REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

KNAO

AUDIT FOR AN IMPACT FOR THE PUBLIC

Betio Shipyard Limited

For the Years Ending 31st August 2009-2013

Kiribati National Audit Office

May 2016

KIRIBATI NATIONAL AUDIT OFFICE

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Audit for an impact for the public

INDEPENDENT AUDITOR's REPORT

TO THE READERS OF BETIO SHIPYARD LIMITED FINANCIAL STATEMENTS' FOR THE YEARS ENDING 31st AUGUST 2009 - 2013

Report on the Financial Statements

The Auditor-General, Mrs Matereta B Raiman, is the auditor of (BSL).

I have audited the accompanying financial statements of BETIO SHIPYARD LIMITED for the years ending 31st August 2009-2013. The financial statements comprised of:

- the profit and loss statement,
- the balance sheets, and
- and a summary of significant accounting policies and other explanatory information.

BSL did not prepare a Cash Flow Statement.

Managements and Board's Responsibility for the Financial Statements

Management and the Governing Board are responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practices, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor General's Responsibility

It is my responsibility to form an independent opinion, based on my audit, on these financial statements prepared in Accrual basis and to report in accordance with the Constitution and Part VII of the Public Finance (Control and Audit) 1976.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI) and Generally Accepted Auditing Practises as applicable in Kiribati, to obtain reasonable assurance whether the financial statements are free of material misstatement. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Independence

When carrying out the audit we followed the independence requirement as stipulated under the Kiribati Constitution section 114 (4) and the International Standards of Auditing.

Other than the audit, we have no relationship with or interests in the Company.

Basis for Adverse Opinion

1. Financial statements:

   I could not satisfy myself as to the fairness and accuracy of Betio Shipyard Limited's financial statements for the years ending 31st August 2009-2013 due to the followings:

   PAYABLES

   BSL's Payables for the year ended 31st August 2009 was materially misstated since the balance of $123,331.75 owed to Foods and Agriculture Organisation (FAO) was not reported as at the year ended. The payments were received by BSL in exchange for Agricultural products that were never delivered or received by the Agriculture Division. BSL had used the money to finance its operational costs.

- Unable to review significant value of PPI for three years of ($20,800), ($52,354.8) and (709,991.9) for 2013, 2011 and 2009 respectively as no details or records provided.

- In 2013, an inconsistency in the presentation of Cash at bank balance hindered my office in confirming the balance for Cash at bank since Note (3) 1 showed $100.25 while the financial statement report $67,090.41.

- Stale cheques by the sum of $247,137.78 were located in BSL's safe. The cheques were dated in 2011 and 2012 and all belonging to BSL. Management agreed that BSL in its financial critical situations had utilised cash sales for meeting its daily operational costs instead of cheques. This represented departure from National Financial Regulation allowing rooms for cash misappropriations.

- Missing and inadequately supported payments by total value of $239,113 were noted during the audit.

- There were always disputes in outstanding balances between BSL and its clients resulting in unsettled and accumulated receivables for private customers.

- Government funded projects with Betio Shipyard Limited were all unsuccessful, contributing factor that BSL had utilised the money to finance its daily operations.

Adverse Opinion

Because of the significant effects of the matters described in the Basis for Adverse Opinion paragraph above, in my opinion, the financial statements of Betio Shipyard Limited, **DO NOT** give a true and fair view, in accordance with Generally Accepted Accounting practise in Kiribati. An adverse opinion was therefore issued on the financial statements.

....

Mrs Matereta B Raiman

Auditor General

Kiribati National Audit Office

9/5/2016

BETIO SHIPYARD LTD

FINAL ACCOUNT

FOR THE YEAR ENDED 31/08/2009

BETIO SHIPYARD LTD
BALANCE SHEET AS AT 31/08/09

	Notes	2009 $
Current Assets		
Cash At Bank	3	101,610.87
Stock	4	1,325,520.46
Debtors	5	1,491,011.28
Sundry Debtors	6	8,140.85
		2,926,283.46
Less Current Liabilities	7	
Suppliers		363,533.75
Payroll Liabilities		112,870.69
Overdraft		1,035,253.79
		1,511,658.23
Working Capital		**1,414,625.23**
Add Non Current Assets		
Fixed Assets	8	962,418.88
		2,377,044.11
Less Non Current Liabilities	9	
ADB Loan		920,061.40
		1,456,982.71
Represented by :		
Share Capital	10	500.00
Capital Reserve	11	1,097,156.85
Accumulated Profit (Loss)		1,471,312.80
Profit / (Loss) This Period		-1,111,986.94
Government Grant		0.00
		1,456,982.71 +

The attached notes form an integral parts to these Financial Statements

CHAIRMAN .... DIRECTOR ....

Date ..11/2/15.......... Date ..11/2/15..........

BETIO SHIPYARD LTD
INCOME AND EXPENDITURE ACCOUNTS
FOR YEAR ENDED 31/08/2009

Sales	1,109,539.66
Less Sales Return	8,455.80
	1,101,083.86
Less Cost of Sales	757,584.00
	343,499.86
Add Other Income	
Investment Income	
Miscallaneous	61,109.01
	404,608.87
Expenditure	
Salaries/Wages	461,570.63
Staff Allowances	12,337.31
Staff Overtime	16,398.57
Office Expenses	7,070.27
Telephone	23,347.41
Maintenance	60,874.58
Utilities	18,855.94
Fuel & Lublicant	12,407.22
Indirect expenses	4,345.40
Bank Charges	24,081.03
Promotion & Advertisement	2,052.40
Entertainment	1,844.80
Subsidized house rents	11,201.50
Staff training	270.00
Travelling	13,850.12
KPF Company contribution	31,846.56
Company Registration fees	4,667.00
Depreciation	42,589.14
Insurance	
Leave Grants	23,770.75
Board Expenses	6,760.00
Rental & Licence	14,573.00
Audit Fees	
Tax Penalty	1,134.99
KPF Penalty	5,289.93
Petty Cash Expense	5,465.40
	806,603.95
Prior Period Items PPI	709,991.86
Total Expenses	**1,516,595.81**
Operating Loss before tax	**(1,111,986.94)**

1. General

The Betio Shipyard Ltd, was incorporated under the Companies Ordinance in 1950.
The Company is now fully owned by the Government of Kiribati. As stated in its articles of association, the functions of the Company are to repair steel ships and fabrication of wooden boats.

The financial year for the Authority is from September to August each year. The currency used in the financial statements Australian currency which is the official currency in Kiribati.

2. Accounting Policy

The financial statements of the Company are prepared under the historical cost convention in accordance wit accepted accounting principles, standards and statutory requirements in Kiribati. The principal accounting pol adopted by the Company are provided below.

(a) Depreciation

Depreciation is calculated to write off the cost of fixed assets using the straight line method over the expectec useful life of the assets as the following depreciation rates have been used consistently in previous years.

Buildings	1%
Plant & Machinery	20%
Vehicles	20%
office Equipment	25%
Slipway	2%

Notes to the Balance Sheet as at 31/08/09

3	Cash At Bank	$
	Current Cheque Account	101,510.62
	IBD - Current	0.00
	- Reserve	0.00
	Petty Cash	100.25
		101,610.87
4	Stock	
	Headquarter	490,096.58
	Bairiki Branch	20,143.66
	Xmas Branch	65,628.70
	WIP Boatbuilding	518,989.39
	WIP General Engineering	398,453.06
		1,493,311.39
	Less prov for obsolescence	91,246.50

	Job deposits	76,544.43
		1,325,520.46
5	**Debtors**	
	KSSL	384,167.20
	Companies,Ministries and Privates	1,104,996.17
	Freights	201,191.09
		1,690,354.46
	Less provi for d/debts	199,343.18
		1,491,011.28
6	**Sundry Debtors**	
	Staff Cash Advance	435.00
	Imprest	447.50
	Tax Arrears	757.13
	Handling Charges	4,715.24
	Freight Levy	1,785.98
		8,140.85
7	**Current Liabilities**	
	Overseas Suppliers	363,533.75
	Payroll Liabilities	112,870.69
	Bank Overdraft	1,035,253.79
		1,511,658.23
8	**Fixed Assets**	
	Initial Cost	3,489,036.53
	Acc. Depreciation	2,526,617.65
		962,418.88
9	**Non Current Liabilities**	
	ADB Loan	920,061.40
10	**Share Capital**	
	Authorised & issued ordinary share	

	Of $1 each issue to Government	500.00
11	Capital Reserve	
	Fixed Assets	839,222.16
	Base Stock	109,022.00
	Working Progress	69,412.69
	Working Capital	79,500.00
		1,097,156.85

BETIO SHIPYARD LTD

FINAL ACCOUNT

FOR THE YEAR ENDED 31/08/2010

BETIO SHIPYARD LTD
BALANCE SHEET AS AT 31/08/10

	Notes	
Current Assets		
Cash At Bank	*3(1)*	$ 126,107.09
Stock	*3(2)*	$ 60,640.07
Debtors	*3(3)*	$ 780,672.11
Sundry Debtors	*3(4)*	$ 9,260.58
		$ 976,679.85
Less Current Liabilities		
Suppliers	*3(5)*	$ 372,316.83
Payroll Liabilities	*3(6)*	$ 256,452.90
Overdraft		$ -
		$ 628,769.73
Working Capital		**$ 347,910.12**
Add Non Current Assets		
Fixed Assets	*3(7)*	$ 915,958.00
		$ 1,263,868.12
Less Non Current Liabilities		
ADB Loan		$ 920,061.40
		$ 343,806.72
Represented by :		
Share Capital		$ 500.00
Capital Reserve		$ 1,097,156.85
Accumulated Profit (Loss)		$ 359,325.86
Profit / (Loss) This Period		$ (1,622,150.43)
Government Grant		$ 508,974.44
		$ 343,806.72

The attached notes form an integral parts to these Financial Statements

CHAIRMAN .... **DIRECTOR** ....

Date ...06/02/15... Date ...10/02/15...

BETIO SHIPYARD LTD
INCOME AND EXPENDITURE ACCOUNTS
FOR YEAR ENDED 31/08/2010

Sales	$	1,077,366.19
Less Sales Return		
	$	1,077,366.19
Less Cost of Sales	$	1,772,091.59
	$	**(694,725.40)**
Add Other Income		
Investment Income		
Miscallaneous	$	26,129.45
	$	**(668,595.95)**
Expenditure		
Salaries/Wages	$	477,722.94
Staff Allowances	$	24,365.91
Staff Overtime	$	20,271.27
Office Expenses	$	2,838.75
Telephone	$	9,604.42
Maintenance	$	12,602.89
Utilities	$	15,041.15
Fuel & Lublicant	$	6,139.35
Indirect expenses	$	1,548.80
Bank Charges	$	197,707.44
Promotion & Advertisement	$	40.00
Entertainment	$	2,441.35
Subsidized house rents	$	12,390.00
Staff training	$	10,466.36
Travelling	$	22,393.76
KPF Company contribution	$	43,398.06
Company Registration fees	$	13,690.25
Depreciation	$	46,460.88
Insurance		
Leave Grants	$	18,433.20
Board Expenses	$	5,609.75
Rental & Licence	$	2,807.00
DBK Penalty	$	188.75
Petty Cash Expense	$	7,392.20
	$	**953,554.48**
Prior Period Items PPI		
Total Expenses	$	953,554.48
Operating Loss before tax	**$**	**(1,622,150.43)**

1. General

The Betio Shipyard Ltd, was incorporated under the Companies Ordinance in 1950.
The Company is now fully owned by the Government of Kiribati. As stated in its articles of association, the functions of the Company are to repair steel ships and fabrication of wooden boats.

The financial year for the Authority is from September to August each year. The currency used in the financial statements is the Australian currency which is the official currency in Kiribati.

2. Accounting Policy

The financial statements of the Company are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and statutory requirements in Kiribati. The principal accounting policies adopted by the Company are provided below.

(a) Depreciation

Depreciation is calculated to write off the cost of fixed assets using the straight line method over the expected useful life of the assets as the following depreciation rates have been used consistently in previous years.

Buildings	1%
Plant & Machinery	20%
Vehicles	20%
office Equipment	25%
Slipway	2%

3. Operating Performance

		2010
(1)	**Cash At Bank**	**$**
	Current Cheque Account	126,107.09
	IBD - Current	0.00
	- Reserve	0.00
	Petty Cash	
		126107.09

(2)	**Stock**	
	Headquarter	47,186.89
	Bairiki Branch	-
	Xmas Branch	4,259.49
	WIP Boatbuilding	75,879.69
	WIP General Engineering	24,560.50
		151,886.57

	Less prov for obsolescence	91246.50
	Job deposits	0.00
		60,640.07

(3)	**Debtors**	
	Old outstanding (KSSL)	384,167.20
	Ministries & etc (Others)	595,848.09
	Freights	0.00
		980,015.29
	Less provi for d/debts	199,343.18
		780,672.11

(4)	**Sundry Debtors**	
	Staff Cash Advance	826.45
	Imprest	447.50
	Tax Arrears	2,350.34
	Handling Charges	5,081.00
	Handling Charges Xmas	-
	Freight Levy	555.29
		9,260.58

(5)	***Suppliers***	372,316.83
(6)	***Payroll Liabilities***	256,452.90

(7)	**Fixed Assets**	
	Initial Cost	3,489,036.53
	Acc. Depreciation	2,573,078.53
		915,958.00

BETIO SHIPYARD LTD

FINAL ACCOUNT

FOR THE YEAR ENDED 31/08/2011

BETIO SHIPYARD LTD
BALANCE SHEET AS AT 31/08/11

	Notes	$
Current Assets		
Cash At Bank	3(1)	67,014.72
Stock	3(2)	16,817.45
Debtors	3(3)	785,659.87
Sundry Debtors	3(4)	13,595.33
		883,087.37
Less Current Liabilities		
Suppliers	3(5)	313,071.59
Payroll Liabilities	3(6)	360,032.90
Security Deposit (Bond)	3(7)	2,000.00
Overdraft		
		675,104.49
Working Capital		**207,982.88**
Add Non Current Assets		
Fixed Assets	3(8)	871,155.87
		1,079,138.75
Less Non Current Liabilities		
ADB Loan		746,808.74
		332,330.01
Represented by :		
Share Capital		500.00
Capital Reserve		1,097,156.85
Accumulated Profit (Loss)		-1,089,571.91
Profit / (Loss) This Period		-184,729.37
Government Grant		508,974.44
		332,330.01

The attached notes form an integral parts to these Financial Statements

CHAIRMAN .... **DIRECTOR** ....

Date ...06/02/15... Date ...10/02/15...

BETIO SHIPYARD LTD
INCOME AND EXPENDITURE ACCOUNTS
FOR YEAR ENDED 31/08/2011

Sales	$	444,693.24
Less Sales Return		
	$	444,693.24
Less Cost of Sales	$	148,627.66
	$	**296,065.58**
Add Other Income		
Investment Income		
Miscallaneous	$	314,322.61
	$	**610,388.19**
Expenditure		
Salaries/Wages	$	348,423.31
Staff Allowances	$	7,635.09
Staff Overtime	$	15,058.43
Office Expenses	$	227.00
Telephone	$	9,400.19
Maintenance	$	6,443.60
Utilities	$	8,319.70
Fuel & Lublicant	$	4,246.70
Indirect expenses	$	8,041.50
Bank Charges	$	3,372.04
Promotion & Advertisement	$	895.00
Director's Fees	$	7,535.00
Entertainment	$	735.60
Subsidized house rents	$	10,904.00
Travelling	$	19,223.27
KPF Company contribution	$	25,724.59
Company Registration fees	$	12,261.85
Rental & Licence	$	400.00
Depreciation	$	46,460.88
Leave Grants	$	6,043.75
Redundancy Expense	$	201,411.25
	$	**742,762.75**
Prior Period Items PPI	$	52,354.81
Total Expenses	$	795,117.56
Operating Loss before tax	**$**	**(184,729.37)**

Betio Shipyard Ltd
Notes to the Accounts
As at 31st August 2011

1. General
The Betio Shipyard Ltd, was incorporated under the Companies Ordinance in 1950.
The Company is now fully owned by the Government of Kiribati. As stated in its articles of association, the functions of the Company are to repair steel ships and fabrication of wooden boats.

The financial year for the Authority is from September to August each year. The currency used in the financial statements is the Australian currency which is the official currency in Kiribati.

2. Accounting Policy
The financial statements of the Company are prepared under the historical cost convention in accordance with generall accepted accounting principles, standards and statutory requirements in Kiribati. The principal accounting policies adopted by the Company are provided below.

(a) Depreciation
Depreciation is calculated to write off the cost of fixed assets using the straight line method over the expected useful life of the assets as the following depreciation rates have been used consistently in previous years.

Buildings	1%
Plant & Machinery	20%
Vehicles	20%
office Equipment	25%
Slipway	2%

(b) Amortisation of ADB Loan
ADB Loan for cost of slipway which is now amortised over the years

3. Operating Performance

		2011
(1)	**Cash At Bank**	**$**
	Current Cheque Account	67,014.72
	IBD - Current	0.00
	- Reserve	0.00
	Petty Cash	
		67,014.72

(2) **Stock**

Headquarter	24,912.32
Bairiki Branch	0.00
Xmas Branch	21,592.10
WIP Boatbuilding	27,933.97
WIP General Engineering	33,625.56
	108,063.95
Less prov for obsolescence	91,246.50
Job deposits	
	16,817.45

(3) **Debtors**

Old outstanding (KSSL)	384,167.20
Ministries & etc (Others)	600,835.85
Freights	0.00
	985,003.05
Less provi for d/debts	199,343.18
	785,659.87

(4) **Sundry Debtors**

Staff Cash Advance	236.45
Imprest	847.50
Tax Arrears	2,150.63
Handling Charges	5,982.39
Handling Charges Xmas	0.00
Freight Levy	4,378.36
	18,040.43

(5) ***Suppliers*** 313,071.59

(6) ***Payroll Liabilities*** 191,640.36

(7)	Security Deposit (bond) MOEL	**2,000.00**

-8	**Fixed Assets**	
	Initial Cost	3,490,695.28
	Acc. Depreciation	2,619,539.41
		871,155.87

4. ADB Loan

	Year 2011	Year 2010	Year 2009	Year 2008	Year 2007
Balance at start of the year	920,061.40	**920062**	920,062	920,062	920,062
Revaluation adjustment SOE committee advice	173,252.66				
Balance at end of the year	746,808.74	920,062.00	920,062	920,062	920,062

BETIO SHIPYARD LTD

FINAL ACCOUNT

FOR THE YEAR ENDED 31/08/2012

BETIO SHIPYARD LTD
BALANCE SHEET AS AT 31/08/12

	Notes	$
Current Assets		
Cash On Hand	3(1)	67,343.06
Stock	3(2)	29,732.42
Debtors	3(3)	972,974.41
Sundry Debtors	3(4)	14,466.65
		1,084,516.54
Less Current Liabilities		
Suppliers	3(5)	310,614.39
Payroll Liabilities	3(6)	400,994.12
Security Deposit (Bond)	3(7)	2,000.00
Overdraft		
		713,608.51
Working Capital		**370,908.03**
Add Non Current Assets		
Fixed Assets	3(8)	961,566.72
		1,332,474.75
Less Non Current Liabilities		
ADB Loan	**4**	715,176.54
		617,298.21
Represented by :		
Share Capital		500.00
Capital Reserve		1,097,156.85
Accumulated Profit (Loss)		-1,242,669.08
Profit This Period		253,336.00
Government Grant		508,974.44
		617,298.21

The attached notes form an integral parts to these Financial Statements

CHAIRMAN .... **DIRECTOR** ....

Date 06/02/15 Date 10/02/15

BETIO SHIPYARD LTD
INCOME AND EXPENDITURE ACCOUNTS
FOR YEAR ENDED 31/08/2012

Sales	$ 480,247.91
Less Sales Return	
	$ 480,247.91
Less Cost of Sales	$ 186,935.85
	$ 293,312.06
Add Other Income	
Investment Income	
Miscallaneous	$ 32,024.70
	$ 325,336.76
Expenditure	
Salaries/Wages	$ 125,899.44
Staff Allowances	$ 2,069.47
Staff Overtime	$ 11,773.69
Office Expenses	$ 7,529.70
Telephone	$ 600.00
Maintenance	$ 6,750.55
Utilities	$ 6,999.20
Fuel & Lublicant	$ 822.94
Indirect expenses	$ 5,754.01
Bank Charges	$ 808.58
Promotion & Advertisement	$ 95.00
Director's Fees	$ 3,960.00
Entertainment	$ 1,130.21
Subsidized house rents	$ 3,704.00
Travelling	$ 3,025.60
KPF Company contribution	$ 16,061.90
Company Registration fees	$ 7,828.22
Rental & Licence	$ 2,317.00
Depreciation	$ 46,460.88
Audit fees	$ 2,100.00
Leave Grants	$ 7,710.00
Total Expenses	**$ 263,400.39**
Net Profit before tax & PPI	**$ 61,936.37**
Add:Prior Period Items PPI	**$ 191,399.63**
Net Operating Profit before tax	**$ 253,336.00**

Betio Shipyard Ltd
Notes to the Accounts
As at 31st August 2012

1. General
The Betio Shipyard Ltd, was incorporated under the Companies Ordinance in 1950.
The Company is now fully owned by the Government of Kiribati. As stated in its articles of association, the functions of the Company are to repair steel ships and fabrication of wooden boats.

The financial year for the Authority is from September to August each year. The currency used in the financial statements is the Australian currency which is the official currency in Kiribati.

2. Accounting Policy
The financial statements of the Company are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and statutory requirements in Kiribati. The principal accounting policies adopted by the Company are provided below.

(a) Depreciation
Depreciation is calculated to write off the cost of fixed assets using the straight line method over the expected useful life of the assets as the following depreciation rates have been used consistently in previous years.

Buildings	1%
Plant & Machinery	20%
Vehicles	20%
office Equipment	25%
Slipway	2%

(b) Amortisation of ADB Loan
ADB Loan for cost of slipway which is now amortised over the years

3. Operating Performance

		2012
(1)	**Cash At Bank**	
	Current Cheque Account	67,343.06
	IBD - Current	0.00
	- Reserve	0.00
	Petty Cash	
(2)	**Stock**	
	Headquarter	24,912.32
	Bairiki Branch	0.00
	Xmas Branch	21,592.10
	General Engineering stock	0.00
	WIP Boatbuilding	18,231.29

WIP General Engineering	6,243.21
	70,978.92
Less prov for obsolescence	41,246.50
Job deposits	0.00
	29,732.42

(3) **Debtors**

Old outstanding (KSSL)	384,167.20
Ministries & etc (Others)	788,150.39
Freights	0.00
	1,172,317.59
Less provi for d/debts	199,343.18
	972,974.41

(4) **Sundry Debtors**

Staff Cash Advance	546.45
Imprest	847.50
Tax Arrears	2,150.63
Handling Charges	5,998.79
Handling Charges Xmas	0.00
Freight Levy	4,923.28
	14,466.65

(5) ***Suppliers*** 310,614.39

(6) ***Payroll Liabilities*** 400,994.12

(7) **Security Deposit (bond) MOEL** **2,000.00**

-8 **Fixed Assets**

Initial Cost	3,490,695.28
Acc. Depreciation	2,529,128.56
	961,566.72

4. ADB Loan

	Year 2012	Year 2011	Year 2010	ar 2009	Year 2008	Year 2007
Balance at start of the year	746,808.74	920,061.40	920,062	920,062	920,062	920,062
Revaluation adjustment SOE committee advice	31,632.20	173,252.66				
Balance at end of the year	715,176.54	746,808.74	920,062	920,062	920,062	920,062

BETIO SHIPYARD LTD

FINAL ACCOUNT

FOR THE YEAR ENDED 31/08/2013

BETIO SHIPYARD LTD
BALANCE SHEET AS AT AUGUST 2013

	Notes	$
Current Assets		
Cash On Hand	3(1)	67,090.41
Stock	3(2)	25,256.66
Debtors	3(3)	990,940.30
Sundry Debtors	3(4)	16,701.06
		1,099,988.43
Less Current Liabilities		
Suppliers	3(5)	276,153.50
Payroll Liabilities	3(6)	388,294.08
Security Deposit (Bond)	3(7)	2,000.00
Overdraft		
		666,447.58
Working Capital		**433,540.85**
Add Non Current Assets		
Fixed Assets		931,090.76
		1,364,631.61
Less Non Current Liabilities		
ADB Loan	**4**	715,176.54
		649,455.07
Represented by :		
Share Capital		500.00
Capital Reserve		1,097,156.85
Accumulated Profit (Loss)		-989,333.08
Profit / (Loss) This Period		-37,068.58
Government Grant		578,199.88
		649,455.07

The attached notes form an integral parts to these Financial Statements

CHAIRMAN .... **DIRECTOR** ....

Date ....06/02/15.... Date ....10/2/15....

BETIO SHIPYARD LTD
INCOME AND EXPENDITURE ACCOUNTS
FOR YEAR ENDED 31/08/2013

Sales	$	935,809.82
Less Sales Return		
	$	935,809.82
Less Cost of Sales	$	755,776.36
	$	**180,033.46**
Add Other Income		
Investment Income		
Miscallaneous	$	33,624.75
	$	**213,658.21**
Expenditure		
Salaries/Wages	$	108,652.03
Staff Allowances	$	2,465.87
Staff Overtime	$	6,027.94
Office Expenses	$	682.00
Telephone	$	590.00
Maintenance	$	4,157.50
Utilities	$	9,745.40
Fuel & Lublicant	$	790.00
Indirect expenses	$	2,292.89
Bank Charges	$	1,017.26
Promotion & Advertisement	$	189.40
Director's Fees	$	4,530.00
Entertainment	$	688.50
Subsidized house rents	$	3,666.00
Staff training	$	45.00
Travelling	$	7,953.15
KPF Company contribution	$	17,095.96
Company Registration fees	$	8,270.09
Rental & Licence	$	-
Depreciation	$	31,533.96
Audit fees	$	-
Leave Grants	$	8,425.00
Petty cash expense	$	9,199.10
Company Tax	$	1,000.00
DBK Penalty	$	909.34
Redundancy Expense	$	-
	$	**229,926.39**
Add:Prior Period Items PPI	**$**	**20,800.40**
Total Expenses	**$**	**250,726.79**
Net Operating Profit/Loss before tax	**$**	**(37,068.58)**

Betio Shipyard Ltd
Notes to the Accounts
As at 31st August 2013

1. General

The Betio Shipyard Ltd, was incorporated under the Companies Ordinance in 1950.
The Company is now fully owned by the Government of Kiribati. As stated in its articles of association, the functions of the Company are to repair steel ships and fabrication of wooden boats.

The financial year for the Authority is from September to August each year. The currency used in the financial statements is the Australian currency which is the official currency in Kiribati.

2. Accounting Policy

The financial statements of the Company are prepared under the historical cost convention in accordance with generally accepted accounting principles, standards and statutory requirements in Kiribati. The principal accounting policies adopted by the Company are provided below.

(a) Depreciation

Depreciation is calculated to write off the cost of fixed assets using the straight line method over the expected useful life of the assets as the following depreciation rates have been used consistently in previous years.

Buildings	1%
Plant & Machinery	20%
Vehicles	20%
office Equipment	25%
Slipway	2%

(b) Amortisation of ADB Loan

ADB Loan for cost of slipway which is now amortised over the years

3. Operating Performance

		2012
(1)	**Cash At Bank**	$
	Current Cheque Account	0.00
	IBD - Current	0.00
	- Reserve	0.00
	Petty Cash	100.25
		100.25
(2)	**Stock**	
	Headquarter	24,912.32
	Bairiki Branch	0.00
	Xmas Branch	21,592.10
	WIP Boatbuilding	20,267.05
	WIP General Engineering	24,731.69

			91,503.16
	Less prov for obsolescence		41,246.50
	Job deposits		0.00
			50,256.66

(3)	**Debtors**		
	Old outstanding (KSSL)		384,167.20
	Ministries & etc (Others)		806,116.28
	Freights		0.00
			1,190,283.48
	Less provi for d/debts		199,343.18
			990,940.30

(4)	**Sundry Debtors**		
	Staff Cash Advance		586.37
	Imprest		847.50
	Tax Arrears		2,150.63
	Handling Charges		6,258.00
	Handling Charges Xmas		0.00
	Freight Levy		6,858.56
			16,701.06

(5)	***Suppliers***		276,153.50
(6)	***Payroll Liabilities***		388,294.08
(7)	**Security Deposit (bond) MOEL**	**2,000.00**	

-8	**Fixed Assets**	
	Initial Cost	3,491,753.28
	Acc. Depreciation	2,560,662.52
		931,090.76