REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Promoting Transparency and Accountability

KNAO

For the Parliament and the People of Kiribati

Kiribati Housing Corporation
for the year ended 31st December, 2006, 2007, 2008, and 2009.

Kiribati National Audit Office
April, 2013

For the Parliament and the People of Kiribati
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KIRIBATI NATIONAL AUDIT OFFICE

Promoting Transparency and accountability for the Parliament and the People of Kiribati

Audit Report

To the readers of Kiribati Housing Corporation's financial statements for the years ended 31 December 2006, 2007, 2008 and 2009

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

The audit covered the Corporation's compliance with the requirements of Part VII of the Public Finances (Control and Audit) 1981 and Housing Corporation Act 40A 1979 that apply to the financial statements of the KHC for the years ended 31 December 2006 to 2009.

Qualification

- Unable to verify House rent revenue due to the following issues:
  - No House lists provided.
  - House files were not properly maintained.
  - No reconciliation performed between the Corporation and the Ministry of Finance records.
  - Monitoring on occupied houses was poor due to the fact that some houses were being occupied for a long period without rent being paid.
  - Variances noted on interest earned from loan and as explained this was due to incorrect posting of either repayment or disbursement.

- Fixed assets register has not been maintained to enable us to ascertain the ownership, existence and value of fixed assets, accumulated depreciation and depreciation that reflected in the accounts.

- Noted significant variances between the list of additional fixed assets provided for New Building and Office Equipment and the balance disclosed on the notes to the account. Details are given below:

New Building	Listing bal	F/statement	Variance
2006	467,742	482,249	14,507
2007	686,010	890,112	204,102
2008	306,648	446,243	139,595
2009	not avail	731,992	could not be identified

- Records necessary for the verification of payroll such as Staff lists were not available. We also noted differences between the Allowance figures that reflected in the financial statement against the pay sheet.

- Maintenance bank account as per financial statements was $56,759 while as per bank confirmation provided by the ANZ Bank of Kiribati was $109,122. We were not provided with justifiable reasons for the above differences in the Maintenance account.

  Moreover the posting to the Maintenance account was not updated.

- We were not provided with documentation to support the PPI balance noted in the financial statements as follows:

Year	PPI expense
2006	5,683
2007	65,844
2008	191,255
2009	155,440

- Noted that there were Payment Vouchers which were not authorised or checked by proper authorities before payment was made.

- Bank reconciliation was poorly maintained.

- Unable to confirm debtors and creditors balances as there was no reconciliation performed. Additionally, subsidiary cards were not updated on a timely basis.
- Recommended adjustments were not yet incorporated in the accounts.
- No aging analysis provided for Rent and Loan receivables, therefore we could not assess the sufficiency and appropriateness of provision for doubtful debt provided for both accounts. Further, the calculation of current provision for doubtful debts was based on the opening balance for Rent and Loan receivable, rather than the closing balance.

Qualified Opinion

In our opinion, because of the effects of matters discussed in the qualification paragraph, the financial statements of the Kiribati Housing Corporation **do not** present fairly, in conformity with generally accepted accounting practices in Kiribati, the financial position as at 31 December 2006, 2007, 2008 and 2009 and the results of operations and cash flows for the years then ended.

Based on our examination the KHC has not kept proper accounting records for the years ended 31 December 2006 to 2009.

The audit was completed on 26 February 2013, and was the date at which our opinion was expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Generally Accepted Auditing Standards in Kiribati.

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;

- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year ended balances;
- determining whether accounting policies are appropriate and consistently applied, and;
- determining whether all financial statement disclosures are adequate.

We randomly select transactions when conducting our audit and therefore we could not guarantee complete accuracy of the financial statements.

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

Responsibilities of the Board of Directors and Audit.

The Board of Directors are responsible for preparing the financial statements in accordance with generally accepted accounting practice. The financial statements must give a true and fair view of the financial position of the Corporation as at 31 December 2006, 2007, 2008, and 2009 and the results of its operations and cash flows for the year ended on that date. The Board's responsibilities arise from the Public Finance (Control and Audit) Acts 1981 and KHC Acts 40A 1979.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from the Public Finance (Control and Audit) Act 1981.

Independence

When carrying out the audit we followed the independence requirements of the Kiribati National Audit Office, which incorporate the independence requirements of the International Standards of Auditng.

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

Mrs Matereta Raiman
Auditor General
Kiribati National Audit Office.

AUDITED ACCOUNTS

OF

KIRIBATI HOUSING CORPORATION

FOR YEARS ENDING

31 DECEMBER 2006 – 2009

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 four years ended 31 December 2006 to 2009. These are now attached and comprise the Statement of Financial Position, Statement of Financial Performance, and Statement of Cash Flows.

1.2 KHC's principal function is to provide housing for Government Civil servants including related support services. These include Technical services associated with repair and maintenance and with new Housing construction, Provide Housing and SAPHE Loan schemes to encourage private home construction and ease housing demand and also improve hygienic water and sanitation practices, etc.

2. HOUSING DEVELOPMENTS

2.1 Recognising that the bulk of KHC's housing stock were inherited from colonial times with limited remaining life spans, KHC Board has consequently adopted a deliberate policy to emphasise new housing construction rather than Repair and Maintenance.

2.2 Thus a pilot construction Program commenced in 2007 resulting in 13 new C-Grade Houses and 12 new blocks (24 tenants) of Duplex E Grade Houses completed or near completion at end of 2009. The program has been funded from KHC's internal reserves of $621,328.45 and through Aid Grant from the Republic of China (Taiwan) amounting to $840,000 which is gratefully acknowledged.

2.3 Since the program has ceased at the end of 2009, its progression to the main construction program requires extensive capital investment which would certainly require support from GoK and donors.

3. FINANCIAL RESULTS

3.1 The Notes to the Financial Statements include a statement of the major Accounting policies used in the preparation of the accounts. The Board has adopted several resolutions to ensure the consistent application of these policies as follows:-

- **a.** Write off all outstanding accounts which had previously appeared in the Corporations' financial report for a number of years with no proper supporting documents.
- **b.** Maintain separate Depreciation schedules for the New housing stock from the Old stock which have been fully depreciated effective from 2006.
- **c.** Agreed with KNAO on its capitalisation policy regarding capital Maintenance works which prolong the useful life of decent and serviceable old housing stock. The Board has also prioritised New constructions to replace Old stocks considered un-economical to maintain.

3.2 The Financial Statements show that the Corporation has managed to increase its Net profits consistently from $42,742 in 2006 to $275,363 in 2009. This has impacted favourably on the Corporation's Net Worth which increased from $4,348,439 in 2006 to $5,336,737 in 2009. The positive profitability has also enabled the Corporation to improve its Cash flows over the four years despite its heavy capital investments and collection issues on its rent Billing.

3.3 KHC's Board notes with concern that a substantial proportion of the Corporation's House Rent billing is still being tied up in Receivables. This indicates that the timely payment of House Rent billing by Tenants and Employers is still a major challenge and that the various strategies adopted in the past are still ineffective in improving the collection ratio. The Corporation will prioritise this area and work closely with respective employers towards a more effective mechanism for timely payments.

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 four years 2006 to 2009.

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

On behalf of the Board,

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ENOTA INGINTAU
CHAIRMAN

25 Jan 2011

KIRIBATI HOUSING CORPORATION

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2006 to 2009

	NOTES	2009	2008	2007	2006
CURRENT ASSETS					
Cash at Bank	5	143,665	362,521	247,005	83,869
Cash on hand	6	17	9	22	58
Petty cash reimbursement	7	469	477	464	428
Short Term Deposit (IBD)	8	396,838	702,555	711,683	811,402
Base Stock	9	224,958	257,304	150,232	159,451
Trade Receivables	10	236,711	181,809	69,596	89,462
Total		**1,002,657**	**1,504,675**	**1,179,001**	**1,144,670**
CURRENT LIABILITIES					
Auditors' Remuneration	11	10,500	9,000	7,500	6,000
Security Deposits	12(i)	5,992	5,566	5,511	5,237
Interest Payable	15	4,000	4,000	4,000	4,000
Total		**20,492**	**18,566**	**17,011**	**15,237**
WORKING CAPITAL		**982,165**	**1,486,110**	**1,161,990**	**1,129,433**
NON-CURRENT ASSETS					
Property, Plant and Equipment	4	2,284,959	1,763,881	1,506,674	779,296
Housing Loan	13	456,291	483,668	655,427	1,144,049
SAPHE Loan	14	336,391	293,778	325,803	409,136
Capitalized Repair/Maintenance	26	1,990,772	1,739,682	1,657,891	1,586,030
Total		**5,068,414**	**4,281,010**	**4,145,795**	**3,918,510**
LONG TERM LIABILITIES					
Loan from GOK-SAPHE	24	600,000	600,000	600,000	600,000
Security Deposits	12(ii)	113,841	105,745	104,705	99,505
Deferred Gain	17				
Total		**713,841**	**705,745**	**704,705**	**699,505**
NET WORTH		**5,336,737**	**5,061,375**	**4,603,080**	**4,348,439**
REPRESENTED BY					
Accumulated Fund	18	2,529,733	2,254,370	1,796,076	1,541,435
Capital Reserve	19	2,807,004	2,807,004	2,807,004	2,807,004
TOTAL ASSET		**5,336,737**	**5,061,374**	**4,603,080**	**4,348,439**

Approved and Signed by:

Chairman:.................................. Dates: 25 Jan 2011

Director:.................................. Dates:

25 Jan 2011

Kiribati Housing Corporation
Income and Expenditure Statement
for the Year ended 31 December 2006 to 2009

	NOTES	2009	2008	2007	2006
INCOME					
Rental Income (Billing)	20	1,228,888	1,175,096	1,102,228	1,078,476
Other Sundry Rent					3,553
Interest on House Loan	13	104,317	110,405	130,289	140,835
Interest on SAPHE Loan	14	50,811	30,771	36,138	39,441
Interest on Short Term Deposits	8	4,513	30,872	32,917	28,762
Other Interest Received (loan and admin charge)	13 & 14	34,384	40,619	51,272	66,267
Other Income	22	55,713	52,305	71,178	279,551
Interest Returns					
Total		**1,478,627**	**1,440,068**	**1,424,022**	**1,636,885**
EXPENSES					
Staff salaries & other related expenses	23	556,450	548,627	491,811	514,106
Depreciation Property, Plant & Equipment	4	239,569	258,844	229,213	675,323
Depreciation-Capitalized repairs & maintenance	26	86,984	82,895	79,301	69,087
Bad and Doubtful Debts	13 & 14	73,088	89,212	113,145	88,847
Miscellaneous Expenses	24	247,172	327,029	490,716	246,780
Total		**1,203,264**	**1,306,606**	**1,404,187**	**1,594,143**
Net Operating Profit/(Loss) for the year		275,363	133,462	19,835	42,742

Approved and Signed by,
Chairman:.................................. Dates: 25 Jan 2011

Director:.................................. Dates:
25 Jan 2011

KIRIBATI HOUSING CORPORATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2006 to 2009

	Notes	2009 Inflow (Outflow)		2008 Inflow (Outflow)		2007 Inflow (Outflow)		2006 Inflow (Outflow)	
		$	$	$	$	$	$	$	$
Cash flow from Operating Activities									
Cash receipt from Customers	21 & 22	1,192,335		1,432,434		1,423,051		1,164,673	
Cash paid to suppliers and employees	23 & 24	(796,439)		- 808,312		- 789,772		- 759,387	
Net cash flow from Operating Activities			395,896		624,122		633,278		405,287
Cash flow from Investing Activities									
Net House loan collection and disbursement	13	124,434		236,018		383,284		281,784	
Net House fees collect and paid during the year	12	8,522		1,095		5,474		1,130	
Net SAPHE loan collection and disbursement	14	8,435		2,091		106,997		- 74,244	
Purchase of Property, Plant and Equipment	4	(738,933)		- 655,211		- 956,590		- 565,804	
Capitalized Repair and Maintenance		- 327,442		- 132,598		- 141,944		- 186,280	
Net cash flow from Investing Activities			(924,983)		- 548,606		- 602,779		- 543,414
Cash flow from Financing Activities									
IBD Drawn	8	310,231		40,000		132,637			
Net cash flow from Financing Activities			310,231		40,000		132,637		
Net increase (decrease) in cash held			(218,856)		115,516		163,136		- 138,127
Add: Cash at Bank at beginning of the year	5		362,521		247,005		83,869		221,996
Net Cash at Bank at the end of the year	5		143,665		362,521		247,005		83,869
Reconciliation of net cash provided by operating activities to operating profit/loss									
Operating Profit/loss		275,363		133,462		19,835		42,742	
PPI expense		5,683		65,844		191,255			
PPI revenue								- 155,440	
Other rent received								- 3,553	
Depreciation expense on repair & Maintanance		86,984		82,895		79,301		69,087	
Depreciation on Property, Plant and Eqmt expense		239,569		258,844		229,213		675,323	
Doubtful house loan		55,352		60,895		81,263		66,196	
Doubtful SAPHE loan		21,271		21,783		24,714		18,416	
Doubtful rent receivable		- 3,534		6,534		7,169		4,235	
Interest due from IBD		- 4,513		- 30,872		- 32,917		- 28,762	
Interest due from House loan		- 104,317		- 110,405		- 130,289		- 140,835	
Interest due from SAPHE loan		- 50,811		- 30,771		- 36,138		- 39,441	
Other interest received		- 34,384		- 40,619		- 51,272		- 66,267	
Increase/decrease in rent collection against billing		- 92,266		205,033		249,645		- 37,914	
Increase in audit fee payable		1,500		1,500		1,500		1,500	
		395,896		624,122		633,278		405,287	

Approved and Signed by:
Chairman:.................................... Dates: 25 Jan 2011

Director:.................................... Dates: 25 Jan 2011

KIRIBATI HOUSING CORPORATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2006 to 2009

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.
It's 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 standards 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 lives using straight line depreciation. The rates applied are consistent with those of previous years:

Housing Buildings	5% to 7% pa
Office Buildings	2.5% pa
Housing Furniture	10% pa
Housing Equipment	33.3% pa
Office Equipment, Tools & Machinery	20% pa
Motor Cycles & Vehicles	25% pa
Capitalized repair & maintenance	5% pa

(c) Interest Income
The amount of interest due during the year.

(d) Rent Income (Billing)
The amount of rent charge during the year.

(e) Provisioning for Doubtful loan Receivables
5% of net carrying balances using Balance sheet approach

(f) Provisioning for Doubtful rent receivables
5% of rental income(billing) using P&L approach

3. CHANGES IN ACCOUNTING POLICIES

The Corporation adopted two new accounting policies that:
(a) Set realisable values of rent receivables; and
(b) Capitalized all payments for repair and maintenance.
(c) Expensed PPI items each year

Kiribati Housing Corporation
Notes to the Financial Statements
for the year ended 31 December 2009

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	7,591,967	1,818,594	248,990	467,739	461,811	441,567	383,302	29,153	68,830	107,986	3,800	164,891	148,665	11,937,296
Additions		731,992				1,890	18,510					1,491	6,764	760,647
Transfers														-
Disposal	18,584													18,584
Balance at 31 December	7,573,383	2,550,586	248,990	467,739	461,811	443,457	401,812	29,153	68,830	107,986	3,800	166,382	155,429	12,679,359
ACCUMULATED DEPRECIATION														
Balance at 1 January	7,591,966	257,124	82,404	467,739	461,811	441,567	376,152	20,405	68,830	107,986	3,800	164,036	129,595	10,173,414
Depreciation per year		178,541	6,254			1,890	23,837	2,915	-		-	298	25,834	239,569
Transfers														-
Disposal	18,584													18,584
Balance at 31 December	7,573,382	435,665	88,658	467,739	461,811	443,457	399,988	23,320	68,830	107,986	3,800	164,334	155,429	10,394,399
Depreciation Rate	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%	
NET BOOK VALUE														
Balance at 31/12/2009	1	2,114,921	160,331	-	-	0	1,824	5,833	0	0	-	2,048	0	2,284,959
Balance at 31/12/2008	1	1,561,470	166,585	-	-	0	7,151	8,748	0	0	-	855	19,070	1,763,881
DEPRECIATION LAST YR (2008)														
Previous set Charge		127,302	6,254			44,310	48,116	2,915	-	-	-	214	29,733	258,843

Kiribati Housing Corporation

Notes to the Financial Statements

for the Year ended 31 December 2008

Notes 4. NON-CURRENT ASSETS

	Old Housing Buildings	New Housing Building	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	7,610,551	1,372,360	248,990	467,739	461,811	397,256	364,187	29,153	68,830	107,986	3,800	163,822	143,343	11,439,829
Additions		446,234				44,311	19,115					1,069	5,322	516,051
Transfers														0
Disposal	18,584													18,584
Balance at 31 December	7,591,967	1,818,594	248,990	467,739	461,811	441,567	383,302	29,153	68,830	107,986	3,800	164,891	148,665	11,937,295
ACCUMULATED DEPRECIATION														
Balance at 1 January	7,610,550	129,823	76,150	467,739	461,811	397,256	328,036	17,490	68,830	107,986	3,800	163,822	99,862	9,933,155
Depreciation per year		127,302	6,254	0	0	44,310	48,116	2,915	0		0	214	29,733	258,843
Transfers														0
Disposal	18,584													18,584
Balance at 31 December	7,591,966	257,124	82,404	467,739	461,811	441,567	376,152	20,405	68,830	107,986	3,800	164,036	129,595	10,173,414
Depreciation Rate	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%	
NET BOOK VALUE														
Balance at 31/12/2008	1	1,561,470	166,585	0	0	0	7,151	8,748	0	0	0	855	19,070	1,763,881
Balance at 31/12/2007	1	1,242,538	172,839	0	0	-0	36,151	11,663	0	0	0	-0	43,481	1,506,674
DEPRECIATION LAST YR (2007)														
Previous set Charge		96,065	6,254	0	0	35,068	44,293	2,915	0	13,515	0	2,435	28,668	229,213

Kiribati Housing Corporation
Notes to the Financial Statements
for the Year ended 31 December 2007

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	7,610,551	482,249	248,990	467,739	461,811	369,259	332,567	29,153	68,830	107,986	3,800	161,387	138,916	10,483,238
Additions during the year*		890,112				27,997	31,620					2,435	4,427	956,590
Transfers during the year														0
Disposal during the year														0
Balance as at 31 December	7,610,551	1,372,360	248,990	467,739	461,811	397,256	364,187	29,153	68,830	107,986	3,800	163,822	143,343	11,439,829
ACCUMULATED DEPRECIATION														
Balance at 1 January	7,610,550	33,757	69,896	467,739	461,811	362,189	283,743	14,575	68,830	94,471	3,800	161,387	71,194	9,703,942
Depreciation per year		96,065	6,254	0	0	35,068	44,293	2,915	0	13,515	0	2,435	28,668	229,213
Transfers														0
Disposal	0													0
Balance as at 31 December	7,610,550	129,823	76,150	467,739	461,811	397,256	328,036	17,490	68,830	107,986	3,800	163,822	99,862	9,933,155
Depreciation Rate	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%	
NET BOOK VALUE														
Balance at 31/12/2007	1	1,242,538	172,839	0	0	-0	36,151	11,663	0	0	0	-0	43,481	1,506,674
Balance at 31/12/2006	1	448,491	179,093	0	0	7,071	48,824	14,578	0	13,515	0	-0	67,723	779,296
DEPRECIATION LAST YR (2006)														
Previous set Charge	484,669	33,757	6,254	0	0	55,970	37,969	2,915	0	21,598	0	4,409	27,783	675,323

* indicates the row for the total value used in cashflow computation

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	7,610,551		248,990	467,739	461,811	329,309	309,480	29,153	68,830	107,986	3,800	160,099	119,686	9,917,435
Additions*		482,249				39,950	23,087					1,288	19,230	565,804
Transfers														0
Disposal														0
Balance at 31 December	7,610,551	482,249	248,990	467,739	461,811	369,259	332,567	29,153	68,830	107,986	3,800	161,387	138,916	10,483,238
ACCUMULATED DEPRECIATION														
Balance at 1 January	7,125,881		63,642	467,739	461,811	306,219	245,775	11,660	68,830	72,873	3,800	156,978	43,411	9,028,619
Charged	484,669	33,757	6,254	0	0	55,970	37,969	2,915	0	21,598	0	4,409	27,783	675,323
Transfers														0
Disposal	0													0
Balance at 31 December	7,610,550	33,757	69,896	467,739	461,811	362,189	283,743	14,575	68,830	94,471	3,800	161,387	71,194	9,703,942
Depreciation Rate	7%	7%	3%	10%	33%	25%	20%	10%	20%	20%	20%	20%	20%	
NET BOOK VALUE														
Balance at 31/12/2006	1	448,491	179,093	0	0	7,071	48,824	14,578	0	13,515	0	0	67,723	779,296
Balance at 31/12/2005	484,670		185,347	0	0	23,090	63,705	17,493	0	35,113	0	3,121	76,276	888,816
DEPRECIATION LAST YR (2005)														
Previous set Charge	532,739		6,254	0	0	45,982	33,351	2,915	5,965	21,598	0	7,319	23,937	680,059

* indicates the row for the total value used in cashflow computation

KIRIBATI HOUSING CORPORATION
NOTES TO FINANCIAL REPORT 2006 to 2009
NOTES 5-25

	2009	2008	2007	2006
	$	$	$	$
5. Bank				
Maintenance A/C # 551358-01	56,758	77,511	14,194	43,785
HLAC A/C # 594278-01	77,541	246,925	158,270	31,845
SAPHE Revolving Fund A/C # 265714-01	9,365	38,084	74,541	8,239
	143,665	**362,521**	**247,005**	**83,869**
6. Cash on hand	**17**	**9**	**22**	**58**
7. Petty cash reimbursement	**469**	**477**	**464**	**428**
8. Interest Bearing Deposits				
KHC Maintenance A/C # 551331-41 (268741)	96,043	404,190	423,183	298,890
KHC Maintenance A/C # 551331-40 (268730)	177,578	176,714	169,194	35,003
KHC Maintenance A/C # 551331-43 (268763)	123,217	121,651	119,307	114,634
KHC CASP TRUST A/C # 964267-40				73,729
KHC Maintenance A/C # 551331-42				55,643
KHC Maintenance A/C # 551331-44				122,674
KHC Maintenance A/C # 551331-45				110,829
	396,838	**702,555**	**711,683**	**811,402**
9. Base Stock				
Central Stores				
Opening balance	123,094	150,232	159,451	229,520
Less: material used in repair & maintenance	10,632	27,138	9,220	70,069
	112,462	**123,094**	**150,232**	**159,451**
Project Material	**112,496**	**134,211**		
10. Trade Receivables				
Ministry rent receivable				
Opening balance	45,686	16,173	27,319	17,591
Add : Ministry rent billing	411,923	461,913	455,992	452,224
Less: Ministry rent revenue	461,930	437,257	470,369	441,794
PPI item adjustment	671	4,858	3,231	702
Closing balance	**-4,991**	**45,686**	**16,173**	**27,319**
Provision for doubtful debt	-	-13,721	-12,912	-11,546
Net Ministry rent receivable balance	**-4,991**	**31,965**	**3,261**	**15,773**
Economic rent receivable				
Opening balance	146,957	81,066	75,644	47,153
Add : Economic rent billing	605,329	504,560	429,608	415,563
Less: Economic rent revenue	507,343	438,076	429,248	386,845
PPI item adjustment	33,045	592	5,062	228
Closing balance	**211,898**	**146,957**	**81,066**	**75,644**
Provision for doubtful debt	-44,609	-37,261	-33,208	-29,426
Net Economic rent receivable balance	**167,288**	**109,696**	**47,857**	**46,218**
Corporation rent receivable				
Opening balance	56,781	33,439	40,412	19,949
Add : Corporation rent billing	211,636	208,624	217,484	210,689
Less: Corporation rent revenue	167,349	179,964	217,450	208,371
PPI item adjustment	7,183	5,317	7,007	18,145
Closing balance	**93,886**	**56,781**	**33,439**	**40,412**
Provision for doubtful debt	-19,472	-16,633	-14,961	-12,941
Net Corporation rent receivable balance	**74,414**	**40,148**	**18,478**	**27,472**
Total Rent Receivable	**236,711**	**181,809**	**69,596**	**89,462**
11. Auditors' Remuneration				
Accrued Auditing services	**10,500**	**9,000**	**7,500**	**6,000**

12. House Fees				
Opening balance	111,311	110,216	104,742	103,612
Add: Collection during the year *	14,145	11,075	13,660	12,640
Less: Payment during the year *	5,623	9,980	8,186	11,510
Balance during the year	**119,833**	**111,311**	**110,216**	**104,742**
(i) Current Liability (5%)	5,992	5,566	5,511	5,237
(ii) Long Term Liability (95%)	113,841	105,745	104,705	99,505
	119,833	**111,311**	**110,216**	**104,742**
13. Housing Loans				
Opening balance	1,107,030	1,217,895	1,625,253	1,323,925
PPI item	35,215		173,396	365,349
Add: House loan - Finance department				22,938
Add: Disbursement *	220,412	217,019	359,890	410,592
Less: Collection *	344,846	453,037	743,175	686,211
Add: Interest during the year	104,317	110,405	130,289	140,835
Add: Admin and other loan charge	12,877	14,749	19,032	47,825
Closing balance	1,135,005	1,107,030	1,217,895	1,625,253
Provision for Doubtful Debts	- 678,713	- 623,362	- 562,467	- 481,205
Total Net House loans Receivable	**456,291**	**483,668**	**655,427**	**1,144,049**
14. SAPHE Loans				
HIE SAPHE opening balance	193,664	197,556	222,231	178,188
PPI item		24,621	10,000	
Add: Disbursement *	70,116	96,468	54,477	126,690
Less: Collection *	75,121	97,263	95,136	104,642
Add: Interest during the year	19,308	11,693	13,732	14,988
Add: Admin and other loan charge	8,173	9,831	12,251	7,008
Closing balance	216,140	193,664	197,556	222,231
Less Provision for Doubtful Debts	- 68,572	- 58,889	- 49,011	- 37,899
HIE SAPHE account balance	147,568	134,775	148,545	184,332
LIE SAPHE opening balance	231,753	238,103	272,047	190,128
PPI item		40,171	10,000	
Add: Disbursement *	148,997	157,395	88,883	206,704
Less: Collection *	152,427	158,692	155,221	160,673
Add: Interest during the year	31,503	19,078	22,406	24,453
Add: Admin and other loan charge	13,334	16,039	19,989	11,434
Closing balance	273,161	231,753	238,103	272,047
Less Provision for Doubtful Debts	- 84,338	- 72,750	- 60,845	- 47,243
LIE SAPHE account balance	**188,823**	**159,003**	**177,258**	**224,804**
Total Net SAPHE loans Receivable	**336,391**	**293,778**	**325,803**	**409,136**
15. Interest Payable (LT Loan from GOK)	**4,000**	**4,000**	**4,000**	**4,000**
16. Long Term Loan from GOK-SAPHE				
At 31st December	**600,000**	**600,000**	**600,000**	**600,000**
18. Accumulated Fund				
At 31st December	2,254,370	2,120,908	1,776,241	1,498,692
Profit/(Loss) Retained for the Year	275,363	133,462	19,835	42,742
	2,529,733	**2,254,370**	**1,796,076**	**1,541,435**
19. Capital Reserve				
At 1 January	2,807,004	2,807,004	2,807,004	2,807,004
Realised reserve to Accumulated Fund				
	2,807,004	**2,807,004**	**2,807,004**	**2,807,004**

20. Rent Income (Billing)				
Economic Rent	605,329	504,560	429,608	415,563
Local Rent - Corporation	211,636	208,624	217,484	210,689
Local Rent - Ministry	161,923	211,913	205,136	202,224
House Rent Subsidy	250,000	250,000	250,000	250,000
	1,228,888	**1,175,096**	**1,102,228**	**1,078,476**
21. Rent Income (cash basis)				
Economic Rent	507,343	438,076	429,248	386,845
Local Rent- Corporation	167,349	179,964	437,818	400,164
Local rent- Ministry	211,930	187,257		
House Rent Subsidy	250,000	574,832	484,806	250,000
Other Sundry Rent				3,553
	1,136,622	**1,380,129**	**1,351,873**	**1,040,562**
22. Other Income				
Establishment Fee	9,861	7,592	10,354	12,833
Tank Fee	4,487	3,270	4,415	3,308
Tender Fee	800		120	2,760
Second Hand Sales	4,151		432	19,923
KPF Pledge Fee	3,304	2,473	1,789	1,910
Tinting Paints			20	1,658
Return Payment	14,505	255	44,795	81,719
Basestock sales and others	2,874	1,909	7,164	
Scafolding	2,925		2,090	
Rent penalty income	2,642	4,906		
Miscellenous revenue	6,443	20,020		
Cancelled cheque & Stop payment	3,720	10,757		
Land rent recovered		1,123		
PPI revenue				155,440
	55,713	**52,305**	**71,178**	**279,551**
23. Salary and Other Related Expenses				
Salaries	453,059	441,588	413,037	426,372
Overtime	18,869	14,314	12,375	7,574
Allowances	5,414	395	2,875	
Provident Fund Expenses	48,891	78,910	28,801	56,070
Baggage and Leave grant	30,218	13,420	34,723	24,090
	556,450	**548,627**	**491,811**	**514,106**
24. Miscellaneous Expenses				
Board allowances	10,219	10,921	15,323	15,571
Stationery & Postage	11,027	8,423	4,404	8,649
Fuel	24,381	25,881	22,934	22,318
Transport	5,347	14,370	26,835	25,420
Motor Vehicle Repair	18,233	10,771	15,134	15,864
Office Incidentals	1,241	2,381	2,232	1,258
Office Equipment Repair	5,237	12,709	435	
Advertisement	540	2,836	3,051	1,212
Telephone & Fax	21,619	33,173	49,801	54,801
Training	16,270	16,006	10,243	12,400
Electricity	38,354	42,068	23,420	24,262
Bank Charges	5,834	5,857	5,644	4,787
Land Rent	1,080	144	1,061	1,250
Insurance Premium		8,764	21,159	13,309
Specialist Books & Form	3,998	2,918	4,778	2,997
Travelling	994	-	27,855	10,478
Service Charge	2,550	4,300	3,100	1,200
Audit Fees	1,500	1,500	1,500	2,250
Entertainment Allowance	2,900	5,054	8,521	
Contract and Services Fees		-	309	
Commitment expense	43,202	5,000	11,626	1,260
Court Fees	4,763	11,453	479	2,576
Office Building Repair	1,414	2,997	430	
Promotions	1,320	1,713	1,560	2,180
Sundry Expenses-Cancelled Cheques-01	1,736		7,304	
Refundable Account	13,058		26,883	20,411
Uniform	1,685	492	90	328
Coffin Benefit	250		350	500
General expense		29,953		
Petty cash expense	854			
Tender fees refund	620			
Retire benefit	1,265	1,500	3,000	1,500
Sub-Total	**241,489**	**261,185**	**299,461**	**246,780**
Add: PPI expense	5,683	65,844	191,255	
Total	**247,172**	**327,029**	**490,716**	**246,780**
25. Capitalized Repair/Maintenance				
Opening balance	1,739,682	1,657,891	1,586,030	1,381,731
Plus: Labor and Purchased material during the year	327,442	137,548	141,944	186,280
Plus: Old material cost released from Store	10,632	27,138	9,220	87,105
Less: Depreciation Expense	- 86,984	- 82,895	- 79,301	- 69,087
	1,990,772	**1,739,682**	**1,657,891**	**1,586,030**