REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Development Bank of Kiribati
For the Years Ending 31st December 2013-2015

Kiribati National Audit Office
May 2016

KIRIBATI NATIONAL AUDIT OFFICE

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Audit Report

To the readers of Development Bank of Kiribati financial statements for the years ended 31 December 2013 to 2015

The Auditor-General, Mrs Matereta Raiman is the auditor of Development Bank of Kiribati.

The audit covered the Company's compliance with the requirements of Part VII of the Public Finances (Control and Audit) 1976 and the DBK Act 1986 that apply to the financial statements of the DBK for the years ended 31 December 2013 to 2015.

Qualification

I am unable to verify the Financial Statements of DBK for the years ended 31st Dec, 2013 to 2015 due to the following:

- A total of $14,770 worth of unpresented cheques for 2013 were still in the hand of DBK. This had distorted the Net Profit for 2013 as these cheques should have been written back as revenue.
- An incorrect Loan Written off amount was taken in the computation of the Provision for doubtful loans for 2014 therefore confirmed that the provision amount, net loans, and the amount affecting the Profit and Loss Account that year were all misrepresented and so was the provision amount in 2015.
- Provision already provided for in 2014 did not match the amount taken as a brought forward balance in 2015. A difference of $55,000 was noted.
- A total of $18,426 outstanding telmos from 2010 to 2015 were noted and this could lead to a total write off if these cannot be recovered.

Qualified Audit Opinion.

In my opinion, **except for** the effects of the matters referred to in the qualification paragraph above, the financial statements of the DBK present fairly, in all material respects the financial affairs of the Bank as at 31 Dec, 2013 to 2015, its results and cashflow for the year then ended in accordance with a Generally Accepted Accounting Principles.

The audit was completed on 9th May 2016, and was the date at which our opinion was expressed.

Basis of Opinion

We carried out the audit in accordance with the Generally Accepted Auditing Principles as applied in Kiribati.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, therefore we could not guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the DBK Board of Directors and the Auditor

The Board of Directors is responsible for preparing the financial statements in accordance with generally accepted accounting practice. The financial statements must give a true and fair view of the financial position of DBK as at 31 December 2013 to 2015 and the results of its operations and cash flows for the year ended on that date. The Board of Directors responsibilities were clearly specified in the Public Finance (Control and Audit) Act 1976 and DBK Act 1986.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from the Public Finance (Control and Audit) Act 1976.

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 Auditing.

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

.... Date: 9/5/2016

Mrs. Matereta. Raiman.
Auditor General
Kiribati National Audit Office

DEVELOPMENT BANK OF KIRIBATI

FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2013

final

DEVELOPMENT BANK OF KIRIBATI
BALANCE SHEET
AS AT 31 DECEMBER 2013

	NOTES	2013	2012
CURRENT ASSETS			
Bank & Cash	4	254,333	156,290
Current Loans	5	5,001,234	6,132,982
Debtors	6	11,082	10,610
Prepayments	6	17,922	17,922
		5,284,570	6,317,804
***less* CURRENT LIABILITIES**			
Creditors	14	145,290	11,308
Revolving Fund - Agent`s M/Cycle	15	14,528	9,098
Interest on ADB Loans	18	210,266	197,015
Loans Overpayments	19	217,328	239,212
Asset Replacement Fund	17	0	40,000
ADB Loan - Current Portion	12	144,951	144,951
		732,362	641,584
WORKING CAPITAL		**4,552,208**	**5,676,219**
***add* NON CURRENT ASSETS**			
Non Current Loans	5	3,973,234	2,699,377
Motor Vehicles, Furniture etc.	3	245,325	194,691
Long Term loans	7	0	1,435
		4,218,559	**2,895,504**
***less* NON CURRENT LIABILITIES**			
Government Loan ADB	12	1,180,070	1,180,070
EIB Loan	12	343,042	568,775
KPF Investment	12	1,733,171	1,727,676
		3,256,282	3,476,522
NET WORTH		**5,514,484**	**5,095,201**
Represented by:			
Paid Up Capital		5,118,030	4,939,940
Assets Replacement fund reserve		60,000	
Accumulated Profits	8	270,372	89,179
New Zealand Grant		66,082	66,082
		5,514,484	**5,095,201**

The accompany notes form part of these financial statements.

Chairman

Director

DEVELOPMENT BANK OF KIRIBATI
INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
Income	1,136,144	1,216,424
Expenditure	1,080,334	1,005,776
Net Profit/(Loss) Before Prior Period Items	55,811	210,648
Prior Period Items	125,382	-5,756
Net Profit/(Loss) after Prior Period Items	181,193	204,892
Accumulated Profit/(Loss) at 1 Jan 2013	89,179	-115,713
Accumulated Profit/(Loss) at 31 December 2013	270,372	89,179

The accompanying notes form parts of these Financial statements.

DEVELOPMENT BANK OF KIRIBATI
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	(Notes)	2013
		$
Cash Flow from Operatins		
Cash received from operations		1,003,747
Operating expenses		-723,770
Net Cash Flow from operations		**279,977**
Cash Flow from Investing		
Net increased in loans		0
Capital expenditure		-116,523
Interest on KPF Investment		0
Net (Increase) in loan		0
Proceed from Long term Loans		0
Net Cash Flows from investing		**-116,523**
Cash Flow from Financing		
Share Capital		178,090
Repayment of borrowings		-225,733
Loan proceed from KPF		**0**
Interest paid		-90,641
Government Grant		72,876
Total cash received/(used) from financing activities		**-65,408**
Net (Decrease)/Increase in cash/cash equivalent		98,046
Rounded off difference		-2
Opening Cash Balance 1/1/13		156,290
Closing Cash Balance 31/12/13	(A)	254,334

(A)- Details of Cash and Cash Equivalent as at 31/12/13	
Cash Float	200
Cheque Account - Bairiki	51,884
Cheque Account - Kiritimati	15,336
Interest Bearing Deposit	18,137
Bank account number 3	137,964
Cash in Transit	30,812
	254,333

(B) - Reconciliation of cash flow from operating activities to net profit	
Net Profit for the year	181,194
Depreciation	65,889
Government grant	-72,876
Interest paid	96,136
Prior period items	
Gain on Disposal	0
Closing fees	
Provision Current Doubful loan	44,954
(Increase)/Decrease Prepayment	0
(Incease)/Decrease in Debtors	2,158
(Incease)/Decrease in Lterm loan	1,435
(Incease)/Decrease in provision	-2,630
(Incease)/Decrease in current loan	-187,062
(Decrease)/Increase in Creditors	125,349
(Decrease)/Increase in Revolving fund	5,430
(Decrease)/Increase in Sinking fund	20,000
(Decrease)/Increase in KPF Investment	
	279,977

DEVELOPMENT BANK OF KIRIBATI
DETAILED INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

INCOME	NOTES	2013	2012
Interest - Commercial Loans		383,649.19	622,619.70
Interest - Housing Loan		18,280.48	8,333.57
Interest - Personal Loan		373,113.68	182,983.96
Interest - Bank Deposit		176.97	890.27
Interest - Staff House Loan		24,327.85	27,555.98
Interest - Staff Personal Loan		4,896.36	5,153.86
Interest - Penalty		-1,654.63	35,804.89
Loan Fees		80,756.39	120,809.27
Application Fees		34,582.00	28,966.00
Registration Fees		6,802.50	10,648.73
KPF Pledge Fees		7,735.00	10,727.50
Refinancing Fees		44,030.50	24,041.97
Student loan commission		9,373.15	0.00
Arrears Fees		32,976.53	14,748.15
Recovery Cost		2,714.93	970.40
Government Grant		72,876.12	72,876.16
Gain on Disposal		0.00	5,150.00
Closing fees		37,300.00	38,600.00
Sundry Income		4,207.30	5,543.32
		1,136,144.32	1,216,423.73
EXPENDITURE			
Salaries & Staff Expense	9	549,246.14	533,499.39
Workmens Compensation		8,499.96	8,500.00
Leave Grant		39,000.00	26,584.00
Directors		33,679.95	26,078.35
Entertainment		1,554.30	1,357.60
Repair & Maintenance - Motor Vehicle		3,687.35	6,163.70
Repair & Maintenance - Office Equipment		3,541.04	4,495.16
Repair & Maintenance - Computer		0.00	487.00
Transportation		19,216.05	13,262.80
Office Rent	16	36,350.00	35,950.00
Electricity		30,157.69	14,821.29
Telephone, Fax and Emails		20,270.73	16,949.66
Postage & Telegram		2,827.64	1,667.86
Printing and Stationery		23,898.02	23,197.88
Overseas Travel		25,211.75	26,985.15
Subscriptions		1,369.29	0.00
Advertising		592.00	973.50
Bank Charges		6,518.60	6,204.62
Provision for Loans Specific	11	44,953.98	6,503.11
Depreciation	3	65,889.45	30,203.78
Outer Island Travel		9,783.20	7,943.10
Operating Cost - Outer Is, Agencies		-8,024.66	1,917.70
Interest on Borrowing	12	96,135.81	98,120.12
Loans Writte off		19,476.26	11,266.55
Audit Fees		2,500.00	23,000.00
Rebate Interest expense		0.00	309.20
Research and development		0.00	1,372.90
Silver Jubilee		-212.50	35,058.50
Insurance Coverage		11,499.96	11,500.00
Sundry Expense	13	32,711.61	31,402.60
Total Expenditure		1,080,333.62	1,005,775.52
Operating Profit/(Loss) before Prior Period Items		55,810.70	210,648.21
Prior Period Items	10	125,382.30	-5,755.82
Net Profits / (Loss) after Prior Period Items		181,193.00	204,892.39

DEVELOPMENT BANK OF KIRIBATI
NOTES TO THE FINANCIAL STATEMENTS

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

2 <u>Principal Accounting Policies</u>

2.1 ACCOUNTING CONVENTION

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

2.2 CURRENCY

The Financial statements are expressed in Australian Dollars.

2.3 DEPRECIATION

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

Furniture & Fittings	20%
Computer Upgrade	20%
Office Improvement	33.33%
Motor Vehicle	33.33%
Fence security Area	33.33%

2.4 INTEREST AND INVESTMENT INCOME

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

2.5 TURNOVER

Turnover comprises interests, fees and sundry income.

3 <u>Fixed Assets</u>

	Motor Vehicle	Office Furn & Equip.	Fence Sec. Area	Computer Upgrade	Container	Office Improvement	Total
Cost at 1 Jan 2013	181,937	439,997	35,315	146,884	4,546	11,653	820,332
Additions	71,659	5,222	0	39,643		0	116,524
Disposal /Adjustments					0	0	0
	253,596	445,219	35,315	186,528	4,546	11,653	936,856
Depreciation							
At 1 January 2013	124,212	402,004	23,920	59,307	4,546	11,653	625,641
Charge	19,910	8,091	11,346	26,542		0	65,889
Disposal / Adjustments						0	0
	144,122	410,095	35,267	85,849	4,546	11,653	691,531
Book Value							
At 31Dec 2013	109,475	35,124	48	100,678	0	0	245,325
At 01 Jan 2013	57,726	37,994	11,394	87,578	0	0	194,691

	2013	2012
4 Cash & Bank		
Cash on Hand - Petty Cash	200.00	200.00
Bank Account - No. 1	51,884.2	159,355.9
Bank Account - Kiritimati	15,335.8	-29,885.8
Bank Account - IBD	18,137.0	17,960.0
Bank Account -No 3	137,963.7	
Electronic Clearing account	0.0	-6,519.2
Cash in Transit	30,812.0	15,179.0
	254,333	156,290

Cash in transit Break down	2013	2012
Abaiang agency	1,292	1,292
Abemama agency	2,128	1,606
Beru agency	276	544
Nikunau agency	2,222	-315
Onotoa agency	1,678	2,833
Marakei agency	596	207
Fanning agency	1,671	2,008
Tabnorth agency	3,605	2,082
Butaritari agency	1,881	334
Tamana agency	0	0
Nonouti agency	6,775	3,118
Maiana agency	1,450	142
Arorae agency	996	-459
Kuria agency	1,987	94
Aranuka agency	4,254	1,692
	30,812	15,179

5 Non Current Loans (maturity beyond 12 months)	2013	2012
Commercial	4,015,065	3,385,717
Staff House	272,029	373,325
Staff Personal	61,266	70,085
Personal	915,001	159,801
Housing	171,343	126,966
Past Due	0	0
Hardcore	0	0
Total Loans - Non Current Portion	5,434,704	4,115,893
less: Provision for Doubtful Loans	-1,461,470	-1,416,516
	3,973,234	2,699,377

Current Loans	2013	2012
Commercial	2,379,050	2,153,757
Staff House	91,744	108,008
Staff Personal	20,991	19,344
Personal	2,333,776	3,698,617
Housing	96,706	114,199
Student loan	40,074	40,074
Non Commercial Loan	38,893	39,057
Total Loans - Current Portion	5,001,234	6,132,982
less: Provision for Doubtful Loans		
	5,001,234	6,132,982
Total Loans - Current and Non Current Portion	8,974,468	8,832,359

	2013	2012
6 Debtors		
Vinster	0	0
Loan Deposit	0	163
Unresolved Receivables	0	4,537
	0	4,700
less: Provision for Doubtful Debts	0	-2,630
	0	2,070
Suspense & Clearing a/c		
Salary clearing	0	-258
Staff Imprest	17,974	7,818
Others	-14,007	-2,282
Interest on TDs	42	
Renovation	3,071	3,071
Bounce cheque	4,000	191
less: Provision for doubtful debts	0	0
	11,082	8,540
Prepayments		
Deffered Expenditure - Xmas Office Extension	17,922	17,922
Office Rent	0	0
	17,922	17,922
Trade Debtors	29,003	28,532
7 Long Term Loans to Subsidiaries		
OHL	0	1,435
	0	1,435
8 Accumulated Profits/(loss)		
Balance at 1 Jan 2013	89,179	-115,713
Plus Profit/(loss) for the year	181,193	204,892
	270,372	89,179
9 Salaries & Staff Benefits		
Salaries & wages	458,588	467,605
Overtime	11,022	4,986
Staff allowances	17,505	11,790
Provident fund	35,657	34,756
Staff expense	0	380
House Rent subsidy	26,474	13,983
	549,246	533,499

10 Prior Period Items

	2013	2012
Leave Grant for Fanning agent and Tautebwa		1,417
KHC Subsidy Rent		1,860
Loan Adjustments	-129	37
Imprest Retired		2,442
Xmas cheques entered twice in system 2012	-40,768	
Suspense : Creditors written off	-100,384	
suspense : Debtors written off	15,899	
	-125,382	5,756

11 Provision for Doubtful Loans

Provision for Doubtful Loans

			2013	2012
Active Loans				
Commercial, Personal, Home Loans	7,076,305 @	5%	353,815	355,267
Staff Personal	82,257 @	2%	1,645	1,789
Student Loan	40,074 @	2%	801	
Staff House	363,774 @	2%	7,275	9,627
Total Provision Required			363,537	366,683
less Provision already provided			366,683	367,948
additional provision required/(write back)			-3,145	-1,265
Past Due Loans				
Pastdue	2,671,851 @	35%	935,148	886,798
Total Provision Required			935,148	886,798
less Provision already provided			886,798	879,459
additional provision required/(write back)			48,349.37	7,339
Hard Core Loans				
Hard Core	162,785 @	100%	162,785	163,035
Total Provision Required			162,785	163,035
less Provision already provided			163,035	162,606
additional provision required/(write back)			-250.05	429
Total Provision Required for the Year			1,461,470	1,416,516
less Provision already provided			1,416,516	1,410,013
Additional Provision Required/(write back)			44,954	6,503

	2013	2012
12 Long Term Loans		
Government Loan - ADB		
Balance 1 st January 2013	1,325,021	1,325,021
Payment to Government	-86,126	-86,126
Interest Due - 2013 (6.5%)	86,126	86,126
	1,325,021	1,325,021
Current Portion	144,951	144,951
	1,180,070	1,180,070

	2013	2012
EIB Loan		
Balance at 1 st January	568,775	760,346
Disbursement from EIB	0	0
Payment to EIB	-225,734	-191,571
Adjustments		0
Interest Due - 2013 (1% p.a)		
	343,042	568,775

* *Interest paid on EIB loan = $4,514.67*

	2013	2012
KPF Investment		
Balance at 1 st January	1,727,676	1,721,429
Disbursement from KPF	0	0
Payment to KPF	0	0
Interest Due - 2013 (6% on used funds)	5,495	6,247
	1,733,171	1,727,676

	2013	2012
13 Sundry Expense		
Training	15,526	15,448
Promotions	500	2,028
Janitorial	1,338	1,397
Loan adjustments-sundry expense	5,091	2,225
Bill of Sale	0	545
Pledge Expense	9,500	9,500
Sundry Expenses	221	117
Legal and Lawyer fees	536.25	143.50
	32,712	31,403

	2013	2012
14 Greditors		
Greditors	2,125	-35
Term Deposits	325	
Payroll Accruals Payable	-10,084	-5,047
Audit fees Payable	25,500	23,000
	17,866	17,918
Suspense & Clearing a/c		
Suspense Re: H/Rent Clearence	0	186
Suspense Re: Xmas Branch H	9,321	8,445
Suspense Re: Bank errors	-5,497	6,833
Suspense Re: Staff fund	-6,940	-280
Suspense Re: Unclaimed cheques	16,528	78,059
Suspense Re: Phone Clearence	0	-5
Suspense Re: Loan Refund	0	-3,323
Suspense Re: Missing Telmo	0	12,018
Suspense Re: Vinstar Expenses	0	0
Suspense Re: Commercialisation Project	7,647	7,647
Suspense Re: Project development	0	-788
Suspense Re: Loan Adjustments	106,363	-138,372
Suspense Re: Unknown	0	22,970
	127,424	-6,610
Total Creditors	145,290	11,308

15 Revolving Fund - Agent's M/ycle		
Abaiang agent	865	865
Abemama agent	865	865
Beru agent	865	865
Nikunau agent	865	865
Onotoa agent	982	865
Marakei agent	865	982
Fanning agent	865	865
Tabnorth agent	865	865
Butaritari agent	865	865
Tamana agent	865	865
Nonouti agent	865	-197
Arorae Agent-	1,092	-1,092
Aranuka Agent-	1,092	-1,092
Maiana agent	865	865
Marakei agent	865	865
Nikunau agent	982	982
	14,528	9,098

	2012	2012
16 Office Rent		
Head Office	36,350	35,950
Tab North		
Notional Rent - Xmas Branch	0	0
	36,350	35,950

17 General Insurance Fund		
Worksmen Compensation	0	17,000
Motor Vehicles	0	18,000
Furniture and fittings	0	5,000
	0	40,000
18 Interest on ADB Loans	210,266	197,015
19 Loans Over Payments	217,328	239,212

DEVELOPMENT BANK OF KIRIBATI

FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2014

DEVELOPMENT BANK OF KIRIBATI
BALANCE SHEET
AS AT 31 DECEMBER 2014

	NOTES	2014	2013
CURRENT ASSETS			
Bank & Cash	4	431,545	254,333
Current Loans	5	6,129,651	5,001,234
Debtors	6	26,565	11,082
Prepayments	6	17,922	17,922
		6,605,683	5,284,570
less CURRENT LIABILITIES			
Creditors	14	106,297	145,290
Revolving Fund - Agent`s M/Cycle	15	14,528	14,528
Interest on ADB Loans	17	223,516	210,266
Loans Overpayments	18	251,450	217,328
ADB Loan - Current Portion	12	144,951	144,951
		740,742	732,362
WORKING CAPITAL		**5,864,941**	**4,552,208**
add NON CURRENT ASSETS			
Non Current Loans	5	2,839,129	3,973,234
Motor Vehicles, Furniture etc.	3	199,035	245,325
Long Term loans	7	0	0
		3,038,164	**4,218,559**
less NON CURRENT LIABILITIES			
Government Loan ADB	12	1,180,070	1,180,070
EIB Loan	12	223,547	343,042
KPF Investment	12	1,738,275	1,733,171
Educational Loan Scheme	12	218,090	0
		3,359,982	3,256,282
NET WORTH		**5,543,123**	**5,514,484**
Represented by:			
Paid Up Capital		4,939,940	5,118,030
Assets Replacement fund reserve		80,000	60,000
Accumulated Profits	8	457,100	270,372
New Zealand Grant		66,082	66,082
		5,543,123	**5,514,484**

The accompany notes form part of these financial statements.

....
Chairman

....
Director

DEVELOPMENT BANK OF KIRIBATI
INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
Income	1,230,435	1,136,144
Expenditure	1,243,473	1,080,334
Net Profit/(Loss) Before Prior Period Items	-13,038	55,811
Prior Period Items	199,766	125,382
Net Profit/(Loss) after Prior Period Items	186,728	181,193
Accumulated Profit/(Loss) at 1 Jan 2014	270,372	89,179
Accumulated Profit/(Loss) at 31 December 2014	457,100	270,372

The accompanying notes form parts of these Financial statements.

DEVELOPMENT BANK OF KIRIBATI
CASH FLOW STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 2014

	(Notes)	2014	2013
Cash Flow from Operations		$	$
Cash received from operations		1,203,397	1,003,747
Operating expenses		-826,381	-723,770
Net Cash Flow from operations		377,016	279,976
Cash Flow from Investing			
Net increased in loans		-209,478	0
Capital expenditure		-36,022	-116,523
Interest on KPF Investment		0	0
Proceed from sales of fixed assets		18,946	0
Net Cash Flows from investing		-226,554	-116,523
Cash Flow from Financing			
Educational loan scheme fund received		40,000	178,090
Repayment of borrowings		0	-225,733
Loan proceed from KPF		0	
Interest paid		-86,126	-90,641
Government Grant		72,876	72,876
Net Cash Flows from Financing		26,750	-65,408
Net (Decrease)/Increase in cash/cash equivalent		177,212	98,045
Rounded off difference		0	-2
Opening Cash Balance 1/1/14		254,333	156,290
Closing Cash Balance 31/12/14	(A)	431,545	254,333
(A)- Details of Cash and Cash Equivalent as at 31/12/14			
Cash Float		200	200
Cheque Account - Bairiki		359,045	51,884
Cheque Account - Kiritimati		3,120	15,336
Interest Bearing Deposit		18,263	18,137
Bank account number 3		35,624	137,964
Cash in Transit		15,284	30,812
		431,535	254,333
(B) - Reconciliation of cash flow from operating activities to net profit			
Net Profit for the year		186,728	184,654
Depreciation		82,316	64,928
Government grant		-72,876	-72,876
Interest paid		91,230	96,136
Prior period items			
Gain on Disposal		18,950	0
Closing fees			
Provision Current Doubful loan		166,761	44,954
(Increase)/Decrease Prepayment		0	0
(Incease)/Decrease in Debtors		-15,483	2,158
(Incease)/Decrease in Lterm loan			1,435
(Incease)/Decrease in provision		-166,760	-2,630
(Incease)/Decrease in current loan		-160,319	-187,062
(Decrease)/Increase in Creditors		226,469	122,849
(Decrease)/Increase in Revolving fund		0	5,430
(Decrease)/Increase in Sinking fund		20,000	20,000
(Decrease)/Increase in KPF Investment			
		377,016	279,976

DEVELOPMENT BANK OF KIRIBATI
DETAILED INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

INCOME	NOTES	2014	2013
Interest - Commercial Loans		374,037.51	383,649.19
Interest - Housing Loan		36,238.87	18,280.48
Interest - Personal Loan		448,986.20	373,113.68
Interest - Bank Deposit		125.20	176.97
Interest - Staff House Loan		18,207.52	24,327.85
Interest - Staff Personal Loan		4,580.59	4,896.36
Interest - Penalty		2,931.07	-1,654.63
Loan Fees		96,423.51	80,756.39
Application Fees		26,692.00	34,582.00
Registration Fees		5,572.50	6,802.50
KPF Pledge Fees		6,660.00	7,735.00
Refinancing Fees		62,785.40	44,030.50
Student loan commission		0.00	9,373.15
Arrears Fees		32,646.88	32,976.53
Recovery Cost		1,916.08	2,714.93
Government Grant		72,876.12	72,876.12
Gain on Disposal		18,949.90	0.00
Closing fees		17,300.00	37,300.00
Sundry Income		3,505.18	4,207.30
		1,230,434.53	1,136,144.32
EXPENDITURE			
Salaries & Staff Expense	9	558,762.39	549,246.14
Workmens Compensation		8,499.96	8,499.96
Leave Grant		31,400.00	39,000.00
Directors		33,067.65	33,679.95
Entertainment		283.70	1,554.30
Repair & Maintenance - Motor Vehicle		3,279.00	3,687.35
Repair & Maintenance - Office Equipment		4,319.73	3,541.04
Repair & Maintenance - Computer		356.00	0.00
Transportation		15,157.13	19,216.05
Office Rent	16	39,596.92	36,350.00
Electricity		26,105.52	30,157.69
Telephone, Fax and Emails		20,290.01	20,270.73
Postage & Telegram		2,710.02	2,827.64
Printing and Stationery		18,797.47	23,898.02
Overseas Travel		4,568.00	25,211.75
Subscriptions		723.11	1,369.29
Advertising		4,435.65	592.00
Bank Charges		6,239.62	6,518.60
Provision for Loans Specific	11	215,165.77	44,953.98
Depreciation	3	82,316.08	65,889.45
Outer Island Travel		41,737.45	9,783.20
Operating Cost - Outer Is, Agencies		88.70	-8,024.66
Interest on Borrowing	12	91,230.30	96,135.81
Loans Writte off		7,469.94	19,476.26
Audit Fees		0.00	2,500.00
Rebate Interest expense		0.00	0.00
Research and development		156.00	0.00
Silver Jubilee		-7.50	-212.50
Insurance Coverage		11,499.96	11,499.96
Sundry Expense	13	15,223.94	32,711.61
Total Expenditure		1,243,472.52	1,080,333.62
Operating Profit/(Loss) before Prior Period Items		-13,037.99	55,810.70
Prior Period Items	10	199,766.37	125,382.30
Net Profits / (Loss) after Prior Period Items		186,728.38	181,193.00

DEVELOPMENT BANK OF KIRIBATI

NOTES TO THE FINANCIAL STATEMENTS

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

2 Principal Accounting Policies

2.1 ACCOUNTING CONVENTION

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

2.2 CURRENCY

The Financial statements are expressed in Australian Dollars.

2.3 DEPRECIATION

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

Furniture & Fittings	20%
Computer Upgrade	20%
Office Improvement	33.33%
Motor Vehicle	33.33%
Fence security Area	33.33%

2.4 INTEREST AND INVESTMENT INCOME

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

2.5 TURNOVER

Turnover comprises interests, fees and sundry income.

3 Fixed Assets

	Motor Vehicle	Office Furn & Equip.	Fence Sec. Area	Computer Upgrade	Container	Office Improvement	Total
Cost at 1 Jan 2014	253,596	445,219	35,315	186,528	4,546	11,653	936,856
Additions	0	8,833	6,994	20,204		0	36,030
Disposal /Adjustment	-107,570	-69,369			0	0	-176,939
	146,026	384,682	42,308	206,731	4,546	11,653	795,946
Depreciation							
At 1 January 2014	144,122	410,095	35,267	85,849	4,546	11,653	691,531
Charge	37,832	14,981	194	29,309		0	82,316
Disposal / Adjustment	-107,570	-69,365				0	-176,935
	74,384	355,711	35,461	115,158	4,546	11,653	596,911
Book Value							
At 31Dec 2014	71,643	28,971	6,848	91,574	0	0	199,035
At 01 Jan 2014	109,475	35,124	48	100,678	0	0	245,325

	2014	2013
4 Cash & Bank		
Cash on Hand - Petty Cash	200.00	200.00
Bank Account - No. 1	359,044.8	51,884.2
Bank Account - Kiritimati	3,120.2	15,335.8
Bank Account - IBD	18,263.3	18,137.0
Bank Account -No 3	35,623.6	137,963.7
Electronic Clearing account	0.0	0.0
Cash in Transit	15,293.5	30,812.0
	431,545	254,333
Cash in transit Break down		
Abaiang agency	1,292	1,292
Abemama agency	1,875	2,128
Beru agency	394	276
Nikunau agency	2,323	2,222
Onotoa agency	242	1,678
Marakei agency	287	596
Fanning agency	1,218	1,671
Tabnorth agency	1,909	3,605
Butaritari agency	1,436	1,881
Tamana agency	0	0
Nonouti agency	2,139	6,775
Maiana agency	1,047	1,450
Arorae agency	873	996
Kuria agency	-3,089	1,987
Aranuka agency	3,347	4,254
	15,293	30,812
5 Non Current Loans (maturity beyond 12 months)		
Commercial	3,740,713	4,015,065
Staff House	185,796	272,029
Staff Personal	57,010	61,266
Personal	144,053	915,001
Housing	339,786	171,343
Past Due	0	0
Hardcore	0	0
Total Loans - Non Current Portion	4,467,358	5,434,704
less: Provision for Doubtful Loans	-1,628,230	-1,461,470
	2,839,129	3,973,234
Current Loans		
Commercial	1,824,348	2,379,050
Staff House	78,260	91,744
Staff Personal	27,268	20,991
Personal	3,796,548	2,333,776
Housing	190,056	96,706
Student loan	181,789	40,074
Non Commercial Loan	31,382	38,893
Total Loans - Current Portion	6,129,651	5,001,234
less: Provision for Doubtful Loans		
	6,129,651	5,001,234
Total Loans - Current and Non Current Portion	8,968,779	8,974,468

	2014	2013
6 Debtors		
Vinster	0	0
Loan Deposit	0	0
Unresolved Receivables	0	0
	0	0
less: Provision for Doubtful Debts	0	0
	0	0
Suspense & Clearing a/c		
Salary clearing	5	0
Staff Imprest	24,887	17,974
Others	-1,465	-14,007
Interest on TDs	66	42
Renovation	3,071	3,071
Bounce cheque	0	4,000
less: Provision for doubtful debts	0	0
	26,565	11,082
Prepayments		
Deffered Expenditure - Xmas Office Extension	17,922	17,922
Office Rent	0	0
	17,922	17,922
Trade Debtors	44,487	29,003
7 Long Term Loans to Subsidiaries		
OHL	0	0
	0	0
8 Accumulated Profits/(loss)		
Balance at 1 Jan 2014	270,372	89,179
Plus Profit/(loss) for the year	186,728	181,193
	457,100	270,372
9 Salaries & Staff Benefits		
Salaries & wages	467,885	458,588
Overtime	11,159	11,022
Staff allowances	14,426	17,505
Provident fund	35,713	35,657
Staff expense	510	0
House Rent subsidy	29,071	26,474
	558,762	549,246

10 Prior Period Items

	2014	2013
Interest Adjustment	-1,130.0	
Court order payment in favour of Tematantan Group	600	
Outstanding electricity bill Feb 2013 paid in 2014	3,214	-129
Imprest retired	7,346	
Gain on exrate on EIB realized balance 2014	-119,494	-40,768
Variance between LMS and MYOB in 2013 realized as gain in 2014	-90,302	-100,384
		15,899
	-199,766	-125,382

11 Provision for Doubtful Loans

Provision for Doubtful Loans				2014	2013
Active Loans					
Commercial, Personal, Home Loans	7,135,423	@	5%	356,771	353,815
Staff Personal	84,278	@	2%	1,686	1,645
Student Loan	181,789	@	2%	3,636	801
Staff House	264,057	@	2%	5,281	7,275
Total Provision Required				367,374	363,537
less Provision already provided				363,537	366,683
Write off				14,123	
additional provision required/(write back)				17,960	-3,145
Past Due Loans					
Pastdue	2,784,345	@	40%	1,113,738	935,148
Total Provision Required				1,113,738	935,148
less Provision already provided				935,148	886,798
Write off				22,810	
additional provision required/(write back)				201,400.15	48,349.37
Hard Core Loans					
Hard Core	147,118	@	100%	147,118	162,785
Total Provision Required				147,118	162,785
less Provision already provided				162,785	163,035
Write off				11,473	
additional provision required/(write back)				-4,194.00	-250.05
Total Provision Required for the Year				1,628,230	1,461,470
less Provision already provided				1,413,064	1,416,516
Additional Provision Required/(write back)				215,166	44,954

		2014	2013
12	Long Term Loans		
	Government Loan - ADB		
	Balance 1 st January 2014	1,325,021	1,325,021
	Payment to Government	-86,126	-86,126
	Interest Due - 2014 (6.5%)	86,126	86,126
		1,325,021	1,325,021
	Current Portion	144,951	144,951
		1,180,070	1,180,070
	EIB Loan		
	Balance at 1 st January 2014	343,042	568,775
	Disbursement from EIB	0	0
	Payment to EIB	0	-225,734
	Adjustments (Gain on Exrate write off to PPI)	-119,495	
	Interest Due - 2014 (1% p.a)	0	
		223,547	343,042
*	*EIB loan fully repaid in January 2015*		
	Fund Held in Trust		
	KPF Investment		
	Balance at 1 st January	1,733,171	1,727,676
	Disbursement from KPF	0	0
	Payment to KPF	0	0
	Interest Due - 2014 (6% on used funds)	5,104	5,495
		1,738,275	1,733,171
	Educational Loan Scheme	218,090	0

		2014	2013
13	Sundry Expense		
	Training	170	15,526
	Promotions	508	500
	Janitorial	1,522	1,338
	Loan adjustments-sundry expense	139	5,091
	Bill of Sale	1,000	0
	Pledge Expense	8,000	9,500
	Sundry Expenses	406	221
	Legal and Lawyer fees	3,478.45	536.25
		15,224	32,712

	2014	2013
14 Greditors		
Greditors	3,837	2,125
Term Deposits	549	325
Payroll Accruals Payable	-9,930	-10,084
DBK Staff Deduction Clearing	-5,387	
Audit fees Payable	25,500	25,500
	14,569	17,866
Suspense & Clearing a/c		
Suspense Re: H/Rent Clearence	0	0
Suspense Re: Xmas Branch H	8,948	9,321
Suspense Re: Bank errors	-3,617	-5,497
Suspense Re: Staff fund	-7,413	-6,940
Suspense Re: Unclaimed cheques	16,100	16,528
Suspense Re: Phone Clearence	0	0
Suspense Re: Loan Refund	14	0
Suspense Re: Missing Telmo	0	0
Suspense Re: Vinstar Expenses	0	0
Suspense Re: Commercialisation Project	7,647	7,647
Suspense Re: Project development	0	0
Suspense Re: Loan Adjustments	70,050	106,363
Suspense Re: Unknown	0	0
	91,729	127,424
Total Creditors	106,297	145,290

15 Revolving Fund - Agent's M/ycle		
Abaiang agent	865	865
Abemama agent	865	865
Beru agent	865	865
Nikunau agent	865	865
Onotoa agent	982	982
Marakei agent	865	865
Fanning agent	865	865
Tabnorth agent	865	865
Butaritari agent	865	865
Tamana agent	865	865
Nonouti agent	865	865
Arorae Agent-	1,092	1,092
Aranuka Agent-	1,092	1,092
Maiana agent	865	865
Marakei agent	865	865
Nikunau agent	982	982
	14,528	14,528

	2014	2013
16 Office Rent		
Head Office & TabNorth ($50 Monthly)	39,597	36,350
Notional Rent - Xmas Branch	0	0
	39,597	36,350

17 Interest on ADB Loans	223,516	210,266
18 Loans Over Payments	251,450	217,328

DEVELOPMENT BANK OF KIRIBATI

FINANCIAL STATEMENTS

FOR YEAR ENDED 31 DECEMBER 2015

DEVELOPMENT BANK OF KIRIBATI
BALANCE SHEET
AS AT 31 DECEMBER 2015

	NOTES	2015	2014
CURRENT ASSETS			
Bank & Cash	4	521,175	431,545
Current Loans	5	6,445,777	6,129,651
Debtors	6	26,556	26,565
Prepayments	6	17,922	17,922
		7,011,430	6,605,683
less **CURRENT LIABILITIES**			
Creditors	14	178,174	106,297
Revolving Fund - Agent`s M/Cycle	15	14,528	14,528
Interest on ADB Loans	17	236,766	223,516
Loans Overpayments	18	266,489	251,450
ADB Loan - Current Portion	12	144,951	144,951
		840,908	740,742
WORKING CAPITAL		**6,170,522**	**5,864,941**
add **NON CURRENT ASSETS**			
Non Current Loans	5	3,247,072	2,839,129
Motor Vehicles, Furniture etc.	3	276,486	199,035
Long Term loans	7	0	0
		3,523,558	**3,038,164**
less **NON CURRENT LIABILITIES**			
Government Loan ADB	12	1,180,070	1,180,070
EIB Loan	12	0	223,547
KPF Investment	12	1,741,290	1,738,275
Educational Loan Scheme	12	292,448	218,090
Artisianal Fisheries Project	12	500,000	
		3,713,808	3,359,982
NET WORTH		**5,980,272**	**5,543,123**
Represented by:			
Paid Up Capital		4,939,940	4,939,940
Assets Replacement fund reserve		100,000	80,000
Accumulated Profits	8	874,250	457,100
New Zealand Grant		66,082	66,082
		5,980,272	**5,543,123**

The accompany notes form part of these financial statements.

....
Chairman Director

DEVELOPMENT BANK OF KIRIBATI
INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
Income	1,551,880	1,230,435
Expenditure	1,219,051	1,243,473
Net Profit/(Loss) Before Prior Period Items	332,830	-13,038
Prior Period Items	84,320	199,766
Net Profit/(Loss) after Prior Period Items	417,150	186,728
Accumulated Profit/(Loss) at 1 Jan 2015	457,100	270,372
Accumulated Profit/(Loss) at 31 December 2015	874,250	457,100

The accompanying notes form parts of these Financial statements.

DEVELOPMENT BANK OF KIRIBATI
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	(Notes)	2015	2014
Cash Flow from Operations		$	$
Cash received from operations		1,562,788	1,203,397
Operating expenses		-962,016	-826,381
Net Cash Flow from operations		600,772	377,016
Cash Flow from Investing			
Net increased in loans		-685,598	-209,478
Capital expenditure		-160,636	-36,022
Interest on KPF Investment		541	0
Artisianal Fisherman Project		500,000	
Proceed from sales of fixed assets		0	18,946
Net Cash Flows from investing		-345,693	-226,554
Cash Flow from Financing			
Educational loan scheme fund received		74,358	40,000
Repayment of borrowings		-223,547	0
Loan proceed from KPF		0	0
Interest paid		-89,135	-86,126
Government Grant		72,876	72,876
Net Cash Flows from Financing		-165,448	26,750
Net (Decrease)/Increase in cash/cash equivalent		89,631	177,212
Rounded off difference		0	0
Opening Cash Balance 1/1/15		431,545	254,333
Closing Cash Balance 31/12/15	(A)	521,176	431,545

(A)- Details of Cash and Cash Equivalent as at 31/12/15

	2015	2014
Cash Float	200	200
Cheque Account - Bairiki	409,767	359,045
Cheque Account - Kiritimati	73,037	3,120
Interest Bearing Deposit	18,389	18,263
Bank account number 3	1,357	35,624
Cash in Transit	18,426	15,284
	521,176	431,535

(B) - Reconciliation of cash flow from operating activities to net profit

	2015	2014
Net Profit for the year	417,150	186,728
Depreciation	83,189	82,316
Government grant	-72,876	-72,876
Interest paid	92,150	91,230
Prior period items		
Gain on Disposal	545	18,950
Closing fees		
Provision Current Doubful loan	38,471	166,761
(Increase)/Decrease Prepayment	0	0
(Incease)/Decrease in Debtors	9	-15,483
(Incease)/Decrease in Lterm loan		
(Incease)/Decrease in provision	-38,471	-166,760
(Incease)/Decrease in current loan	-762,540	-160,319
(Decrease)/Increase in Creditors	823,145	226,469
(Decrease)/Increase in Revolving fund	0	0
(Decrease)/Increase in Sinking fund	20,000	20,000
(Decrease)/Increase in KPF Investment		
	600,772	377,016

DEVELOPMENT BANK OF KIRIBATI
DETAILED INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

INCOME	NOTES	2015	2014
Interest - Commercial Loans		390,025.79	374,037.51
Interest - Housing Loan		60,516.03	36,238.87
Interest - Personal Loan		545,260.01	448,986.20
Interest - Bank Deposit		125.80	125.20
Interest - Staff House Loan		13,096.65	18,207.52
Interest - Staff Personal Loan		4,775.36	4,580.59
Interest - Penalty		3,154.80	2,931.07
Loan Fees		135,818.90	96,423.51
Application Fees		31,015.00	26,692.00
Registration Fees		7,500.00	5,572.50
KPF Pledge Fees		7,700.00	6,660.00
Refinancing Fees		80,921.80	62,785.40
Student loan commission		4,471.47	0.00
Loan Administration Fees		118,310.00	
Arrears Fees		41,366.31	32,646.88
Recovery Cost		4,490.25	1,916.08
Government Grant		72,876.12	72,876.12
Gain on Disposal		545.00	18,949.90
Closing fees		25,425.00	17,300.00
Sundry Income		4,486.00	3,505.18
		1,551,880.29	1,230,434.53
EXPENDITURE			
Salaries & Staff Expense	9	591,835.54	558,762.39
Workmens Compensation		8,499.96	8,499.96
Leave Grant		60,550.00	31,400.00
Directors		41,744.12	33,067.65
Entertainment		0.00	283.70
Repair & Maintenance - Motor Vehicle		7,245.06	3,279.00
Repair & Maintenance - Office Equipment		2,439.15	4,319.73
Repair & Maintenance - Computer		0.00	356.00
Transportation		26,432.88	15,157.13
Office Rent	16	40,711.76	39,596.92
Electricity		26,929.65	26,105.52
Telephone, Fax and Emails		21,556.53	20,290.01
Postage & Telegram		1,978.43	2,710.02
Printing and Stationery		15,665.97	18,797.47
Overseas Travel		0.00	4,568.00
Subscriptions		3,528.92	723.11
Advertising		1,825.23	4,435.65
Bank Charges		6,608.30	6,239.62
Provision for Loans Specific	11	38,471.25	215,165.77
Depreciation	3	83,189.17	82,316.08
Outer Island Travel		63,522.44	41,737.45
Operating Cost - Outer Is, Agencies		0.00	88.70
Interest on Borrowing	12	92,150.47	91,230.30
Loans Writte off		8,573.47	7,469.94
Audit Fees		2,500.00	0.00
Rebate Interest expense		0.00	0.00
Research and development		25,580.65	156.00
Silver Jubilee		0.00	-7.50
Insurance Coverage		11,499.96	11,499.96
Sundry Expense	13	36,011.60	15,223.94
Total Expenditure		1,219,050.51	1,243,472.52
Operating Profit/(Loss) before Prior Period Items		332,829.78	-13,037.99
Prior Period Items	10	84,319.81	199,766.37
Net Profits / (Loss) after Prior Period Items		417,149.59	186,728.38

DEVELOPMENT BANK OF KIRIBATI

NOTES TO THE FINANCIAL STATEMENTS

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

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2.1 ACCOUNTING CONVENTION

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2.2 CURRENCY

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

Furniture & Fittings	20%
Computer Upgrade	20%
Office Improvement	33.33%
Motor Vehicle	33.33%
Fence security Area	33.33%

2.4 INTEREST AND INVESTMENT INCOME

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

2.5 TURNOVER

Turnover comprises interests, fees and sundry income.

3 Fixed Assets

	Motor Vehicle	Office Furn & Equip.	Fence Sec. Area	Computer Upgrade	Container	Office Improvement	Total
Cost at 1 Jan 2015	146,026	384,682	42,308	206,731	4,546	11,653	795,946
Additions	100,955	48,148	0	11,538		0	160,641
Disposal /Adjustment	0	0			0	0	0
	246,981	432,830	42,308	218,269	4,546	11,653	956,587
Depreciation							
At 1 January 2015	74,384	355,711	35,461	115,158	4,546	11,653	596,911
Charge	36,300	13,146	2,346	31,397		0	83,190
Disposal / Adjustment	0	0				0	0
	110,684	368,857	37,807	146,555	4,546	11,653	680,101
Book Value							
At 31Dec 2015	136,298	63,973	4,501	71,715	0	0	276,486
At 01 Jan 2015	71,643	28,971	6,848	91,574	0	0	199,035

	2015	2014
4 Cash & Bank		
Cash on Hand - Petty Cash	199.95	200.00
Bank Account - No. 1	409,766.9	359,044.8
Bank Account - Kiritimati	73,036.5	3,120.2
Bank Account - IBD	18,388.6	18,263.3
Bank Account -No 3	1,356.9	35,623.6
Electronic Clearing account	0.0	0.0
Cash in Transit	18,426.3	15,293.5
	521,175	431,545
Cash in transit Break down		
Abaiang agency	1,292	1,292
Abemama agency	1,875	1,875
Beru agency	583	394
Nikunau agency	1,946	2,323
Onotoa agency	993	242
Marakei agency	281	287
Fanning agency	1,583	1,218
Tabnorth agency	1,479	1,909
Butaritari agency	910	1,436
Tamana agency	0	0
Nonouti agency	3,468	2,139
Maiana agency	542	1,047
Arorae agency	873	873
Kuria agency	-1,150	-3,089
Aranuka agency	3,751	3,347
	18,426	15,293
5 Non Current Loans (maturity beyond 12 months)		
Commercial	3,516,728	3,740,713
Staff House	120,909	185,796
Staff Personal	37,862	57,010
Personal	842,841	144,053
Housing	395,434	339,786
Past Due	0	0
Hardcore	0	0
Total Loans - Non Current Portion	4,913,774	4,467,358
less: Provision for Doubtful Loans	-1,666,701	-1,628,230
	3,247,073	2,839,129
Current Loans		
Commercial	2,574,072	1,824,348
Staff House	67,650	78,260
Staff Personal	42,619	27,268
Personal	3,152,488	3,796,548
Housing	244,147	190,056
Student loan	287,139	181,789
Non Commercial Loan	77,661	31,382
Total Loans - Current Portion	6,445,777	6,129,651
less: Provision for Doubtful Loans		
	6,445,777	6,129,651
Total Loans - Current and Non Current Portion	9,692,849	8,968,779

		2015	2014
6	Debtors		
	Vinster	0	0
	Loan Deposit	0	0
	Unresolved Receivables	0	0
		0	0
	less: Provision for Doubtful Debts	0	0
		0	0
	Suspense & Clearing a/c		
	Salary clearing	5	5
	Staff Imprest	19,659	24,887
	Others	-83	-1,465
	Interest on TDs	66	66
	Renovation	3,071	3,071
	Bounce cheque	3,837	0
	less: Provision for doubtful debts	0	0
		26,556	26,565
	Prepayments		
	Deffered Expenditure - Xmas Office Extension	17,922	17,922
	Office Rent	0	0
		17,922	17,922
	Trade Debtors	44,478	44,487
7	Long Term Loans to Subsidiaries		
	OHL	0	0
		0	0
8	Accumulated Profits/(loss)		
	Balance at 1 Jan 2015	457,100	270,372
	Plus Profit/(loss) for the year	417,150	186,728
		874,250	457,100
9	Salaries & Staff Benefits		
	Salaries & wages	503,620	467,885
	Overtime	9,899	11,159
	Staff allowances	17,416	14,426
	Provident fund	39,071	35,713
	Staff expense	0	510
	House Rent subsidy	21,830	29,071
		591,836	558,762

10 Prior Period Items

	2015	2014
Loan adjustments	-101,112	
Impress retired	0	-1,130.0
Court order payment in favour of Obora	2,022	600
Outstanding electricity bill Feb 2013 paid in 2014		3,214
Imprest retired	7,689	7,346
Gain on exrate on EIB realized balance 2014		-119,494
Variance between LMS and MYOB in 2013 realized as gain in 2014		-90,302
Audit Fees Payable 2013 to 2014	5,000	
Backpay Roota Maeao	2,017	
Ounter Island Agency Outstanding	64	
	-84,320	-199,766

11 Provision for Doubtful Loans

Provision for Doubtful Loans			2015	2014
Active Loans				
Commercial, Personal, Home Loans	8,225,470 @	5%	411,274	356,771
Staff Personal	72,813 @	2%	1,456	1,686
Student Loan	287,139 @	2%	5,743	3,636
Staff House	187,371 @	2%	3,747	5,281
Total Provision Required			422,220	367,374
less Provision already provided			367,374	363,537
Write off				14,123
additional provision required/(write back)			54,846	17,960
Past Due Loans				
Pastdue	2,440,504 @	45%	1,098,227	1,113,738
Total Provision Required			1,098,227	1,113,738
less Provision already provided			1,113,738	935,148
Write off			0	22,810
additional provision required/(write back)			-15,511.43	201,400.15
Hard Core Loans				
Hard Core	146,255 @	100%	146,255	147,118
Total Provision Required			146,255	147,118
less Provision already provided			147,118	162,785
Write off			0	11,473
additional provision required/(write back)			-863.44	-4,194.00

	2015	2014
Total Provision Required for the Year	1,666,701	1,628,230
less Provision already provided	1,628,230	1,413,064
Additional Provision Required/(write back)	38,471	215,166

	2015	2014
12 Long Term Loans		
Government Loan - ADB		
Balance 1 st January 2015	1,325,021	1,325,021
Payment to Government	-86,126	-86,126
Interest Due - 2015 (6.5%)	86,126	86,126
	1,325,021	1,325,021
Current Portion	144,951	144,951
	1,180,070	1,180,070
EIB Loan		
Balance at 1 st January 2015	223,547	343,042
Disbursement from EIB	0	0
Payment to EIB	-223,547	0
Adjustments (Gain on Exrate write off to PPI)	0	-119,495
Interest Due - 2015 (1% p.a)	0	0
	-0	223,547
* *EIB loan fully repaid in January 2015*		
Fund Held in Trust		
KPF Investment		
Balance at 1 st January	1,738,275	1,733,171
Disbursement from KPF	0	0
Payment to KPF	0	0
Interest Due - 2014 (6% on used funds)	3,015	5,104
	1,741,290	1,738,275
Educational Loan Scheme	292,448	218,090
Artisanal Fisheries Project	500,000	
13 Sundry Expense		
Training	16,190	170
Promotions	3,850	508
Janitorial	1,957	1,522
Loan adjustments-sundry expense	1,669	139
Bill of Sale	1,675	1,000
Pledge Expense	8,000	8,000
Sundry Expenses	336	406
Legal and Lawyer fees	2,335.00	3,478.45
	36,012	15,224

	2015	2014
14 Greditors		
Greditors	4,542	3,837
Term Deposits	549	549
Payroll Accruals Payable	0	-9,930
DBK Staff Deduction Clearing	0	-5,387
Audit fees Payable	7,500	25,500
	12,591	14,569
Suspense & Clearing a/c		
Suspense Re: H/Rent Clearence	0	0
Suspense Re: Xmas Branch H	8,948	8,948
Suspense Re: Bank errors	33,188	-3,617
Suspense Re: Staff fund	-5,825	-7,413
Suspense Re: Unclaimed cheques	16,100	16,100
Suspense Re: Accrual Payables	5,434	
Suspense Re: Phone Clearence	0	0
Suspense Re: Loan Refund	14	14
Suspense Re: Missing Telmo	0	0
Suspense Re: Vinstar Expenses	0	0
Suspense Re: Commercialisation Project	7,647	7,647
Suspense Re: Project development	0	0
Suspense Re: Loan Adjustments	100,350	70,050
Suspense Re: Unknown	-273	0
	165,583	91,729
Total Creditors	178,174	106,297

15 Revolving Fund - Agent's M/ycle		
Abaiang agent	865	865
Abemama agent	865	865
Beru agent	865	865
Nikunau agent	865	865
Onotoa agent	982	982
Marakei agent	865	865
Fanning agent	865	865
Tabnorth agent	865	865
Butaritari agent	865	865
Tamana agent	865	865
Nonouti agent	865	865
Arorae Agent-	1,092	1,092
Aranuka Agent-	1,092	1,092
Maiana agent	865	865
Marakei agent	865	865
Nikunau agent	982	982
	14,528	14,528

	2014	2014
16 Office Rent		
Head Office & TabNorth ($50 Monthly)	40,712	39,597
Notional Rent - Xmas Branch	0	0

	40,712	39,597
17 Interest on ADB Loans	236,766	223,516
18 Loans Over Payments	266,489	251,450