# 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

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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

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# 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

| | NOTES | 2014 | 2013 |
|---|---|---|---|
| **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: ............................................ Date: 09/04/15

Director: ............................................ 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

| | Notes | 2014 | | 2013 | |
|---|---|---|---|---|---|
| **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% to7% 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 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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 | 14,083,428 |
| Additions 2014 | | 125,690 | 0 | 0 | 0 | 23,122 | 14,558 | 1,780 | 5,400 | 0 | 0 | 69 | 7,067 | 177,687 |
| Transfers 2014 | | | | | | | | | | | | | | 0 |
| Disposal 2014 | | | | | | | | | | | | | | 0 |
| **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** | **14,261,115** |
| **ACCUMULATED DEPRECIATION** | | | | | | | | | | | | | | |
| Balance at 1 January 2014 | 7,573,382 | 1,232,772 | 113,674 | 467,739 | 461,811 | 473,130 | 443,347 | 29,215 | 74,254 | 107,986 | 5,400 | 168,438 | 191,456 | 11,342,604 |
| 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** | **323,311.33** |
| Transfers 2014 | | | | | | | | | | | | | | 0 |
| Disposal 2014 | | | | | | | | | | | | | | 0 |
| **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** | **11,665,915** |
| **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 | 2,595,200 |
| 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 | 2,740,824 |
| **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 | 279,538 |
| 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 Uncaterogised Capitalised Maintenance | Contingent Repair Costs | Redecoration Maintenance Costs | Roofing Maintenance Costs | Rethatching 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 | | | | | | | | | | | 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 | 307,065 |
| **Balance at 31 December 2014** | **301,993** | **1,493,079** | **37,920** | **53,188** | **42,238** | **0** | **0** | **0** | **0** | **0** | **7,748** | **1,936,166** |
| **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 | 48,661 | 46,528 | 0 | 0 | 0 | 0 | 15,496 | 2,016,019 |
| AMORTSATION LAST YR (2013) | | | | | | | | | | | | |
| Previous set 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 |
| | **409,465** |

| | |
|---|---|
| **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 |
| | **666,211** |
| **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 |
| | **241,772** |

**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 | 68,827 |

*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 | 185,657 |
| 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 | 43,585 |
| | **1,488,954** |

**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 |
| | **29,786** |

**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 |
| | 3,638 |

## 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 |
| L/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 | 18,930 |
| Other Miscellaneous Exp | 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 |
| | **16,609** |

| | |
|---|---|
| **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 |
| | **349,724** |

**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 |
| | **82,144** |

**35 Sundry Expenses**

| | |
|---|---|
| Base Stock (Overseas) | 37,118 |
| Base Stock (Locally) | 16,703 |
| PUB Electricity | 9,038 |
| Others | 8,038 |
| | **70,898** |

# 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

| | NOTES | 2015 | 2014 |
|---|---|---|---|
| **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

Director: ........................................ 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

| | Notes | Dec-15 | 2014 | |
|---|---|---|---|---|
| **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 1/4/16

## 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% to7% 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 | 1,485,818 | 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 | 1,752,868 | 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 | 2,062,128 | 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 | 5,890 | 0 | 1,600 | 2,406 | 14,316 | 2,595,200 |
| 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 | 2010 Uncaterogised Capitalised Maintenance | Contingent Repair Costs | Redecoration Maintenance Costs | Roofing Maintenance Costs | Rethatching 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** | **305,811** |
| 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 |
| AMORTSATION 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** | |
| ***Ministry rent receivable*** | |
| 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** |

| | | |
|---|---|---|
| *Economic rent receivable* | | |
| 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** |
| | | |
| ***Corporation rent receivable*** | | |
| 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 | | **11,364** |
| 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 | | **240,578** |
| Less Provision for doubtful debts | | |
| Previous Years Provision | | 156,964 |
| **Total SAPHE Loan Receivable** | | **83,614** |
| | | |
| **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 | | **1,866,125** |
| | | |
| **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) | | 471,715 |
| | | **3,967,855** |

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

| | |
|---|---|
| **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 Debtros (HLAC) | | 4,501 |
| Trade Debtros (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 & ElectrialMaterials | 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** |