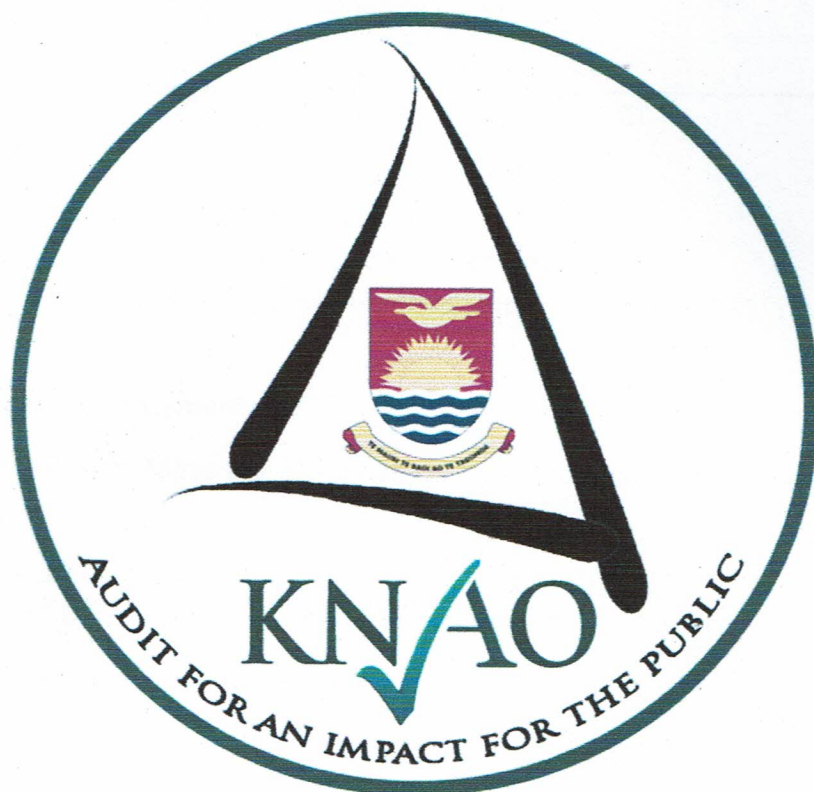


REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF



Kiribati Housing Corporation
For the Years Ended 31st December 2014 and 2015

Kiribati National Audit Office
April 2017

KIRIBATI NATIONAL AUDIT OFFICE

P.O BOX 63
Bairiki, Tarawa
Kiribati



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Audit for an impact for the public
INDEPENDENT AUDITOR's REPORT

To The Readers Of
Kiribati Housing Corporation's
Financial Statement
For The Years Ended 31st December, 2014 and 2015

Report on the Financial Statements

The Auditor-General, Mrs Matereta B Raiman, is the auditor of Kiribati Housing Corporation (KHC).

I have audited the accompanying financial statements of KIRIBATI HOUSING CORPORATION for the years ended 31st DECEMBER 2014 and 2015. The financial statements comprised of:

- The Profit And Loss Statement,
- The Balance Sheets,
- Cash Flow Statement
- and a summary of significant accounting policies and other explanatory information.

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 Practices 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.

Report on Legal and Regulatory Requirements

SOE Act Sec. 20 requires Audited Financial Statements to be submitted within three months after balance date however KHC lodged their 2015 and 2014 Financial Statement on 1 Apr, 2016 and 10 Apr 2015, respectively. Financial Statements should be submitted well in advance before 31 March so ample time is allowed to complete the audit before due date.

Independence

When carrying out the audit we followed the independence requirement 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 Corporation.

Audit Opinion

Qualifications:

- 2014 and 2015 Fixed Assets – There were errors noted in the calculation of depreciation charges for Equipment and Building. Table below refers:

Depreciation	KHC calculation	Audit Calculation	Variances
Building	6,254	7,545.15	1,291
Equipments	25,521	23,778.82	-1,742

- 2015 Stock – There was a variance of \$3k noted between the GL stock figure and Stock take figure.

Qualified Audit Opinion

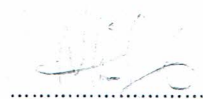
In my opinion, **except** for the effects of the matters referred to in the Qualification paragraph above, the Financial Statements of KHC for the years ended 31st Dec, 2014 and 2015:

- Comply with Generally Accepted Accounting Practices,
- Fairly reflects the results of its operations and cashflows and
- Fairly reflects the Corporations Financial performance and position for the year ended 31st Dec, 2014 and 2015.

Emphasis of the Matter:

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

- The audit confirmed that KHC is unable to provide quality maintenance to its very old houses and this has impacts on the tenants' satisfaction. We noted too that trade debtors outstanding were increasing every year and part of the reason for the increase was the reluctance of tenants to pay rent due to poor conditions of the houses they occupied.



Mrs Matereta B Raiman

Auditor General

30/03/2017

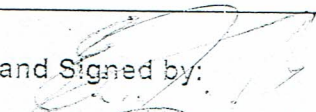


Kiribati Housing Corporation
We Mean Comfort

ANNUAL ACCOUNT 2014

AS APPROVED BY THE BOARD OF DIRECTORS
31st March 2015

KIRIBATI HOUSING CORPORATION
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	<u>NOTES</u>	<u>2014</u>	<u>2013</u>
INCOME			
Rental Income	19	1,488,954	1,432,052
Less Cost of Sales	32 & 34	350,421	229,466
GROSS PROFIT		1,138,533	1,202,587
OTHER INCOME			
Interest on House Loan	13	57,665	78,550
Interest on SAPHE Loan	14	16,234	27,563
Other loan income	13 & 14	47,619	17,271
Interest on Short-term deposits		5,724	11,670
Other Income	20	29,786	17,465
Total Income		1,295,561	1,355,105
EXPENSES			
Personal Emoluments	22	648,162	619,284
Operating Expenses	23	198,910	149,935
Office Support Expenses	24	73,248	61,190
Repair & Maintenance Expenses	26	24,202	19,430
Dept Property, Plant & Equipment	4	323,311	279,539
Dept-Capitalized repairs & maintenance	4	307,065	281,506
Bad and Doubtful Debts		108,854	
Miscellaneous Expenses	25	19,924	26,047
Sundry Expenses	35	70,898	
Total Expenses		1,774,573	1,436,930
Net Operating Profit/Loss		-479,012	-81,826
Add/Less: Abnormal Items			
Prior Period Items	27	-181,929	-5,104
Release of Amortisation		50,276	34,348
Net Profit/(Loss) for the year		-610,665	-52,581
Approved and Signed by: Chairman:  Director:  Date: 02/04/15 Date: 09/04/15			

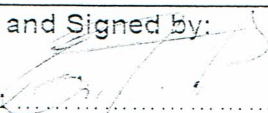
KIRIBATI HOUSING CORPORATION

BALANCE SHEET

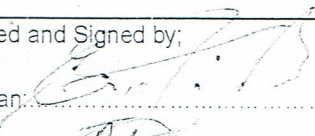
AS AT 31 DECEMBER 2014

	NOTES	2014	2013
CURRENT ASSETS			
Cash at Bank	5	409,465	433,064
Cash on hand	6	150	95
Petty cash reimbursement	7	300	619
Short Term Deposit (IBD)	8	666,211	820,487
Base Stock	9	241,772	229,902
Work in Progress	34	82,144	
Trade Receivables	10	387,938	376,934
Sundry Debtors & Prepayment	31	16,609	9,693
Total Current Assets		1,804,588	1,870,795
CURRENT LIABILITIES			
Auditors' Remuneration	11	4,000	16,500
Security Deposits	12(i)	7,562	7,396
Accrued Expenses	29	5,508	568
Interest Payable	15	4,000	4,000
Payroll Liabilities	21	3,638	3,513
Sundry Creditors	28, 30	112,639	84,230
Total Current Liabilities		137,347	116,208
WORKING CAPITAL		1,667,241	1,754,587
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	2,595,199	2,740,824
Housing Loan	13	199,500	239,657
SAPHE Loan	14	202,648	257,463
Capitalized Repair/Maintenance	4	1,936,166	2,016,019
Total		4,933,512	5,253,963
LONG TERM LIABILITIES			
Loan from GOK-SAPHE		600,000	600,000
Security Deposits	12(ii)	143,678	140,533
Total		743,678	740,533
NET WORTH		5,857,075	6,268,017
REPRESENTED BY			
Accumulated Fund	17	2,052,695	2,663,361
Capital Reserve	18	3,804,380	3,604,656
TOTAL SHAREHOLDERS FUND		5,857,075	6,268,017

Approved and Signed by:

Chairman:  Date: 02/04/15

Director:  Date: 09/04/15

Kiribati Housing Corporation			
Statement of Cashflow			
As at 31st December 2014			
		2014	2013
Notes			
Operating Activities			
Cash receipt from Customers		1,672,615	1,545,728
Cash paid to suppliers and employees		1,743,697	1,214,496
Net Operating Cash Flow		-71,082	331,232
Investing Activities			
Net House loan	13	40,157	-7,947
Net House fees collect	12	3,145	6,335
Net SAPHE loan	14	54,816	8,737
Purchase of Property, Plant and Equip	4	-177,686	-594,870
Capitalized Repair and Maintenance	4	-227,211	-219,614
Net Investing Cash flow		-306,779	-807,359
Financing Activities			
Release of Amortisation		199,724	-34,348
Net Financing Cash flow		199,724	-34,348
Net Increase (decrease) in cash held		-178,138	-510,475
Add: Opening Cash and Cash Equivalent		1,254,264	1,764,740
Cash at end	5,6,7,8	1,076,127	1,254,264
Reconciliation to Cash Flow			
Operating Profit/Loss		-610,665	-52,581
Depreciation PPE		323,311	279,539
Depreciation Capitalised Repair & Maintenance		307,065	281,506
Increase/Decrease Sundry Debtors & Prep		-6,915	-9,693
Increase/Decrease Base Stock		-11,869	-126,243
Increase/Decrease Trade Receivable		-11,005	-63,497
Increase/Decrease WIP		-82,144	
Increase/Decrease Current Liabilities		21,140	22,203
Cashflow from Operating Activities		-71,082	331,232
Approved and Signed by:			
Chairman:		Dates:	02/04/15
Director:		Dates:	09/04/15

KIRIBATI HOUSING CORPORATION

NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2014.

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 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.

Note 4: Depreciation Schedule

Kiribati Housing Corporation
Notes to the Financial Statements
for the year ended 31 December 2014

Notes 4: NON-CURRENT ASSETS													
	Old Housing Buildings	New Housing Buildings	Office Building	Housing Furniture	Housing Equipment	Motor Vehicles	Office Equipment	Office Furniture	Water Tank Replacement	Warehouse Building	Container Storage	Tools & Machineries	Seawall
COST													
Balance at 1 January 2014	7,573,383	3,689,305	248,990	467,739	461,811	508,945	529,255	29,804	76,223	107,986	7,800	172,246	209,942
Additions 2014		125,690	0	0	0	23,122	14,558	1,780	5,400	0	0	69	7,067
Transfers 2014													
Disposal 2014													
Balance at 31 December 2014	7,573,383	3,814,996	248,990	467,739	461,811	532,067	543,813	31,584	81,623	107,986	7,800	172,315	217,009
ACCUMULATED DEPRECIATION													
Balance at 1 January 2014	7,573,382	1,222,772	113,674	467,739	461,811	473,130	443,347	29,215	74,254	107,986	5,400	169,438	191,456
Depreciation per year 2014	0	253,046	6,254	0	0	16,854	32,028	141	1,479.00	0	800	1,472	11,237
Transfers 2014													
Disposal 2014													
Balance at 31 December 2014	7,573,382	1,485,818	119,928	467,739	461,811	489,984	475,376	29,356	75,733	107,986	6,200	169,910	202,693
DEPRECIATION RATE	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%
NET BOOK VALUE													
Balance at 31/12/2014	1	2,329,178	129,062	0	0	42,083	68,437	2,227	5,890	0	1,600	2,406	14,316
Balance at 31/12/2013	1	2,456,534	135,316	0	0	35,815	85,907	589	1,969	0	2,400	3,808	18,486
DEPRECIATION LAST YR (2013)													
Previous set Charge	0	225,038	6,254	0	0	16,372	17,156	65	1,479	0	800	1,471	10,902
Amortisation Depreciation per year		50276											
Amortisation Depreciation previous year		34348											

Kiribati Housing Corporation
Notes to the Financial Statements
for the year ended 31 December 2014

Notes 4: CAPITALISED MAINTENANCE & COST OF SALES

	Capitalised Rehabilitation	2010 Uncategorised Capitalised Maintenance	Contingent Repair Costs	Redecoration Maintenance Costs	Roofing Maintenance Costs	Retratching Repair Costs	Electrical Repair Costs	Plumbing Repair Costs	Water Tank Repair Costs	Cleaning Felling Trees Costs	Identified Maintenance Programs	TOTAL
COSTS												
Balance at 1 January 2014	173,176	1,592,618	60,539	79,001	48,661	46,528	0	0	0	0	15,496	2,016,019
Additions 2014	227,211						0	0	0	0		227,211
Capitalisation Rate	100%	0%	25%	100%	75%	60%	0%	0%	0%	0%	100%	
Amount to Capitalise	227,211											
Cost of Sales												
DEPRECIATION												
Balance at 1 January 2014	173,176	1,592,618	60,539	79,001	48,661	46,528	0	0	0	0	15,496	2,016,019
Additions 2014	227,211	0	0	0	0	0	0	0	0	0	0	227,211
Amortisation 2014	98,394	99,539	22,620	25,812	6,423	46,528	0	0	0	0	7,748	347,035
Balance at 31 December 2014	301,993	1,493,079	37,920	53,188	42,238	0	0	0	0	0	7,748	1,436,166
Depreciation Rate	20%	5%	20%	20%	10%	33%	0%	0%	0%	0%	20%	
CAPITALISED MAINTENANCE BALANCE												
Balance at 31/12/2014	301,993	1,493,079	37,920	53,188	42,238	0	0	0	0	0	7,748	1,936,166
Balance at 31/12/2013	173,176	1,592,618	60,539	79,001	48,561	46,528	0	0	0	0	15,496	2,016,019
AMORTISATION LAST YR (2013)												
Previous sel Charge	52,952	99,539	22,620	25,812	6,423	66,410	0	0	0	0	7,748	231,505

5. Bank

Maintenance A/C	133,231
Undeposited Fund	21,570
HLAC A/C # 594278-01 (275759)	187,499
SAPHE Revolving Fund A/C # 265714-01 (193002)	67,165
	<u>409,465</u>

6. Bus fare

150

7. Petty Cash Re-imbursement

300

8. Interest Bearing Account (IBD)

Term Deposit A/c No 268730	87,006
Maintenance IBD A/c No 268763	89,836
Maintenance IBD A/c No 893300	58,684
HLAC IBD A/c No 913044	185,947
SAPHE IBD A/c No 913055	172,023
Term Deposit A/c No 924737	72,715
	<u>666,211</u>
TOTAL CASH & CASH EQUIVALENT	1,076,126

9. Base Stock

Central Stores Opening Balance	203,447
Add Purchase during the year	298,532
Less Issue Stocks during the year	326,860
Add/Less: Adjustment	39,698
Closing Balance	214,817
Add: Project Base Stock	26,954
	<u>241,772</u>

10. Trade Receivables***Ministry rent receivable***

Opening balance	105,521
Add : Ministry rent billing	436,476
Less: Ministry rent revenue	417,571
Refund (House rent & Security Deposit and Transfer)	2,573
Adjustment	-17,347
Closing balance	109,653
Provision for doubtful debt	
Provisions for previous years	40,826
Net Ministry Rent receivable balance	<u>68,827</u>

Economic rent receivable

Opening balance	174,586
Add : Economic rent billing	924,178
Less: Economic rent revenue	900,375
Refund (House rent & Security Deposit and Transfer)	2,098
Adjustment	-14,829
Closing balance	185,857
Provision for doubtful debt	
Provisions for previous years	10,172
Net Economic rent receivable balance	175,485

Corporation rent receivable

Opening balance	220,309
Add : Corporation rent billing	159,329
Less: Corporation rent received	161,806
Refund (House rent & Security Deposit and Transfer)	-1,385
Adjustment	-8,470
Closing balance	207,977
Provision for doubtful debt	
Provisions for previous years	64,351
Net Corporation rent receivable balance	143,626

TOTAL RENT RECEIVABLE**387,938****11. Auditors Remuneration**

Accrued Auditing Services	4,000
---------------------------	-------

12. House Fees

Opening Balance	147,929
Add: Collection during the year	9,259
Less: Payments during the year	5,948
Balance during the year	151,240
(i) Current Liability (5%)	7,562
(ii) Long term Liability (95%)	143,678

13. Housing Loans

Opening Balance	749,327
Disbursement	56,080
Add/Less Adjustment	10,538
Add: Refund	3,794
Less: Collection	116,538
Add: Interest during the year	50,118
Add: Admin & other loan charges	8,304
Closing Balance	740,548
Provision for doubtful debts	

Previous Years Provision	591,045
Total House Loan Receivable	149,503

13.B Special Loan Control

Opening Balance	
Disbursement	97,928
Add/Less Adjustment	-720
Add: Refund	715
Less: Collection	84,427
Add: Interest during the year	7,547
Add: Admin & other loan charges	27,515
Closing Balance	49,997
Provision for doubtful debts	
Previous Years Provision	
Total House Loan Receivable	

14. SAPHE Loans

SAPHE Opening Balance	406,678
Disbursement	170,575
Add/Less: Adjustment	138,862
Refund	3,185
Less: Collection	90,269
Add: Interest during the year	16,234
Add: Admin & other loan charges	11,800
Closing Balance	379,342
Less Provision for doubtful debts	
Previous Years Provision	176,694
Total SAPHE Loan Receivable	202,648

15. Interest Payable (LT Loan from GOK)	4,000
---	-------

16. Long Term Loan from GOK - SAPHE

At 31st December	6,000
------------------	-------

17. Accumulated Fund

At 31st December 2013	2,663,361
Profit (Loss) Retained for the year	-610,666
At 31st December	2,052,695

18. Capital Reserve

At 1st January	2,807,004
Asset - Aid Reserve	
Opening Balance	797,652
Less: Amortisation Income	50276
Closing Balance	747,376
Project Fund (GOK)	250,000
	3,804,380

19. Rent Income (Billing)

Economic Subsidy Old	537,026
Economic Subsidy New	235,564
Non-Economic Subsidy	315,903
Local Rent Old	330,586
Local Rent New	26,289
Water Tank	43,535
	<u>1,488,954</u>

20. Other Income

Pledge Fees	2,050
Reconciliation Fees	
Statement Fees	230
Late Fees - HLAC & SAPHE	0
Establishment Fees	7,910
Stamp Fees	35
Court Fees	48
Late Fees - Housing	12,457
Second Hand Sales	715
Miscellaneous Income	632
Sale of Furniture & Fittings	284
Base Stock Sales	
Furniture Making Income	170
Disposable of Fixed Assets	5,254
	<u>29,786</u>

21. Payroll Liabilities & Others

PAYE Tax Clearance	-1,405
KPF Clearing	-3
Tax Arrears	3,966
ANZ Bank Clearing	-77
SAPHE Loan Clearing	-75
House Loan Clearing	-120
DBK Loan Clearing	55
KPF Loan Clearing	
Social Club Clearing	910
Contractors Withholding Tax Clearing	1,539
Union Subscriptions	584
Staff Salary Advances	-1,735
	<u>3,638</u>

22. Personal Emolument

Wages & Salaries	447,971
Temporary Assistance	51,281
Allowances	4,587
KPF Expenses	37,930
Overtime	45,585
Leave Grants	41,735
U/Passage & Commutation	2,291
House Rent Subsidy	16,782
	648,162

23. Operating Expenses

Electricity	51,176
Telephone & Internet	17,251
Audit Fees	2,500
Insurance Premium	
Service Charge	3,200
Stationery & Postage	8,627
Travel	20,309
Transport	6,140
Advertisement	4,972
Promotions	6,034
Vehicles Repair	22,638
Fuel	28,020
Court & Legal Fees	7,525
Training	20,518
	198,910

24. Office Support

Land Rent	1,560
Specialist Books/Forms	3,750
Office Incidentals	1,553
Bank Charges	4,315
Board of Directors Expenses	16,613
Entertainment	6,169
Subscription & Fees	3,389
Security Services Fess	28,360
VAT	7,540
	73,248

25. Miscellaneous

Retirement Benefit

Coffin Benefit

Uniform Benefit

Housing Allowance

Other Miscellaneous Exp

18,930

994

19,924**26. Repair & Maintenance**

Machine & Equip. Repair

227

Office Building Repair

18,792

Office Equipment Repair

5,183

Tools Allowance

24,202**27 PPI**

Trade Debtors (HLAC)

-3,799

Trade Debtors (SAPHE)

169,100

Trade Debtors (House Rent)

58,176

Cancel Cheques

-6,760

Stock Variance

-39,698

Others

4,910

181,929**28 Sundry Creditors**

Govt Prepaid House Rent Subsidy

84,381

Customers Deposit

11,856

Suspense Account

1,411

97,649**29 Accrued Expenses - Commitments**

5,508

30 Internal Amount Dues

Dues to HLAC from Maintenance

-2,377

Dues to Maintenance from HLAC

-162

Cash Inter Ledger Clearing

4,225

Dues to Maintenance From SAPHE

604

Dues to HLAC from SAPHE

14,916

Dues to SAPHE from HLAC

-2,216

14,990

31 Sundry Debtors & Prepayment

Imprest	8,971
Others	677
Deposit Paid	3,050
Bank errors	3,910
	<u>16,609</u>

32. Cost of Sales (Furniture making) 697

33. Cost of Sales (Routine Maintenance)

Routine Maintenance Labour Costs Betio	87,864
Routine Maintenance Material Costs Betio	97,196
Routine Maintenance Labour Costs Bairiki	50,356
Routine Maintenance Material Costs Bairiki	43,080
Routine Maintenance Labour Costs Bik	44,585
Routine Maintenance Material Costs Bik	26,642
	<u>349,724</u>

34. Work In Progress (New Housing Bairiki)

Site Clearance	45,032
Tools & Machinery	2,204
Fencing Material Costs	12,194
Fencing Labour Costs	4,140
Fuel Expense	212
Security Services Fees	475
Trees Compensation	15,547
Miscellaneous Costs	2,341
	<u>82,144</u>

35 Sundry Expenses

Base Stock (Overseas)	37,118
Base Stock (Locally)	16,703
PUB Electricity	9,038
Others	8,038
	<u>70,898</u>

KIRIBATI HOUSING CORPORATION



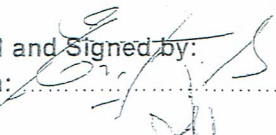
Kiribati Housing Corporation
We Mean Comfort

FINANCIAL STATEMENTS 2015

KIRIBATI HOUSING CORPORATION
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2015

	<u>NOTES</u>	<u>2015</u>	<u>2014</u>
INCOME			
Rental Income	19	1,434,001	1,488,954
Less Cost of Sales	32 & 33	313,657	350,421
GROSS PROFIT		1,120,344	\$ 1,138,533
OTHER INCOME			
Interest on House Loan	13	28,618	57,665
Interest on SAPHE Loan	14	10,859	16,234
Adm Fees, Late Fees and others	13&14	80,923	47,619
Interest on Short-term deposits		3,819	5,724
Other Income	20	177,138	29,786
Total Income		1,421,701	\$ 1,295,561
EXPENSES			
Personal Emoluments	22	683,284	648,162
Operating Expenses	23	226,063	198,910
Office Support Expenses	24	76,926	73,248
Repair & Maintenance Expenses	26	11,424	24,202
Dept Property, Plant & Equipment	4	325,078	323,311
Dept-Capitalized repairs & maintenance	4	305,811	307,065
Bad and Doubtful Debts		8,402	108,854
Miscellaneous Expenses	25	20,262	19,924
Sundry Expenses	35	1,796	70,898
Total Expenses		1,659,046	\$ 1,774,573
Net Operating Profit/Loss		-237,346	-\$ 479,012
Add/Less: Abnormal Items			
Prior Period Items	27	-7,465	-181,929
Release of Amortisation		58,240	50,276
Net Profit/(Loss) for the year		- 186,570	-\$ 610,665

Approved and Signed by:

Chairman: 

Date: 01/04/16

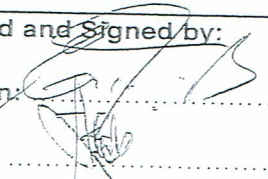
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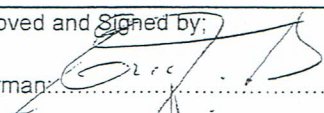
Date: 1/4/16

KIRIBATI HOUSING CORPORATION

BALANCE SHEET

AS AT 31st DECEMBER 2015

	NOTES	2015	2014
CURRENT ASSETS			
Cash at Bank	5	719,536	409,465
Cash on hand	6	150	150
Petty cash reimbursement	7	300	300
Short Term Deposit (IBD)	8	507,363	666,211
Base Stock	9	211,927	241,772
Work in Progress	34 & 37	302,971	82,144
Trade Receivables	10	402,361	387,938
Sundry Debtors & Prepayment	31	36,693	16,609
Total Current Assets		2,181,299	1,804,588
CURRENT LIABILITIES			
Auditors' Remuneration	11	6,500	4,000
Security Deposits	12(i)	7,788	7,562
Accrued Expenses	29	6,899	5,508
Interest Payable	15	4,000	4,000
Payroll Liabilities	21	5,297	3,638
Sundry Creditors	28, 30	95,636	112,639
Total Current Liabilities		126,120	137,347
WORKING CAPITAL		2,055,179	1,667,241
NON-CURRENT ASSETS			
Property, Plant and Equipment	4	2,297,882	2,595,199
Housing Loan	13	353,800	199,500
SAPHE Loan	14	83,614	202,648
Capitalized Repair/Maintenance	4	1,856,729	1,936,166
Total		4,592,025	4,933,512
LONG TERM LIABILITIES			
Loan from GOK-SAPHE		600,000	600,000
Security Deposits	12(ii)	147,972	143,678
Total		747,972	743,678
NET WORTH		5,899,231	5,857,075
REPRESENTED BY			
Accumulated Fund	17	1,866,125	2,052,695
Capital Reserve	18	3,967,855	3,804,380
Housing Reserve		65,251	
TOTAL SHAREHOLDERS FUND		5,899,231	5,857,075
Approved and Signed by:			
Chairman:		Date:	8/04/16
Director:		Date:	1/4/16

Kiribati Housing Corporation				
Statement of Cashflow				
As at 31st December 2015				
		Dec-15	2014	
	Notes			
Operating Activities				
Cash receipt from Customers		1,755,272	1,672,615	
Cash paid to suppliers and employees		1,547,668	1,743,697	
Net Operating Cash Flow		207,604	-	71,082
Investing Activities				
Net House loan	13	- 154,300	40,157	
Net House fees collect	12	4,294	3,145	
Net SAPHE loan	14	119,034	54,816	
Purchase of Property, Plant and Equip	4	- 27,762	- 177,686	
Capitalized Repair and Maintenance	4	- 226,375	- 227,211	
Net Investing Cash flow		- 285,108	-	306,779
Financing Activities				
Release of Amor & Project Fund		228,726	199,724	
Net Financing Cash flow		228,726		199,724
Net Increase (decrease) in cash held		151,221	-	178,138
Add: Opening Cash and Cash Equivalent		1,076,127	1,254,264	
Cash at end	5,6,7,8	1,227,348		1,076,127
Reconciliation to Cash Flow				
Operating Profit/Loss	-	186,570	-	610,665
Depreciation PPE		325,078		323,311
Depreciation Capitalised Repair & Maintenance		305,811		307,065
Increase/Decrease Sundry Debtors & Prep	-	20,084	-	6,915
Increase/Decrease Base Stock		29,845	-	11,869
Increase/Decrease Trade Receivable	-	14,422	-	11,005
Increase/Decrease WIP	-	220,827	-	82,144
Increase/Decrease Current Liabilities	-	11,227		21,140
Cashflow from Operating Activities		207,604	-	71,082
Approved and Signed by:				
Chairman:		Date:	01/04/16	
Director:		Date:	14/16	

KIRIBATI HOUSING CORPORATION

NOTE TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015.

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 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.

Notes 4: NON-CURRENT ASSETS

	Old Housing Buildings	New Housing Buildings	Office Building	Housing Furniture	Housing Equipment	Motor Vehicles	Office Equipment	Office Furniture	Water Tank Replacement	Warehouse Building	Container Storage	Tools & Machineries	Seawall	TOTAL
COST														
Balance at 1 January 2015	7,573,383	3,814,996	248,990	467,739	461,811	532,067	543,813	31,584	81,623	107,986	7,800	172,315	217,009	14,261,115
Additions 2015							12,290		12,280				3,191	27,761
Transfers 2015														0
Disposal 2015														0
Balance at 31 December 2015	7,573,383	3,814,996	248,990	467,739	461,811	532,067	556,103	31,584	93,903	107,986	7,800	172,315	220,200	14,288,875
ACCUMULATED DEPRECIATION														
Balance at 1 January 2015	7,573,382	1,465,918	119,928	467,739	461,811	489,984	475,376	29,356	75,733	107,986	6,200	169,910	202,693	11,665,915
Depreciation per year 2015	0	267,050	6,254	0	0	17,586	25,521	141	1,717	0	800	1,472	4,538	325,078
Transfers 2015														0
Disposal 2015														0
Balance at 31 December 2015	7,573,382	1,732,968	126,182	467,739	461,811	507,570	500,896	29,498	77,450	107,986	7,000	171,381	207,231	11,990,993
Depreciation Rate	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%	
NET BOOK VALUE														
Balance at 31/12/2015	1	2,082,128	122,808	0	0	24,497	55,206	2,086	16,453	0	800	934	12,968	2,297,882
Balance at 31/12/2014	1	2,329,178	129,062	0	0	42,083	68,437	2,227	5,990	0	1,600	2,406	14,316	2,555,200
DEPRECIATION LAST YR (2014)														
Previous set Charge	0	253,046	6,254	0	0	16,854	32,028	141	1,479	0	800	1,472	11,237	323,311
Amortisation Depreciation per year 2015		58,240												

Notes 4: CAPITALISED MAINTENANCE & COST OF SALES

	Capitalised Rehabilitation Capitalised Maintenance	2010 Uncategorised Maintenance	Contingent Repair Costs	Redecoration Maintenance Costs	Roofing Maintenance Costs	Refranching Repair Costs	Electrical Repair Costs	Plumbing Repair Costs	Water Tank Repair Costs	Cleaning Felling Trees Costs	Identified Maintenance Programs	TOTAL
COSTS												
Balance at 1 January 2015	301,993	1,493,079	37,920	53,188	42,238	0	0	0	0	0	7,748	1,936,166
Additions 2015											226,374	226,374
Capitalisation Rate	100%	0%	25%	100%	75%	60%	0%	0%	0%	0%	100%	
Amount to Capitalise	0	0	0	0	0	0	0	0	0	0	226,374	226,374
Cost of Sales												
DEPRECIATION												
Balance at 1 January 2015	301,993	1,493,079	37,920	53,188	42,238	0	0	0	0	0	7,748	1,936,166
Additions 2015	0	0	0	0	0	0	0	0	0	0	226,374	226,374
Amortisation 2015	98,394	99,539	22,620	25,812	6,423	0	0	0	0	0	53,023	306,811
Balance at 31 December 2015	203,598	1,393,540	15,300	27,376	35,815	0	0	0	0	0	181,099	1,856,729
Depreciation Rate	20%	5%	20%	20%	10%	33%	0%	0%	0%	0%	20%	
CAPITALISED MAINTENANCE BALANCE												
Balance at 31/12/2015	203,598	1,393,540	15,300	27,376	35,815	0	0	0	0	0	181,099	1,856,728
Balance at 31/12/2014	301,993	1,493,079	37,920	53,188	42,238	0	0	0	0	0	7,748	1,936,166
AMORTISATION LAST YR (2014)												
Previous set Charge	98,394	99,539	22,620	25,812	6,423	46,528	0	0	0	0	7,748	307,065

Dec-15	
5. Bank	
Maintenance A/C	281,013
Undeposited Fund	108
HLAC A/C # 594278-01 (275759)	102,853
SAPHE Revolving Fund A/C # 265714-01 (193002)	120,538
Cash at bank - Project	215,025
	719,536
6. Bus fare	150
7. Petty Cash Re-imbursement	300
8. Interest Bearing Account (IBD)	
Term Deposit A/c No 268730	87,636
Maintenance IBD A/c No 268763	
Maintenance IBD A/c No 893300	59,279
HLAC IBD A/c No 913044	187,234
SAPHE IBD A/c No 913055	173,214
Term Deposit A/c No 924737	
	507,363
TOTAL CASH & CASH EQUIVALENT	1,227,348
9. Base Stock	
Central Stores Opening Balance	214,817
Add Purchase during the year	135,775
Less Issue Stocks during the year	246,437
Add/Less: Adjustmetn	80,897
Closing Balance	185,052
Add: Project Base Stock	26,875
	211,927
10. Trade Receivables	
<i>Ministry rent receivable</i>	
Opening balance	109,653
Add : Ministry rent billing	269,696
Less: Ministry rent revenue	272,481
Refund (House rent & Security Deposit and Transfer)	
Adjustmet	37
Closing balance	106,905
Provision for doubtful debt	
Provisions for previous years	40,826
Net Ministry Rent receivable balance	66,079

<i>Economic rent receivable</i>	
Opening balance	185,657
Add : Economic rent billing	574,606
Less: Economic rent revenue	470,760
Refund (House rent & Security Deposit and Transfer)	
Adjustment	15,871
Closing balance	305,374
Provision for doubtful debt	
Provisions for previous years	10,172
Net Economic rent receivable balance	295,202
<i>Corporation rent receivable</i>	
Opening balance	207,977
Add : Corporation rent billing	70,751
Less: Corporation rent received	71,382
Refund (House rent & Security Deposit and Transfer)	
Adjustment	101,916
Closing balance	105,430
Provision for doubtful debt	
Provisions for previous years	64,351
Net Corporation rent receivable balance	41,079
TOTAL RENT RECEIVABLE	402,361
11. Auditors Remuneration	
Accrued Auditing Services	6,500
12. Security Deposit	
Opening Balance	151,240
Add: Collection	7,600
Less: Payments	3,080
Balance	155,760
(i) Current Liability (5%)	7,788
(ii) Long term Liability (95%)	147,972
13. Housing Loans	
Opening Balance	740,548
Disbursement	435,007
Add/Less Adjustment	13,119
Add: Refund	11,954
Less: Collection	338,975
Add: Interest	21,520
Add: Admin & other loan charges	33,176
Closing Balance	890,109
Provision for doubtful debts	
Previous Years Provision	547,674
Total House Loan Receivable	342,435

13.B Special Loan Control		
Opening Balance		49,997
Disbursement		61,350
Add/Less Adjustment		2,902
Add: Refund		12,401
Less: Collection	-	155,056
Add: Interest		7,090
Add: Admin & other loan charges		32,680
Closing Balance		<u>11,364</u>
Provision for doubtful debts		
Previous Years Provision		
14. SAPHE Loans		
SAPHE Opening Balance		379,342
Disbursement		108,610
Add/Less: Adjustment		7,039
Refund		17,038
Less: Collection	-	282,078
Add: Interest		10,859
Add: Admin & other loan charges		13,847
Closing Balance		<u>240,578</u>
Less Provision for doubtful debts		
Previous Years Provision		156,964
Total SAPHE Loan Receivable		<u>83,614</u>
15. Interest Payable (LT Loan from GOK)		
		4,000
16. Long Term Loan from GOK - SAPHE		
At 31st December		600,000
17. Accumulated Fund		
At 31st December 2014		2,052,696
Profit (Loss) Retained for the year	-	186,570
At 31 December 2015		<u>1,866,125</u>
18. Capital Reserve		
At 1st January		2,807,004
Asset - Aid Reserve		
Opening Balance	747,376	
Less: Amortisation Income	58,240	
Closing Balance		689,136
Project Fund (GOK)		<u>471,715</u>
		<u>3,967,855</u>

19. Rent Income (Billing)	
Economic Subsidy Old	531,417
Economic Subsidy New	258,530
Non Economic Subsidy	278,764
Local Rent Old	302,178
Loca Rent New	28,493
Water Tank	34,619
	<u>1,434,001</u>
20. Other Income	
Pledge Fees	3,110
Reconciliation Fees	10
Statement Fees	1,290
Stamp Fees	100
Court Fees	388
Late Fees - Housing	18,105
Second Hand Sales	1,080
Miscellaneous Income	1,831
Sale of Furniture & Fittings	69,020
Base Stock Sales	82,204
Furniture Making Income	<u>177,138</u>
Disposable of Fixed Assets	
Bad Debt Recovered (Lending)	
Other Income	
21. Payroll Liabilities & Others	
PAYE Tax Clearance	-
KPF Clearing	1,389
Tax Arrears	3
ANZ Bank Clearing	3,966
SAPHE Loan Clearing	-
House Loan Clearing	77
DBK Loan Clearing	28
KPF Loan Clearing	-
Social Club Clearing	120
Contractors Withholding Tax Clearing	55
Union Subscriptions	2,384
Staff Salary Advances	1,604
	584
	-
	<u>1,735</u>
	<u>5,297</u>

22. Personal Emolument	
Wages & Salaries	474,470
Temporary Assistance	31,166
Allowances	7,233
KPF Expenses	37,765
Overtime	26,165
Leave Grants	85,411
L/Passage & Commutation	-
House Rent Subsidy	21,074
	683,284 ✓
23. Operating Expenses	
Electricity	41,568
Telephone & Internet	16,450
Audit Fees	2,500
Insurance Premium	-
Service Charge	3,200
Stationery & Postage	7,138
Travel	47,196
Transport	7,147
Advertisement	4,962
Promotions	5,228
Vehicles Repair	17,509
Fuel	29,607
Court & Legal Fees	4,890
Training	38,667
	226,063
24. Office Support	
Land Rent	1,740
Specialist Books/Forms	2,970
Office Incidentals	1,521
Bank Charges	4,529
Board of Directors Expenses	19,686
Entertainment	4,280
Subscription & Fees	6,535
Security Services Fess	29,383
VAT	6,281
	76,926
25. Miscellaneous	
Retirement Benefit	-
Coffin Benefit	425
Uniform Benefit	2,612
Housing Allowance	17,225
Other Miscellaneous Exp	
	20,262

26. Repair & Maintenance	
Machin. & Equip. Repair	37
Office Building Repair	8,167
Office Equipment Repair	3,220
Tools Allowance	
	11,424
27 PPI	
Trade Debtors (HLAC)	4,501
Trade Debtors (SAPHE)	8,924
Trade Debtors (House Rent)	160
Cancel Cheques	- 4,444
Stock Variance	
Others	- 1,675
	7,465
	-
28 Sundry Creditors	
Govt Prepaid House Rent Subsidy	-
Customers Deposit	12,375
Suspense Account	4,247
Others	63,400
	80,023
29 Accrued Expenses - Commitments	
	6,899
30 Internal Amount Dues	
Dues to HLAC from Maintenance	22,927
Dues to Maintenance from HLAC	- 34,334
Cash Inter Ledger Clearing	4,225
Dues to Maintenance From SAPHE	- 9,903
Dues to HLAC from SAPHE	34,916
Dues to SAPHE from HLAC	- 2,216
	15,614
31 Sundry Debtors & Prepayment	
Imprest	8,971
Others	575
Deposit Paid	25,050
Bank errors	2,097
	36,693
32. Cost of Sales (Furniture making)	
	3,522

33. Cost of Sales (Routine Maintenance)	
Routine Maintenance Labour Costs Betio	74,115
Routine Maintenance Material Costs Betio	53,286
Routine Maintenance Labour Costs Bairiki	43,073
Routine Maintenance Material Costs Bairiki	33,199
Routine Maintenance Labour Costs Bik	52,218
Routine Maintenance Material Costs Bik	54,243
	310,134
34. Work In Progress (New Housing Bairiki)	
Site Clearance	61,675
Tools & Machinery	2,204
Fencing Material Costs	14,320
Fencing Labour Costs	4,401
Fuel Expense	212
Security Services Fees	50,393
Trees Compensation	15,547
Miscellaneous Costs	4,024
Port Clearance and transport	69,162
Plumbing & Electrical Materials	13,616
Power & Electricity Exp & Others	2,908
	238,462
35 Sundry Expenses	
Base Stock (Overseas)	
Base Stock (Locally)	
PUB Electricity	
Others	1,796
	1,796
37. Work In Progress (PPE & Existing Housing)	
Labour Costs	
Material Costs	
Housing Management System	64,509
	64,509