REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Communications Commission of Kiribati's
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
Communications Commission of Kiribati's Financial Statements
For The Year Ended 31 December 2016

The Auditor-General, Mrs Matereta Raiman, is the auditor of Communication Commission of Kiribati (CCK).

The audit covered the Commission's compliance with the requirements of Part VII of the Public Finances (Control and Audit) 1976 and the Communications Act, 2012 that apply to the Financial Statements of the CCK for the year ended 31 December 2016.

CCK Board of Directors and Management 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 these Financial Statements 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.

Qualification

- We were unable to verify reported figures in the Cash Flow Statement especially the Cash Payments to Suppliers and Employees of $417,815.53 and Cash flow from Investing activities in the amount of $10,828.92 as justifications provided were insufficient.
- CCK transferred funds of $140,000 from the Retained Earnings in 2016 to a new account named Universal Access Fund (UAF) and regarded it as a Liability. Given the reason and purpose of creating such account, we confirmed that such treatment was incorrect and thus had understated the Total Expenditure in 2016 by $118k, being total payments

posted to UAF Liability instead of Expenses and hence overstating the Net Profit by same amount.

Qualified Audit Opinion

In my opinion except for the effects of the matter referred to in the qualification paragraph above, the Financial Statements of the CCK were properly drawn up as to:

- Present fairly the Commission's Financial Position as at 31 Dec 2016, its results and cash flow for the year ended on that date and;
- Comply with Generally Accepted Accounting Principles as they apply in Kiribati.

The audit was completed on 14 December, 2017, and was the date at which my opinion was expressed.

Report on other Legal and Regulatory Requirements

CCK lodged its Financial Statement on 30/03/2017 therefore confirmed that CCK fully complied with sec. 18 of the Communication Act, 2012.

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 the Commission.

.... Date: 14 Dec, 2017

Mrs. Matereta. Raiman.
Auditor General

Communications Commission of Kiribati
Profit & Loss Statement
For the Year Ended 31 December 2016

	NOTES	TOTALS
Income		
Total Income	2	714,964.36
Expenses		
Total Expenses	3	588,324.68
Operating Profit		
Other Expenses		-
Net Profit		**126,639.68**

SIGNED

Mr Teekabu Tikai
Commissioner

Mr Tebau Robuti
Commissioner

Notes to Profit & Loss Statement

NOTES		2016
2	**Income**	
	ADMIN & FINANCE SERVICES	
	IBD Interest	-
	Domain Name fees	$273,470.09
	Sundries	$164.85
	ENGINEERING	
	License fees	$431,451.89
	REGULATORY	
	Country code	$9,877.53
	Total Income	**714,964.36**
3	**Expenses**	
	Personal Emoluments	
	Salaries	190,902.13
	Extra Duty Allowances	7,814.21
	Overtime	28,748.07
	Board of Directors Expenses	
	Sitting Allowances	$5,500.00
	Snacks & Coffees	$2,231.50
	General Expenses	
	Entertainment	$8,401.98
	Computer Maintenance	-
	Maintenance & Repair	$21,685.49
	Promotions	$6.00
	Membership Fees - Int'l Orgs	$55,764.23
	Advertisement	-
	Subscription & Publications	-
	Office Supplies & Stationeries	$11,034.14
	Training	$8,597.20
	House Rent Subsidy	6,840.00
	KPF Contribution	14,317.34
	Service Purchase	$4,171.50
	Donation	$900.00
	Financial Expenses	
	Audit Fees	-
	Bank Charges	$2,162.88
	VAT	-
	Travelling & Transport Costs	
	Local Travel	30,505.44
	Motor Vehicle Fuel	$11,596.48
	M/V Registration & Toll Fare	$316.60
	M/V Workshop Cost	$8,692.34
	Overseas Travel	100,634.55
	Insurance & Utilities Costs	
	Insurance	$3,882.70
	Power & Electricity	$16,220.24
	Telephone Expenses	
	Internet Usage	$12,702.81
	Telephone & Fax charges	$9,106.48
	Other Expenses	
	Depreciation exp.	$25,590.37
	Total Expenses	**588,324.68**
	Operating Profit	**126,639.68**
	Other Income	
	Other Expenses	
	Loss on disposal of fixed asset	-
	Bad Debts Expenses	-
	Total Other Expenses	-
	Net Profit / (Loss)	**126,639.68**

Communications Commission of Kiribati

MYOB / Excel

Comparative Profit & Loss Statement

For the Year Ended 31 December 2015

	2016	2015	$ Difference	% Difference
Income				
ADMIN & FINANCE SERVICES				
IBD Interest	-	4,610.81	4,610.81	100.00%
Domain Name fees	273,470.09	297,485.60	24,015.51	8.07%
Sundries	$164.85	2,025.24	1,860.39	91.86%
ENGINEERING				
License fees	$431,451.89	284,705.13	(146,746.76)	-51.54%
REGULATORY				
Country code	$9,877.53	21,783.29	11,905.76	54.66%
Total Income	**714,964.36**	**610,610.07**	**(104,354.29)**	**17.00%**
Expenses				
Personal Emoluments				
Salaries	190,902.13	172,171.27	(18,730.86)	-10.88%
Extra Duty Allowances	7,814.21	8,428.77	614.56	7.29%
Overtime	28,748.07	31,477.26	2,729.19	8.67%
Board of Directors Expenses				
Sitting Allowances	$5,500.00	7,462.50	1,962.50	26.30%
Snacks & Coffees	$2,231.50	2,724.22	492.72	18.09%
General Expenses				
Entertainment	$8,401.98	4,697.98	(3,704.00)	-78.84%
Computer Maintenance	-	638.71	638.71	100.00%
Maintenance & Repair	$21,685.49	4,619.35	(17,066.14)	-369.45%
Promotions	$6.00	-	(6.00)	N/A
Membership Fees - Int'l Orgs	$55,764.23	55,296.70	(467.53)	-0.85%
Advertisement	-	95.00	95.00	100.00%
Subscription & Publications	-	-	-	N/A
Office Supplies & Stationeries	$11,034.14	7,391.22	(3,642.92)	-49.29%
Training	$8,597.20	9,835.65	1,238.45	12.59%
House Rent Subsidy	6,840.00	8,610.50	1,770.50	20.56%
KPF Contribution	14,317.34	12,828.04	(1,489.30)	-11.61%
Service Purchase	$4,171.50	450.00	(3,721.50)	-827.00%
Donation	$900.00	693.95	(206.05)	-29.69%
Financial Expenses				
Audit Fees	-	-	-	-
Bank Charges	$2,162.88	2,232.71	69.83	3.13%
VAT	-	1,722.73	1,722.73	100.00%
Travelling & Transport Costs		-		
Local Travel	30,505.44	22,295.00	(8,210.44)	-36.83%
Motor Vehicle Fuel	$11,596.48	9,307.16	(2,289.32)	-24.60%
M/V Registration & Toll Fare	$316.60	120.00	(196.60)	-163.83%
M/V Workshop Cost	$8,692.34	3,855.00	(4,837.34)	-125.48%
Overseas Travel	100,634.55	40,160.05	(60,474.50)	-150.58%
Insurance & Utilities Costs		-		
Insurance	$3,882.70	5,447.83	1,565.13	28.73%
Power & Electricity	$16,220.24	13,203.31	(3,016.93)	-22.85%
Telephone Expenses		-		
Internet Usage	$12,702.81	13,245.23	542.42	4.10%
Telephone & Fax charges	$9,106.48	9,185.76	79.28	0.86%
Other Expenses		-		
Depreciation exp.	$25,590.37	38,970.49	13,380.12	34.33%
Doubtful Debt Expenses	-	-	-	-
Total Expenses	588,324.68	$487,166.39	(101,158.29)	-20.76%
Operating Profit	126,639.68	$123,443.68	(3,196.00)	-2.59%
Other Income	-	-		
Other Expenses				
Loss on disposal of fixed Asset	-	$59,959.00	59,959.00	100.00%
Bad Debts Expenses	-	$52,882.00	52,882.00	100.00%
Net Profit / (Loss)	126,639.68	$10,602.68	(116,037.00)	-91.63%

SIGNED

Mr Teekabu Tikai
Commissioner

Mr Tebau Robuti
Commissioner

Communications Commission of Kiribati
Comparative Balance Sheet
As at 31 December 2016 and 2015

	2016	2015	$ Difference	% Difference
Assets				
Current Assets				
Cheque Account	903,343.49	706,757.05	(196,586.44)	128%
Petty Cash Fund	2,000.00	1,000.00	(1,000.00)	200%
IBD No. 628274 - No. 1	-	54,879.62	54,879.62	0%
IBD No. 642017 - No. 2	-	145,124.52	145,124.52	0%
IBD No. 680256 - No. 3	517,632.71	317,628.57	(200,004.14)	163%
Undeposited Funds	1,800.00	-	(1,800.00)	N/A
Bounced Cheques	-	-	-	N/A
Accounts Receivable	$1,025,070.63	953,692.68	(71,377.95)	107%
Provision for Doubtful Debts	($48,999.96)	(48,999.96)	-	100%
Advance Account - SAO		-	-	N/A
Imprest Account - Technician		-	-	N/A
Imprest Account-MCTTD	$2,355.00	2,355.00	-	100%
Non-Current Assets				
Loan - BPA	$55,005.00	55,005.00	-	100%
Loan - TKL		-	-	N/A
Property, Plant & Equipment				
Office Equipment- at cost	$164,196.23	150,803.59	(13,392.64)	109%
Acc. Deprn - Office Equipment	($146,682.63)	(144,746.60)	1,936.03	101%
Furniture & Fittings - at cost	$11,553.10	11,553.10	-	100%
Acc. Deprn - Furture & Fitting	($8,966.46)	(8,658.22)	308.24	104%
Motor Vehicles - at cost	$132,667.00	132,667.00	-	100%
Acc. Deprn - Motor Vehicles	132,667.00	(114,048.96)	(246,715.96)	-116%
Buildings & Premises 1 - cost	-	-	-	N/A
Acc. Dprn - Building & Prem 1	-	-	-	N/A
Buildings & Premises 2 - cost	$117,115.40	117,115.40	-	100%
Acc Dprn - Building & Prem 2	($15,808.95)	(10,840.64)	4,968.31	146%
Total Assets	**$2,579,613.60**	**2,321,287.15**	**(258,326.45)**	111%
Liabilities				
Dot Ki Trust	$227,849.48	227,849.48	-	100%
Prepaid Revenue	$250,000.00	-	(250,000.00)	N/A
Universal Access Fund	$21,926.98	-	(21,926.98)	N/A
Total Liabilities	**499,776.46**	**227,849.48**	**(271,926.98)**	**219%**
Net Assets	**2,079,837.14**	**2,093,437.67**	**13,600.53**	**99%**
Equity				
Retained Earnings	$1,683,730.48	1,823,730.48	140,000.00	92%
Current Years Earnings	$126,639.68	10,602.68	(116,037.00)	1194%
Historical Balancing	-	240.21	240.21	0%
Equity - Gov'ts Contribution	$258,864.30	258,864.30	-	100%
Current Earnings	$10,602.68	-	(10,602.68)	N/A
Total Equity	**2,079,837.14**	**2,093,437.67**	**13,600.53**	**99%**

SIGNED

Mr Tebau Robuti
Commissioner

Mr Teekabu Tikai
Commissioner

Communication Commission of Kiribati

Balance Sheet

As of December 2016

NOTES		
	Assets	
	Current Assets	
	Cheque Account	$903,343.49
	Petty Cash	$2,000.00
	IBD 680256	$517,632.71
	Undeposited Funds	$1,800.00
	Account Receivables	$1,025,070.63
1	Prov'n for Doubtful Debts	($48,999.96)
	Imprest Account -MCTTD Officer	$2,355.00
	Non-Current Assets	
	Loan - BPA	$55,005.00
	Property, Plants & Equipment	
	Office Equipment - at Cost	$164,196.23
	Accum Dep'n - Office Equipment	($146,682.63)
	Furniture & Fittings - at cost	$11,553.10
	Acc Deprn-Furniture & Fittings	($8,966.46)
	Motor Vehicles - at cost	$132,667.00
	Acc Deprn - Motor Vehicles	($132,666.96)
	Buildings & Premises - at cost	$117,115.40
	Acc Dep - Building & Premises	($15,808.95)
	Total Assets	**$2,579,613.60**
	Liabilities	
	Dot Ki Trust	$227,849.48
	Prepaid Revenue	$250,000.00
	Universal Access Fund	$21,926.98
	Total Liabilities	**$499,776.46**
	Net Assets	**$2,079,837.14**
	Equity	
	Retained Earnings	$1,683,730.48
	Current Year Earnings	$126,639.68
	Equity - Govt Contribution	$258,864.30
	Current Earnings	$10,602.68
	Total Equity	**$2,079,837.14**

Mr Tebau Robuti
Commissioner

Mr Teekabu Tikai
Commissioner

Communications Commission of Kiribati
Comparative Cash Flow Statement
For Financial Years Ending 2016 and 2015

	31-Dec-2016	31-Dec-2015
Cash Flow from Operating Activities		
Cash Receipts from Customers	643,586.41	582,190.73
Cash Payments to Suppliers and Employees	(417,815.53)	(371,680.04)
Bank Charges	(2,162.88)	2,232.71
Net Cash Received / Used from Operating Activities	**223,608.00**	**$212,743.40**
Cash Flow from Investing Activities		
Purchase of Fixed Assets	- 13,392.64	(8,722.73)
Buildings and Premises	-	-
IBD Interest	-	4,610.81
Others	(10,828.92)	
Net Cash Received / Used from Investing Activities	**(24,221.56)**	**(4,111.92)**
Cash Flow from Financing Activities		
IBD Drawdown to fund Outer Islands RICS development	-	-
Net Cash Received / Used from Financing Activities		
Net Decrease / Increase in cash / cash equivalents	199,386.44	158,200.28
Cash and Cash Equivalents - Opening	1,225,389.76	1,067,189.48
Cash and Cash Equivalents - End of Period	**1,424,776.20**	**1,225,389.76**
(B) Reconciliation of Cash Flow from Operating Activities to Net Profit		
Net Profit for the year	126,639.68	10,602.68
Depreciation	25,590.37	38,970.49
IBD Interest	-	(4,610.81)
Increase / Decrease in Debtors	71,377.95	167,781.04
Decrease / Increase in Creditors	-	-
	223,608.00	212,743.40
(A) Details of Cash and Cash Equivalent at year ended		
Cheque Account	903,343.49	706,757.05
Petty Cash Fund	2,000.00	1,000.00
IBD No.628274 - No.1 Account	-	54,879.62
IBD No.642017 - No.2 Account	-	145,124.52
IBD No.680256 - No.3 Account	517,632.71	317,628.57
Undeposited Funds	1,800.00	-
	1,424,776.20	1,225,389.76

SIGNED

Mr Teekabu Tikai
Commissioner

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