACCOUNTS FOR THE YEAR ENDED 31st of DECEMBER 2016

May 2017

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Signed by:
Chairman.................................. Director:..................................

AIR KIRIBATI LIMITED

Profit & Loss Statement

as at 31st December

	Notes	2016	2015
REVENUE	9	$5,430,941.75	$3,898,092.00
Direct Flight Expenses	10	$2,807,759.98	$1,785,769.00
Gross Profit		**$2,623,181.77**	**$2,112,323.00**
Expenses	11	$3,002,662.19	$2,401,918.00
Operating Profit		($379,480.42)	**-$289,595.00**
Other Income	12	$378,611.00	$0.00
Other Expenses	13	$152,206.46	$579,304.00
Net Profit / (Loss)		($153,075.88)	**-$868,899.00**

Signed by:
Chairman.................................... Director:....................................

FINANCIAL POSITION

AIR KIRIBATI LIMITED

Balance Sheet

As of December 2016

	Notes	2016	2015
Current Assets			
Cash On Hand	3	971,155	1,125,303
Trade Debtors		223,846	1,633,559
Air Pacific-Lost Baggage Claim	4	100	100
Imprest Account		27,976	43,813
Other receivable		0	39,770
Total Current Assets		**1,223,078**	**2,842,545**
Current Liabilities			
Trade Creditors	6	0	1,388,164
Account Payable- Accruals	7	680,662	-280,204
Total Current Liabilities		**680,662**	**1,107,960**
Working Capital		**542,416**	**1,734,585**
Fixed Assets	5	7,252,688	12,564,000
Building		163,879	0
Total Fixed Assets		**7,416,567**	**12,564,000**
Long Term Liabilities			
Total Long Term Liabilities	8	**2,026,741**	**7,330,222**
Net Assets		**5,932,243**	**6,968,363**
Equity			
Government Share/capital		500	500
Total Owner/Shareholder's Equity		7,069,557	7,069,557
Retained Earnings		-984,238	767,705
Current Year Earnings		-153,076	-868,399
Total Equity		**5,932,243**	**6,968,863**

Signed by:

Chairman.................................... Director:......................................

CASHFLOW STATEMENT

AIR KIRIBATI LIMITED Statement of Cash Flow January 2016 through December 2016		
		2016
	Cash Flow from Operating Activities	
	Receipts from Customers	1,409,712.09
	Payments to Suppliers	(1,388,164.00)
	Direct Cash Sales	4,021,229.66
	Direct Cash Payment	(4,030,536.86)
	Prepayment and Other receipts	626,340.48
	Net Cash Flows from Operating Activities	**$638,581.37**
	Cash Flow from Investing Activities	
	Spare Engine - Twin Otter	-$200,930.90
	Spare Engine - Y12 Aircraft	-$400,824.51
	Computer at Cost	-$11,596.74
	Air Condition at Cost	-$7,690.00
	Tools at cost	-$17,586.70
	Trolleys	-$17,318.72
	Furniture & Fixtures at Cost	-$350.00
	CEO Saloon Car	-$10,578.02
	Life Raft	-$31,555.03
	Building	-$163,878.85
	Ground Equipment Handling	-$304,694.00
	Net Cash Flows from Investing Activities	-$1,167,003.47
	Cash Flow from Financing Activities	
	Interest plus Principal pmt paid on KPF Loan	-$250,040.00
	Government Grant/Subsidy	$319,620.00
	KFL Loan	$304,694.00
	Net Cash Flows from Financing Activities	**$374,274.00**
	Net Increase/Decrease for the period	-$154,148.10
	Cash at the Beginning of the period	**$1,125,303.00**
	Cash at the End of the period	**$971,154.90**

Signed by:

Chairman.. Director:..

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2016

1. GENERAL

Air Kiribati Limited formerly known as Air Tungaru is a State Owned Enterprise established for the purpose of providing airline services for the general public. It commenced operations on 1st April, 1995.

2. PRINCIPLE ACCOUNTING POLICIES

The financial statements are prepared in accordance with the historical cost convention. The following is a summary of important accounting policies used by the company.

2.1 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%
Computer	20%
AM Radio	20%
Air Condition	20%
Tools	33.3%
Furniture & Fixtures	33.3%
Motor Vehicles	20%
Aircraft Components	Based on expected flying hours

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.

The financial statement is expressed in Australian dollars. Assets and liabilities expressed in foreign currencies are converted into Australian dollars at the rate of exchange ruling at the date of purchasing foreign currencies.

2.2 Stock of Spare Parts

Stocks are stated at the lower cost or net realizable value. All purchase of spare parts are expended and allocated to COS/Direct Flight Expenses once received.

3. CASH & CASH EQUIVALENT

3. CASH & CASH EQUIVALENT	2016	2015
Cash - Undeposited funds	$0.00	$0.00
Bank - 239877	$145,192.44	-$104,152.00
Bank - IBD 711059	$29,919.42	$27,457.00
Bank - IBD 789729	$785,835.34	$1,192,013.00
Petty Cash	$507.70	$285.00
Bank - One World Guarantee	$9,700.00	$9,700.00
Cash and Bank	**$971,154.90**	**$1,125,303.00**

4. TRADE DEBTORS & OTHER RECEIVABLES

4. TRADE DEBTORS & OTHER RECEIVABL	2016	2015
Trade Debtors	**$223,846.48**	**$1,633,559.00**
Staff Recharge/debtors Account	$0.00	$0.00
Short & Surplus	$0.00	$402.00
Air Pacific - Lost Baggage Claim	$100.00	$100.00
Imprest Account	$27,976.30	$43,813.00
Prepaid Insurance	$0.00	$39,368.00
Total	$251,922.78	$1,717,242.00

5. Fixed Assets and Depreciation Schedule

2015

LONG TERM ASSETS				AM	Air		Furniture	Motor	
COST	Aircraft	Engine	Computer	Radio	Condition	Tools	& Fixtures	Vehicles	Total
Balance 1/01/15	9,943,608	-	66,625	42,490	11,861	73,345	18,602	146,065	10,302,596
Addition	3,682,472	554,544	-	-	-	-	-	5,000	4,242,016
Balance 31/12/15	13,626,080	554,544	66,625	42,490	11,861	73,345	18,602	151,065	14,544,612
									-
DEPRECIATION									-
Balance 1/01/15	975,115	-	59,492	65,408	8,373	67,794	22,194	103,765	1,302,141
Charge	408,782	184,663	13,325	8,498	2,372.20	24,424	6,194	30,213.00	678,472
Balance 31/12/15	1,383,897	184,663	72,817	73,906	10,745	92,218	28,388	133,978	1,980,613
									-
NBV 31/12/15	12,242,183	369,881	- 6,192	- 31,416	1,116	- 18,873	- 9,786	17,087	12,564,000

2016

				AM	Air			Furniture	Motor	LifeRaft	Ground	
COST	Aircraft	Engine	Computer	Radio	Condition	Trolleys	Tools	& Fixtures	Vehicles		Handling Eqt	Total
Balance 1/01/16	6,454,480	554,544	66,625	42,490	11,861	-	73,345	18,602	151,065	-		7,373,012
Addition	-	1,032,033	11,597	- 350	7,690	17,319	17,587	350	10,578	31,555	304,694	1,464,608
Balance 31/12/16	6,454,480	1,586,578	78,222	42,140	19,551	17,319	90,932	18,952	161,643	31,555	304,694	8,967,708
DEPRECIATION												
Balance 1/01/16	587,813	28,487	72,817	73,906	10,745	-	73,345	28,388	129,977	-	-	1,005,479
Charge	333,205	-	2,319	-	3,910	3,464	5,856	-	26,499	6,311	10,156	398,032
Balance 31/12/16	921,019	184,663	75,136	73,906	14,655	3,464	79,201	28,388	156,476	6,311	10,156	1,709,852
NBV 31/12/16	5,533,461	1,401,914	3,085	- 31,766	4,896	13,855	11,730	- 9,436	5,167	25,244	294,538	7,252,688

Note: Over depreciating some assets in 2015 had resulted in negative values, hence, no depreciation was charged against them this fiscal year.

Signed by:

Chairman......................................
Date:..

Director:......................................
Date:..

6. TRADE CREDITORS

	2016	2015
Trade Creditor Balance	0	$1,388,164.00

Note: Balances normally considered as trade creditors and included under Accruals (Note 7)

7. OTHER PAYABLES

7. OTHER PAYABLES	2016	2015
Accrued Expense Payable	680661.97	0
Cash Remittance	$0.00	-$961.00
Government Charter (South Seas Sales Bairiki	$0.00	$0.00
Prepaid Tickets	$0.00	$0.00
Our Airline International Tickets	$0.00	$0.00
One World Flight Center	$0.00	-$296,361.00
Visa	$0.00	$85.00
Other International Agencies	$0.00	$0.00
Other Payroll Liability	$0.00	$17,033.03
Total	**$680,661.97**	**-$280,203.97**

8. LONG TERM LIABILITY

LOANS	2016	2015
KFL LOAN - Ground Handling Equipment	$304,694.23	0
KPF LOAN – Aircraft*	$1,722,047.11	$7,330,222.37
Total LTL	**$2,026,741.34**	**$7,330,222.37**

KPF Loan Details

	Twin Otter 2	Other Loan	Total
Bal 31/12/15	5,510,341.30	1,819,881.07	7,330,222.37
Interest		152,206.04	152,206.04
Penalty		360.00	360.00
Payments	(5,510,341.30)	(250,400.00)	(5,760,741.30)
Total 31/12/16	-	1,722,047.11	1,722,047.11

During the year the Government of Kiribati (GOK) assumed both the loan over Twin Otter 2 and the aircraft asset under agreement between KPF, GOK and Air Kiribati Ltd.

Signed by:
Chairman.................................... Director:....................................
Date:.................................... Date:....................................

9. REVENUE

4-1000	Airfare	2016	2015
4-1010	Air Tickets- Bairiki	$2,166,605.00	$1,452,299.00
4-1020	Air Ticket- Bonriki	$138,208.00	$132,389.00
4-1022	Air Tickets- Our Airline	$14.00	$0.00
4-1023	Air Ticket Kitimati	$204,403.00	$0.00
4-1030	Air Ticket- O/I Agents	$1,501,219.00	$1,246,375.00
4-1040	Ticket Commissions/Booking Fee	$958.00	$0.00
4-1070	Airfare Reduction Subsidy	$57,189.00	$255,614.00
	Total Airfare	$4,068,596.00	$3,086,677.00
4-1100	**Freight**		
4-1120	Bonriki Freight	$391,340.00	$221,122.00
4-1130	O/I Agents- Freight	$97,351.00	$56,681.00
4-1140	Bonriki Excess Freight	$102,211.00	$86,978.00
4-1150	O/I Excess Freight	$26,475.00	$14,089.00
4-1160	Kiritimati Freight	$33,507.00	
	Total Freight	$650,884.00	$378,870.00
4-1200	**Freight - Mail**		
4-1220	Mail	$10,666.00	$5,199.00
	Total Freight - Mail	$10,666.00	$5,199.00

4-1300	**Ground Handling**		
4-1320	Ground Handling- Bonriki	$121,066.00	$85,245.00
4-1330	Ground Handling- Kiritimati	$60,345.00	$0.00
	Total Ground Handling	$181,411.00	$85,245.00
4-1400	**Charter**		
4-1420	Domestic Charter	$382,165.35	$141,360.00
4-1430	Kiritimati -Domestic Charter	$15,935.65	$0.00
	Total Charter	$398,101.00	$141,360.00
4-1500	**Fees Income**		
4-1520	Late Fees Collected	$50.00	$2,579.00
4-1530	Sundry - PTA/REMIT Fees	$7,893.00	$4,507.00
4-1540	Tickets Cancellation fee	$901.00	$972.00
4-1550	Ticketing & Booking fees	$112,439.00	$33,553.00
	Total Fees Income	$121,283.00	$41,611.00
	Total REVENUE	$5,430,941.75	$3,898,092.00

10. DIRECT FLIGHT EXPENSES

5-0000	Direct Flight Expenses		
5-1100	Fuel Oil- Aircraft	$1,317,582	$1,242,538.00
5-1200	Porters Outer Islands Wages	$38,754	$28,342.00
5-1300	Aircraft In-house Repairs	$771,682	$390,385.00
5-1301	Outside Labour	$17,410	
5-1400	Flight Crew Insurance	$9,327	
5-1500	Aircraft Insurance	$281,079	$124,504.00
5-3000	Major overhauls	$371,925	
	Total Direct Flight Expenses	$2,807,760	$1,785,769.00

11. OPERATIONAL EXPENSES & DEPRECIATION

6-1000	General & Administrative Expenses	2016	2015
6-1055	Technical Assistance	$199,998.56	$38,859.00
6-1100	Penalty & Legal Fees	$27,605.08	
6-1105	Cleaning	$500.40	
6-1200	Bank Charges	$5,170.89	$19,809.00
6-1250	Local Travelling	$72,346.00	$0.00
6-1265	Loacal Training/Wshop	$8,117.00	$185,666.00
6-1400	Postage	$120.00	$57,647.00
6-1410	Telephone/internet/fax	$74,353.14	$0.00
6-1500	Office Supplies	$107,420.00	$70,912.00
6-1550	Overseas Travelling	$248,363.00	$113,032.00
6-1650	Overseas Training/Wshop	$106,214.00	$0.00
6-1700	Freight, Customs & Vat Paid	$4,614.00	$0.00
6-1825	Repair/ Maint Furn/OE	$15,529.00	$29,416.00
6-1850	Repairs/ Maint-Plant & MV	$9,202.00	$0.00
6-1860	Fuel Motor Vehicles/Plants	$29,633.86	$34,007.00
6-1875	Board Directors	$10,616.00	$16,502.00
6-1895	Compensation/Damage	$2,018.00	$9,591.00
6-1900	Agents Commission	$118,383.00	$83,298.00
6-1910	Hire of Services	$2,080.00	$7,054.00
6-1915	Entertainment	$23,985.00	$26,661.00
	Total General & Administrative Exp	$1,066,268.93	$694,469.00
6-3000	**Promotion Expenses**		
6-3100	Advertising/Promotion	$10,013.58	$20,426.00
6-3400	Publications	$41,410.19	$14,398.00
6-3800	Uniform	$9,350.10	
	Total Promotion Expenses	$60,773.87	$34,824.00

Signed by:

Chairman.............................. Director..............................

Date:.............................. Date:..............................

6-5100	Employment Expenses		
6-5110	Staff Amenities	$4,837.50	
6-5120	Employer Contribution KPF	$110,590.08	$32,348.00
6-5125	Allowance	$171,729.62	$0.00
6-5130	Salaries & Wages	$821,333.09	$843,344.00
6-5135	Shift Allowance	$7,544.50	
6-5140	Overtime	$74,944.17	
6-5150	KPF Warranty Paid	$900.00	
6-5160	Leave Grants	$61,562.50	
6-5170	Medical Checkup	$10,483.50	
6-5180	Staff House rents	$87,981.92	$58,603.00
6-5190	Permits and Licenses	$14,436.17	
	Total Employment Expenses	$1,366,343.05	$934,295.00
6-6000	Occupancy Costs		
6-6010	Electricity/Water	$61,426.79	$61,873.00
6-6070	Rent of Premise	$4,891.40	
6-6080	Repairs and Maintenance	$51,237.20	
	Total Occupancy Costs	$117,555.39	$61,873.00
6-8000	**Annual Depreciation Charge**		
6-8010	Depreciation Expenses	$391,721.31	$678,472.00

12. OTHER INCOME

8-0000	Other Income	2016	2015
8-1000	Interest Income	$9,754.00	$0.00
8-5000	Excess Freight FJAirways CXM	$33.00	$0.00
8-6000	Subsidies Received from Gov't	$319,620.00	
8-7000	Sundry Income	$49,204.00	$0.00
	Total Other Income	$378,611.00	$0.00

13. OTHER EXPENSES

9-0000	Other Expenses	2016	2015
9-1000	Interest Expense - KPF Loan	$152,206.46	$579,304.00
	Total Other Expenses	$152,206.46	$579,304.00

Signed by:

Chairman.............................. Director:..............................

Date:.............................. Date:..............................