REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

KIRIBATI HOUSING CORPORATION FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021

KIRIBATI AUDIT OFFICE

APRIL 2023

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Audit for an impact for the public

INDEPENDENT AUDITOR'S REPORT

To the Readers Of

Kiribati Housing Corporation Financial Statements

For the year ended 31st December 2021

I have audited the Financial Statements of Kiribati Housing Corporation (KHC) for the year ended 31st December, 2021 as required under sec 114 (2) of the Constitution, Part VII, Sec 42(4) of the Public Finances (Control and Audit) 1981 and Sec 22(1) of the Kiribati Audit Act, 2017. The Financial Statements comprise of the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cash Flow
- Statement of Changes in Equity
- Notes to the Accounts

Adverse Audit Opinion

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

Basis for Adverse Opinion:

Based on my audit performed I found that the following deficiencies were not satisfactorily explained or had been agreed by KHC Management therefore formed the basis of my Adverse Opinion as follows:

- Dispute between KHC management and audit was due mainly to the overstatement of cash out flow under investing activities by $294k as a result of the discrepancies in the balance as per Fixed Asset Schedule(additional) total of $39k and Balance as per Cashflow per investing activities of $334k **($39k less $334K=$294k).** The variance was caused by the inclusion of the release of amortisation of $374k which inflate the cashflow per investing activities by $334k. The inclusion of the release of amortisation of $374k should not reflected under investing activities as its non-cash transaction in accordance to the IAS 10, 16a. In fact, the proper treatment for investing and financing transactions that do not require the use of cash should be disclosed elsewhere in the financial statement in a way that provides all relevant information about investing and financing activities a per IAS43.
- Therefore, due to the nature and complexity of the transaction related with the improper treatment of release of the amortization under investing activities(cashflow) the audit had conclude that because of the result the effect is significant material exceeding the materiality threshold of $14k, hence the reason for the basis of my audit opinion.

I have conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are described in the Auditor's Responsibilities paragraph of my report. I am independent of the **Company** in accordance with the Ethical requirements that are relevant to my audit of the financial statements of the Company, and I have fulfilled my other responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Board's and Management's Responsibilities for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion as required under the Public Finance (Control and Audit) Ordinance 1976 and Kiribati Audit Act, 2017. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA/ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs & ISSAI, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission. ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

KHC lodged its Financial Statement on 26th April 2021 therefore indicating that KHC has fail to comply with section 20 of the SOE Act 2013.

Independence

Section 114 (4) of the Kiribati Constitution stipulates that the Auditor General shall not be subject to the direction or control of any other person or authority. Other than the audit, we have no relationship with or interest in KHC.

.... Date:20/4/2023

Mr Eriati Tauma Manaima

Auditor General

Kiribati Housing Corporation
We Mean Comfort

(P.O.Box.491, Betio, Tarawa, Republic of Kiribati Phone: (686) 26116 or 26702,
Fax: (686) 21388)

File Ref: 2/1B. **Date:** 17/April/2023

Auditor General
Kiribati National Audit Office
Bairiki

Dear Sir

Re: Revised 2 for KHC Financial Statements for the YE 31.12.2021

Please find attached herewith the Revised 2 for Kiribati Housing Corporation Financial Statement for the year ended 31 December 2021.

We would greatly appreciate your comments in due course.

Yours Faithfully,

Berenateta Karui
Ag. Finance Manager
For Chief Executive Officer

DIRECTORS' REPORT

1. INTRODUCTION

1.1 In compliance with the requirements of the Kiribati Housing Corporation Act 1979, the Board of Directors of the Kiribati Housing Corporation (KHC) have great pleasure in submitting KHC's Financial Statements for the Year ended 31 December 2020. These are now attached and comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and Statement of Changes in Equity.

1.2 KHC's principal function is to provide housing for Government Civil servants including related support services and provide housing loans with other related loan for housing facilities such as toilets and rain water catchment.

2. HOUSING DEVELOPMENTS

2.1 Recognising that the bulk of its housing stocks were inherited from colonial times with limited remaining life spans, KHC Board has consequently adopted a deliberate policy to initiate the New Build Program with its new MFE formwork kits to construct new houses, and to fully renovate the old housing stock for conversion into the Economic Houses and to attend to routine Maintenance work in a timely manner.

2.2 Thus the New Build Program was started in 2018 with the construction of 3 D-Duplex houses in Bikenibeu to showcase their suitability and durability. The 3 duplex houses had been completed and occupied by Tenants. The new Grade C house constructed with the new MFE Formwork kits was completed in 2019 and another MFE 3 C Grade house with 2 C Duplex completed in 2020.

2.3 The New Build Program will adopt the MFE Construction technology that will make the construction processes quicker and easy to build in a short period of time. This will fast-track the construction of new houses with a more durable concrete houses and with less maintenance costs in the long run.

2.4 The New Housing Loan product known as Turnkey Home Loan, was introduced and incorporated in the Lending Credit Policy in 2017. KHC will provide new housing loans, acquire building materials and build the new home of the client. So far, four houses have been built and the demand for Turnkey Home Loan is increasing. There is none constructed in 2020 due to major review to the Turnkey Loan requirement.

3. FINANCIAL RESULT

3.1 The Notes to the Financial Statements include a statement of the major Accounting policies and changes in Accounting Policies used in the preparation of the accounts.

3.2 The Financial Statements shows that the Net Operating Net Profit of $371,469, including depreciation expenses and prior to adding up the abnormal items. The Profit was realised due to the receipt of the CSO which was paid in 2020. This was a direct Government financial assistance to support KHC operation with its lower income due to fixed house rent to the 1994 rates.

3.3 KHC Board notes with concern two main issues, firstly to do with quality of maintenance works that needs to be further improved and secondly control over the released of materials from the Stores and the returns on the remaining materials. Cargo Monitoring Officer is the new post created to monitor the flow of materials in and out.

4. CONCLUSION

4.1 The Board of Directors are of the opinion that the attached Financial Reports show a True and Fair view of the State of Affairs of the Corporation including its Financial Position, Financial Performance, and its Cash Flows for the year 2020.

4.2 The Board is also not aware of any likely Contingent Liability or any major extraordinary event which may materially affect the integrity of the information provided in the Financial Statements.

On behalf of the Board,

....

Dr ISAM M. MOANIBA
CHAIRMAN

KIRIBATI HOUSING CORPORATION

NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. The Corporation

The Kiribati Housing Corporation was established by the Housing Corporation Ordinance 1978 for the purpose of providing housing and services incidental thereto.

Its main activities are the repair and maintenance of all Government owned housing and the provision of loans for the construction of private dwellings.

2. Statement of Significant Accounting Policies

The significant policies which have been adopted in the preparation of these financial statements are:

a) **Basis of Preparation:** The accounts of the Corporation have been drawn up in accordance with Generally Accepted Accounting Standard, International Accounting Standard and disclosure requirements. They have been prepared on the basis of historical cost and do not take into account changing money values, or except where stated, current valuations of Long Term Assets. The accounting policies have been consistently applied.

b) **Depreciation:** Fixed Assets are depreciated over their estimated useful life using straight-line depreciation method. The rates applied are consistent with those of previous years:

Housing Buildings	5% to 7% pa
Office Buildings	3% pa
Housing Furniture	10% pa
Housing Equipment	33.3% pa
Office Equipment, Tools & Machinery	20% pa
Motor Cycle & Vehicles	25% pa
Capitalized Repair & Maintenance	5% pa

c) **Interest Income:** The amount of interest earned during the year.

d) **Rent Income:** The amount of rent charged during the year.

e) **Provisioning for Doubtful Receivables:** The Corporation maintains and reviews its Provision for Doubtful debts in 2 ways depending on the details available on each account or portfolio:
   i. Specific Provision based on a review of all account in the Portfolio or
   ii. General provision of 5 % of net carrying balances using Balance Sheet approach,

3. Changes in Accounting Policies

The Corporation adopted two new accounting policies that:

a) Set realizable values of rent receivables; and

b) Capitalized part of expenses for repairs and maintenance on the housing stock instead of treating them as expenses. This practice will only be applied to the 2010 and 2013 financial reports and thereafter KHC will identify capital and operation expenditures as and when repair and maintenance works are carried out.

KIRIBATI HOUSING CORPORATION
REVISED 2. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31st December 2021

	Notes	2021	2020
INCOME			
Rental Income	4	2,111,227.95	2,078,551.00
Less Cost of Sales	5	- 445,615.89	- 390,316.00
Gross Profit		**1,665,612.06**	**1,688,236.00**
OTHER INCOME			
Interest on House Loan	6	218,366.42	158,532.00
Interest on SAPHE Loan		-	1,552.00
Interest on Special Loan		-	7,022.00
Adm Fees, Late Fees and others	7	139,863.99	159,560.00
Interest on Short-term deposits		-	1,221.00
Community Service Obligation(CSO)	8	-	1,000,000.00
Other Income - Furniture making & others	8	116,722.16	135,812.00
Total Other Income		474,952.57	1,463,699.00
Total Income		**2,140,564.63**	**3,151,935.00**
EXPENSES			
Personal Emoluments	9	970,739.16	879,450.00
Operating Expenses	10	215,054.64	260,862.00
Office Support Expenses	11	105,683.03	94,323.00
Repair & Maintenance Expenses	12	10,999.87	15,928.00
Development - Cost of Production		-	14,861.00
Dept Property, Plant & Equipment	13	804,299.44	795,924.00
Dept-Capitalized repairs & maintenance	14	315,392.04	637,879.00
Bad and Doubtful Debts	15	-	136,566.00
Miscellaneous Expenses	16	29,800.00	17,863.00
Sundry Expenses		-	-
Total Expenses		**2,451,968.18**	**2,853,656.00**
Net Operating Profit/Loss (-)		**- 311,403.55**	**298,279.00**
Add/Less: Abnormal Items			
Prior Period Items		33,597.05	16,001.00
Release of Amortisation		374,929.83	409,014.00
Total other income		**408,526.88**	**425,015.00**
Net Profit/Loss (-) for the year		**97,123.33**	**723,294.00**

Approved and Signed by:

Director: D. Rian .... Date: 18/04/23

Director: .... Date: 18/04/23

KIRIBATI HOUSING CORPORATION
REVISED 2. STATEMENT OF FINANCIAL POSITION
AS AT 31st December 2021

	Notes	2021	2020
CURRENT ASSETS			
Cash & Equivalents	17	2,187,194.57	1,950,705.44
Short Term Deposit (IBD)		-	357,876.00
Base Stock	18	449,941.89	276,370.00
Work in Progress	19	1,151,457.38	380,864.00
Trade Receivables	20	382,005.05	392,764.00
Sundry Debtors & Prepayment	21	11,393.85	65,277.00
Total Current Assets		**4,181,992.74**	**3,423,856.44**
CURRENT LIABILITIES			
Auditors' Remuneration	22	12,500.00	10,000.00
Security Deposits	23	11,110.03	10,632.00
Accrued Expenses	24	963.43	15,658.00
Payroll Liabilities	25	22,617.46	17,564.00
Sundry Creditors	26	118,112.48	16,631.00
Total Current Liabilities		**165,303.40**	**70,485.00**
WORKING CAPITAL		**4,016,689.34**	**3,353,371.44**
NON-CURRENT ASSETS			
Property, Plant and Equipment	27	4,917,105.86	5,680,797.00
Housing Loan	28	2,480,952.57	1,609,310.00
SAPHE Loan		-	-
Capitalized Repair/Maintenance	29	1,687,879.31	1,867,379.00
Intangible Asset	30	31,969.10	31,969.00
Total Non Current Assets		**9,117,906.84**	**9,189,455.00**
LONG TERM LIABILITIES			
Security Deposits	31	220,795.97	202,014.00
Total Long Term Liabilities		**220,795.97**	**202,014.00**
NET WORTH		**12,913,800.21**	**12,340,812.44**
REPRESENTED BY			
Accumulated Funds	32	3,271,692.03	4,721,007.00
Capital Reserve	33	9,642,108.18	7,619,805.00
TOTAL SHAREHOLDERS FUND		**12,913,800.21**	**12,340,812.44**

Approved and Signed by:

Director: D. Gwin .... Date: 18/4/23 ....

Director: .... Date: 18/4/23 ....

Kiribati Housing Corporation
Revised 2. Statement of Cash flow
as at 31st December 2021

	2021	2020
Cash flows from Operating Activities		
Cash receipt from Customers	2,684,419.67	4,011,531.00
Cash paid to suppliers and employees	- 2,731,042.18	- 2,076,746.00
Net Operating Cash Flow	**- 46,622.51**	**1,934,785.00**
Cashflows from Investing Activities		
Net House loan	- 871,642.57	- 166,163.00
Net House fees collect	19,260.00	12,914.00
Net SAPHE loan	-	17,192.00
Purchase of Property, Plant and Equip	334,321.53	- 754,341.00
Capitalized Repair and Maintenance	- 135,892.35	- 491,873.00
Net Investing Cash flow	**- 653,953.39**	**- 1,382,271.00**
Cashflows from Financing Activities		
Accumulated fund	- 1,376,126.84	700,000.00
Housing Assistance Reserve	1,925,179.85	-
Net Financing Cash flow	**549,053.01**	**700,000**
Net Increase (decrease) in cash held	- 151,522.89	1,252,514.00
Add: Opening Cash and Cash Equivalent	2,308,581.77	1,056,069.00
Cash at end	**2,157,058.88**	**2,308,583.00**
Reconciliation to Cash Flow		
Operating Profit/Loss (-)	97,123.33	796,484.00
Depreciation PPE	804,299.44	795,924.00
Depreciation Capitalised Repair & Maintenance	315,392.04	637,879.00
Release of Amortisation - PPE	- 374,929.83	- 409,014.00
Increase/Decrease Sundry Debtors & Prep	53,883.15	5,084.00
Increase/Decrease Base Stock	- 173,571.89	183,035.00
Increase/Decrease Trade Receivable	10,758.95	72,378.00
Increase/Decrease WIP	- 770,593.38	- 59,133.00
Increase/Decrease Current Liabilities	- 8,984.32	- 55,877.00
Adjustment to Interest on Loan	-	- 31,976.00
Adjustment to Long Term Loan.	-	
Net Cash Flow from Operating Activities	**- 46,622.51**	**1,934,785.00**

Approved and Signed by:

Director: .... Date: 18/04/23

Director: .... Date: 18/04/23

KIRIBATI HOUSING CORPORATION
REVISED 2. STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31st DECEMBER 2021

	2021	2020
Retained Earnings		
Opening Balance	3,174,568.70	2,419,956.52
ADD Net Profit/(Loss)	97,123.33	796,484.00
Closing Balance	**3,271,692.03**	**3,216,440.52**
Capital Reserve		
Capital Fund	**2,807,004.00**	**2,807,004.00**
Housing Assistance Reserve		
Opening Balance	-	-
Add: Prepayment non economic rent subsidy	-	-
Closing Housing Assistance Reserve	-	-
Asset Aid Reserve		
Opening Balance	3,718,246.26	4,161,345.00
Less: Amortisation for the year	- 374,929.83	- 409,014.00
Sub Total	**3,343,316.43**	**3,752,331.00**
Add: Addition	999,940.00	-
Less: Bank charge	-	-
Closing Balance	**4,343,256.43**	**3,752,331.00**
PROJECT FUND	1,060,470.69	1,060,470.69
Accumulated fund	1,431,377.06	1,431,377.06
CLOSING BALANCE	**6,835,104.18**	**6,244,178.75**
TOTAL RESERVE	**12,913,800.21**	**12,267,623.27**

Approved and Signed by:

Director:.................................... **Date:** 18/4/23

Director:.................................... **Date:** 18/4/23

REVISED 2. KIRIBATI HOUSING CORPORATION NOTES TO THE 2021 ACCOUNTS			
		2021	2020
4	**Rent Income**		
	Economic Subsidy - Old	673,018.00	666,414
	Economic Subsidy - New	873,165.00	813,238
	Non Economic Subsidy	224,088.00	235,872
	Local rent - old	252,311.29	271,601
	Local rent - new	84,021.98	87,506
	Water Tank	4,623.68	3,921
	Total Rental Income	**2,111,227.95**	**2,078,552.00**
5	**Cost of sales**		
	Routine Maintenance		
	RM Labour cost, Betio	74,659.87	85,459
	RM Material cost, Betio	125,907.69	112,091
	RM Labour cost, Bairiki	25,909.16	30,233
	RM Material cost, Bairiki	39,402.96	56,169
	RM Labour cost, Bikenibeu	36,978.18	33,942
	RM Material cost, Bikenibeu	48,686.54	51,707
	Total Routine Maintenance	**351,544.40**	**369,601**
	Furniture Making		
	Material Cost Plan - RM	220.00	5,854
	Cost of Sales Furniture Making	93,851.49	14,861.00
	Total Furniture making	**94,071.49**	**20,714.73**
	Total Cost of sales	**445,615.89**	**390,315.73**
6	**Interest on House Loan**		
	Loan Interest	**218,366.42**	**158,532**
7	**Admin, Late fees & Others**		
	Sundry Income	668.19	
	Establishment Fees - House loans	35,825.00	50,025
	Stamp fees	1,955.80	-
	Admin & Pledge fees	86,165.00	18,350
	Late & Penalty fees	14,530.00	19,275
	Statement fees	710.00	1,685
	Refinancing and closing fees	10.00	-
	Total	**139,863.99**	**89,335.00**

8	**Other Income**		
	Furntiure Making	5,541.61	30,653
	Second hand Sales	7,587.77	-
	Sale of Furniture & Fittings	12,431.54	-
	Other Income	90,771.24	105,159
	Transfer Fee - Housing	270.00	-
	Renewal Fee - Lapse tenancy	120.00	-
			-
	Total	**116,722.16**	**135,812.00**
9	**Personnel Emoluments**		
	Wages & Salaries	709,031.97	642,432
	Temporary Assistance	29,690.49	39,663
	Allowances	17,705.03	14,401
	KPF Expenses	55,361.99	50,842
	Overtime	27,822.53	24,977
	Leave Grants	95,445.07	80,037
	House rent subsidy	35,682.08	27,098
	Total Personal Emoluments	**970,739.16**	**879,450**
10	**Operating Expenses**		
	Electricity	55,991.21	57,933
	Telephone	40,853.96	38,213
	Internet Expenses	12,088.00	7,355
	Audit Fees	2,500.00	12,797
	Insurance Expenses	12,796.80	950
	Service Charge	2,980.65	8,459
	Office Supplies & Stationaries	6,071.74	43,241
	Travelling Expenses	1,120.00	9,648
	Transport	11,782.80	2,480
	Advertisement	392.40	31,904
	Vehicles Repair	32,649.20	34,481
	Fuel Expenses	32,250.38	3,849
	Legal Fees & related Costs	2,901.00	3,039
	Training	676.50	6,514
	Total Operating Expenses	**215,054.64**	**260,863**

11	**Office Support**		
	Land Lease Exp	4,143.16	2,326
	Specials Books & Forms	4,554.67	6,242
	Office Incidentals	1,951.15	1,778
	Bank Charges	4,829.75	4,392
	Board of Directors Exp	25,036.28	30,737
	Entertainment	7,122.47	10,961
	Subscription & Fees	18,551.23	9,686
	Security Services Fees	39,494.32	28,203
	Total Office Support	**105,683.03**	**94,325.00**
12	**Repair and Maintenance Expenses**		
	Machinery & Tools Repair	275.86	879.00
	Office Building Repair	7,855.76	6,734.00
	Office Equipment repair	2,808.25	8,315.00
	Tools repair & maintenance	60.00	-
	Total	**10,999.87**	**15,928.00**
	Financial Expenses		
13	Depreciation exp - PPE	804,299.44	795,923.00
14	Deprecitiaon exp - Capitalized	315,392.05	637,879.00
15	Bad & Doubtful Debts - Housing	-	-
15	Bad & Doubtful Debt - Saphe	-	-
		1,119,691.49	**1,433,802.00**
16	**Miscellaneous expenses**		
	Retirement Benefit	1,500.00	-
	Non Sick Leave Benefit	650.00	-
	Housing allowance	27,650.00	17,025.00
	Uniform benefit	-	525.00
	Coffin Benefit	-	313.00
	Total	**29,800.00**	**17,863.00**

17	**CASH & CASH EQUIVALENTS (Revised)**		
	Cash at Bank - Maintenance A/C	489,085.83	992,090.00
	Undeposited Funds	- 37,310.47	- 3,654.00
	Cash at Bank - HLAC	49,562.02	270,608.00
	Cash at Bank - SAPHE	- 223.25	18,733.00
	Cash at Bank - Project Fund	1,527,555.22	672,478.00
	Petty Cash Imprest	323.20	300.00
	Bus Fare Drawer	-	-
	Staff Salary Advance	89.67	-
	Interest Bearing Deposits (IBD) & Others		
	Maintenance IBD A/C No. 893300	157,876.29	357,876.00
	HLAC IBD A/C NO. 913044	-	-
	SAPHE IBD A/C No. 913055	0.02	-
	Bank Errors	236.03	-
	Total	**2,187,194.56**	**2,308,431.00**
18	**Inventory**		
	Central Stores Opening Balance	245,662.00	430,188.00
	Add Purchase during the year	416,799.55	716,577.00
	Less Issue Stocks during the year	- 245,661.52	- 901,103.00
	Add/Less: Adjustment	-	-
	Closing Balance	**416,800.03**	**245,662.00**
	Add: Turnkey Base stock	29,217	29,217.00
	Add: Vehicles parts stocks	3,925	1,490.00
	Total	**449,941.89**	**276,369.00**
19	**Work in progress**		
	Preventive	80,834.40	-
	Major Maintenance Program	65,348.06	11,492.00
	New Build	720,178.82	268,820.00
	Phase 2 Project (NZ & GOK)	149,746.54	100,552.00
	Others	135,349.56	-
	Total	**1,151,457.38**	**380,864**

20	**Trade Receivables.(Revised)**		
	Consists of Economic rent and Non economic rent		
	Opening Balance	**560,756.78**	116,896.00
	Jan-21	606,785.49	362,466.00
	Feb-21	621,454.50	- 359,783.00
	Mar-21	445,695.07	- 42,870.15
	Apr-21	461,410.04	- 15,999.00
	May-21	470,954.99	**60,710.00**
	Jun-21	492,754.57	-
	Jul-21	520,849.19	-
	Aug-21	530,881.10	321,785.00
	Sep-21	485,164.75	1,594,562.00
	Oct-21	534,484.93	- 1,630,102.00
	Nov-21	558,908.67	-
	Dec-21	551,749.47	38,914.00
	Less provision for doubtful debts	- **169,744.02**	- **169,744.02**
	Total	**382,005.45**	**325,159.00**
21	**Sundry Debtors & Prepayment**		
	Imprest & Staff Debts	-	6,446.00
	Others	-	4,171.00
	Deposit paid & Prepayment	-	49,668.00
	Bank errors	5,026.21	4,992.00
	Staff Debt Recoverables	2,196.86	-
	Other Sundry Debtors	4,166.78	-
	Shortage/Surplus	4.00	-
	Total	**11,393.85**	**65,277.00**
22	**Auditor's Remuneration**		
	Accrued Auditing Services	12,500.00	10,000.00
23	**Security Deposits**	11,110.03	9,855.00
24	**Accrued Expenses- Commitments**	963.43	15,658.00

25	**Payroll Liabilities**		
	PAYE Tax Clearance	- 7,387.97	-1,308
	KPF Clearing	5,555.36	1,029
	Tax Arrears	2,160.75	2,161
	ANZ Bank Clearing	- 19,463.01	-16,843
	SAPHE Loan Clearing	28.35	28
	House Loan Clearing	- 120.36	-120
	DBK Loan Clearing	54.99	-937
	KPF Loan Clearing	- 53.51	-3,756
	Social Club Clearing	20.00	-158
	Insurance Payable	-	-130
	Contractors Withholding Tax Clearing	1,621.69	1,945
	Union Subscriptions	584.00	584
	Staff Salary Advances	-	0
	Board Directors Withholding Tax	736.75	348
	Staff House rent deductions	16,559.50	8,886
	KHC Loan repayment	- 270.15	-4,645
	ANZ Loan Payable	159.00	-842
	Services KPF Employee Deduct	55.00	406
	Casual Labours (KPF Payable)	21,050.91	30,916
	Services Provider W/Hold Tax	1,326.16	-
	Total	**22,617.46**	**17,564**
26	**Sundry Creditors (See attachment)**		
	Recoverable cost from Employees	-	882
	Customers Deposits	-	9,855
	Suspense Account	**30,135.69**	23,119
	Others	**87,976.79**	23,984
	Total	**118,112.48**	**57,840.00**

28	Housing Loans (Revised)	2021	2020
	Trade debtors- HLAC		
	Opening balance	1,702,252.37	1,468,881
	Disbursement	2,635,400.99	1,436,732
	Collection	- 1,788,458.13	-
	Provision for doubtful debts-HLAC	- 119,225.70	35,289
	Total	**2,429,969.53**	**2,940,902.00**
	Trade debtors- Special Loan		
	Opening balance	28,042.81	-1,454,981
	Disbursement	29,498.32	158,533
	Collection	- 33,669.16	283,403
	Provision for doubtful debts-Special	- 379.00	1,927,856
	Total	**23,492.97**	-63,378
	Trade debtors- Saphe		-55,848
	Opening balance	27,301.54	-199,320
	Disbursement	2,783.29	
	Collection	- 2,594.76	-
	Provision for doubtful debts- Saphe	-	-
	Total	**27,490.07**	**1,609,310**
	Total Trade debtors- House Loan Receivable	**2,480,952.57**	**1,609,310.00**
30	**Intangible Assets**		
	The amount represent the cost of Loan Plus for House loan, which include the cost of the software, training & installation	**31,969.10**	**31,969.00**

31	**Security Deposits**		
	Opening balance	**212,646.00**	199,052
	Add: Collection	22,054.57	15,679
	Less: Payments	- 2,794.57	-2,085
	Balance	**231,906.00**	**212,646**
	(i) Current Liability (5%)	11,110.03	**10,632**
	(ii) Long Term Liability (95%)	**220,795.97**	**202,014**

32	**Equity**		
	Years Earnings	2,732,667.52	2,732,667.52
	Retained Earnings	441,901.18	- 312,711.00
	Profit/Loss (-) for the year	97,123.33	796,484.00
	Total	**3,271,692.03**	**3,216,440.52**
33	**Capital Reserve**		
	Accumulated Funds	1,431,377.06	1,431,377.06
	Capital Funds	2,807,004.00	2,807,004.00
	Project Funds	1,060,470.69	1,060,470.69
	Asset Reserve Fund	3,343,316.43	3,752,330.79
	Aid Grant (NZ)	999,940.00	-
	Total	**9,642,108.18**	**9,051,182.54**

Kiribati Housing Corporation

Notes to Financial Statements

For the year ended 31 December 2021

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Notes 26: PPE

	Old Housing Building	New Housing Building	Office Building	Housing Furniture	Housing Equipment	Motor Vehicles	Office Equipment	Office Furniture	Water Tank Replac'mnt	Warehouse Building	Container Storage	Tools & Machineries	Seawall	MFE Formwork	TOTAL
COST															
Balance at 31 December 2020	7,574,420.25	9,607,228.68	301,791.07	467,739.00	461,811.00	700,340.89	749,787.30	34,031.82	261,424.25	107,986.00	21,431.24	296,110.66	232,637.05	321,510.59	21,137,947.34
Additions 2021	-	-	1,852.40			-	24,304.34	167.00	1,048.75		-	9,649.60	-		39,607.32
Adjustment/Revaluation 2021	-	-	-				-	-			-		-		-
Disposal 2021		-	-				-	-			-		-		-
Balance at 31 December 2021	7,574,420.25	10,153,618.01	303,643.47	467,739.00	461,811.00	700,340.89	774,091.64	34,198.82	262,473.00	107,986.00	21,431.24	305,760.26	232,637.05	321,510.59	21,177,554.66
															-
ACCUMULATED DEPRECIATION															-
Balance at 31 December 2020	7,573,382.00	4,649,217.00	166,267.42	467,739.00	461,811.00	665,885.41	681,010.93	30,954.11	173,790.14	107,986.00	10,942.79	232,741.29	225,744.69	8,729.86	15,456,202.78
Depreciation for year 2021	-	672,506.52	9,087.49			22,166.04	37,722.86	490.65	32,365.57		2,726.28	24,940.82	2,293.21		804,299.44
Adjustment 2021	-														-
Disposal 2021	-		-												-
Balance at 31 December 2021	7,573,382.00	5,321,723.47	175,355.11	467,739.00	461,811.00	688,051.45	718,400.59	31,444.84	206,155.57	107,986.00	13,669.15	255,668.70	228,049.31	8,729.86	16,260,502.22
															-
Depreciation Rate	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%	3%	-
															-
NET BOOK VALUE															-
Balance at 31/12/2021	1,038.25	4,285,505.23	128,288.36	-	-	12,289.44	55,691.05	2,753.98	56,317.43	-	7,762.09	50,091.56	4,587.74	312,780.73	4,917,105.86
Balance at 31/12/2020		4,958,011.68	135,523.65	-	-	34,456.00	70,605.00	3,078.00	87,634.00	-	10,488.00	61,728.00	5,986.00	313,286.00	5,680,797.00