REPORT OF THE AUDITOR GENERAL ON THE AC-COUNT OF

Promoting Transparency and Accountability

KNAO

For the Parliament and the People of Kiribati

KIRIBATI INSURANCE CORPORATION FOR THE YEAR ENDED 31st DECEMBER 2002, 2003, 2004 & 2005

KIRIBATI NATIONAL AUDIT OFFICE
November 2009

AUDIT REPORT: KIC

Scope

I have audited the accounts of the Kiribati Insurance Corporation (KIC) for the years ended 31st December 2002 to 2005.

The preparation and the presentation of the accounts and the information contained therein, as well as the existence of internal controls, which should be fully effective for the prevention of error or fraud, are the responsibilities of the KIC. My responsibility is to express an opinion on the accounts based on my audit as required by Part VII of the Public Finance (Control and Audit) Ordinance 1976 and the Insurance Act 1981, amendment 7/08.

I conducted my audit in accordance with the normally accepted auditing Standards and Statutory requirements to provide reasonable assurance as to whether the accounts are free from material mis-statements. My procedures include examination, on a test basis, of evidence supporting the amount and other disclosures in the account and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the accounts are presented fairly in accordance with the normally accepted Accounting Concepts and Statutory requirements, so as to present a view of the KIC which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

Qualification

I am unable to satisfy myself as to the correctness of the KIC's Financial Statement based on the following:

- General Ledger and Trial Balance for the year 2002 could not be produced.
- Bank reconciliations for the 2002 to 2005 years could not be produced.
- Not enough documentation provided to confirm earned revenues and expenses incurred for 2002 to 2005.
- Individual Member's Cards for Life insurance holders were not updated.
- The fixed asset register was not available.
- IBD accounts could not be verified due to incomplete source documents such as IBD confirmation slips.

Because the accounting records provided were not adequate to permit the application of necessary auditing procedures, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial statements.

KIRIBATI NATIONL AUDIT OFFICE
AUDIT REPORT ON THE ACCOUNT OF THE KIRIBATI INSURANCE CORPORATION FOR YEARS ENDED 31 DECEMBER 2002, 2003, 2004 AND 2005

Qualified Audit Opinion: Unable to form an Opinion

In our opinion, because of the existence of the limitation on the scope of our work as described in the qualification paragraph, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the financial statements are presented fairly in accordance with professional reporting requirements and the financial position of KIC as at 31 December 2005 and the results of its operations and its cash flows for the year then ended.

....
Raimon Taake
Auditor General

30/11/09.
Date

KIRIBATI NATIONAL AUDIT OFFICE
AUDIT REPORT OF THE KIRIBATI INSURANCE CORPORATION
FINANCIAL ACCOUNT ENDED 31st DECEMBER 2005

As required by Part VII of the Public Finance (Control and Audit) Ordinance 1976, I have completed the audit of the Kiribati Insurance Corporation for the year ended 31st December 2002 to 2005 in accordance with the relevant statutory provisions and normally accepted Auditing Standards.

1. GENERAL

The Kiribati Insurance Corporation was established on the 1st of June 1981 under Cap45A of the laws of Kiribati to carry out the business of insurance services to the people of Kiribati on an exclusive basis (section 3(1) and (2)) of Cap45A.

2. FINANCE

2.1 Financial Performance

Table 1: The table below shows the Consolidated Performance of the corporation for the last four years under General Fund:

Fiscal Year Ends	2005	2004	2003	2002	Variance in %		
31-Dec	$	$	$	$	2005	2004	2003
Profit on Premiums Revenue	264,558.00	2,697.00	160,053.00	528,869.00	9,709.34	(98.31)	(69.74)
Plus Operating Expenses	(585,089.00)	(314,977.00)	(101,066.00)	(453,135.00)	85.76	211.65	(77.70)
Plus Prior Period Items	(51,879.00)	(1,702.00)	565.00	1,312.00	2,948.12	(401.24)	(56.94)
Plus Investment Income	35,392.00	52,934.00	56,906.00	41,002.00	(33.14)	(6.98)	38.79
Plus Gain on Disposal of FA	-	-	-	4,960.00	-	-	-
Net Profit/(Loss)	**(337,018.00)**	**(261,048.00)**	**116,458.00**	**123,008.00**	29.10	(98.31)	(69.74)

Table 2: The table below shows the Consolidated Financial Performance of the corporation for the last four years under the Life Fund:

Fiscal Year Ends	2005	2004	2003	2002	Variance in %		
31-Dec	$	$	$	$	2005	2004	2003
Net Premium Income	712,891.00	603,208.00	539,844.00	538,655.00	18.18	11.74	0.22
Other Income	196,711.00	116,148.00	65,808.00	88,230.00	69.36	76.50	(25.41)
Total Income	**909,602.00**	**719,356.00**	**605,652.00**	**626,885.00**	26.45	18.77	(3.39)
Less Expenses	524,823.00	393,176.00	314,071.00	370,215.00	33.48	25.19	(15.17)
Net Profit/(Loss)	**384,779.00**	**326,180.00**	**291,581.00**	**256,670.00**	17.97	11.87	13.60

KIC has two set of accounts which are the General Fund Account and the Life Fund Accounts. Firstly, under the General Fund Account in Table 1, it was apparent that the company's financial performance for 2002 and 2003 was good compared to 2004 and 2005. The company incurred net profits for the first two years 2002 and 2003 and incurred net losses in 2004 and 2005. This had particularly been due to an increase in operating expenses from 2003 to 2005. The audit also noted concerned over the 2004

KIRIBATI NATIONAL AUDIT OFFICE
AUDIT REPORT OF THE KIRIBATI INSURANCE CORPORATION
FINANCIAL ACCOUNT ENDED 31st DECEMBER 2005

EXECUTIVE SUMMARY

- The corporation has incurred a net profit for 2002 and 2003 under general fund account and incurred net losses for 2004 and 2005. Under Life fund account the company incurred net profits for the past four years (refer para. 2.1).
- KIC working capital under General Fund account has increased from 2002 to 2003 and decrease again in 2004 and 2005. The working capital under Life Fund account has increased over the past four years (refer para. 2.2).
- KIC did not provide their General Ledger and Trial Balance for 2002 therefore the opening balances for 2003 disclosed in the financial statement could not be verified (refer para. 4.1).
- The Bank Reconciliation for those four years were not available (refer para 4.2).
- The control over cash was poor. Deposits of KIC collections were not done regularly or on a daily basis. Some deposits did not match with the sum noted on the receipts (refer para.4.3).
- Not enough documentation provided to check revenue earned and expenses incurred during those four years (refer para. 4.4).
- Individual member's cards for Life insurance holders were not properly updated (refer para. 4.5).
- The fixed asset register was not available during the audit (refer para. 4.6).
- Petty Cash book was poorly maintained (refer para.4.7).
- IBD accounts could not be verified due to incomplete IBD confirmation slips (refer para. 4.8).
- No approval or authorization made prior payment of overtimes and charge allowances (refer para. 4.9).

Recommendation:

- The Corporation should find ways to minimize and control its operating expenses so that net profit could be improved.

- It should also continue to maintain a sound working capital as previously occurred under the Life Fund Account.

- Management needs to find General Ledger and Trial Balances for all of the four years.

- KIC needs to undertake regular reconciliations.

- Regular review should be done over cash deposits.

- Management needs to submit a complete record of receipts books and payment vouchers for further check.

- Management should ensure individual cards are updated and reconciliation is done regularly.

- KIC should maintain the fixed asset register.

- KIC is recommended to trace the whereabouts of petty cash book for 2003 to 2005 for audit verification.

- Management should obtain bank confirmation slips and submit for further verification.

- Management should ensure all payments for overtimes or approval of charge allowances should be done prior making payments.

KIRIBATI NATIONAL AUDIT OFFICE
AUDIT REPORT OF THE KIRIBATI INSURANCE CORPORATION
FINANCIAL ACCOUNT ENDED 31st DECEMBER 2005

As required by Part VII of the Public Finance (Control and Audit) Ordinance 1976, I have completed the audit of the Kiribati Insurance Corporation for the year ended 31st December 2002 to 2005 in accordance with the relevant statutory provisions and normally accepted Auditing Standards.

1. GENERAL

The Kiribati Insurance Corporation was established on the 1st of June 1981 under Cap45A of the laws of Kiribati to carry out the business of insurance services to the people of Kiribati on an exclusive basis (section 3(1) and (2)) of Cap45A.

2. FINANCE

2.1 Financial Performance

Table 1: The table below shows the Consolidated Performance of the corporation for the last four years under General Fund:

Fiscal Year Ends	2005	2004	2003	2002	Variance in %		
31-Dec	$	$	$	$	2005	2004	2003
Profit on Premiums Revenue	264,558.00	2,697.00	160,053.00	528,869.00	9,709.34	(98.31)	(69.74)
Plus Operating Expenses	(585,089.00)	(314,977.00)	(101,066.00)	(453,135.00)	85.76	211.65	(77.70)
Plus Prior Period Items	(51,879.00)	(1,702.00)	565.00	1,312.00	2,948.12	(401.24)	(56.94)
Plus Investment Income	35,392.00	52,934.00	56,906.00	41,002.00	(33.14)	(6.98)	38.79
Plus Gain on Disposal of FA		-	-	4,960.00	-	-	-
Net Profit/(Loss)	**(337,018.00)**	**(261,048.00)**	**116,458.00**	**123,008.00**	29.10	(98.31)	(69.74)

Table 2: The table below shows the Consolidated Financial Performance of the corporation for the last four years under the Life Fund:

Fiscal Year Ends	2005	2004	2003	2002	Variance in %		
31-Dec	$	$	$	$	2005	2004	2003
Net Premium Income	712,891.00	603,208.00	539,844.00	538,655.00	18.18	11.74	0.22
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Net Profit/(Loss)	**384,779.00**	**326,180.00**	**291,581.00**	**256,670.00**	17.97	11.87	13.60

KIC has two set of accounts which are the General Fund Account and the Life Fund Accounts. Firstly, under the General Fund Account in Table 1, it was apparent that the company's financial performance for 2002 and 2003 was good compared to 2004 and 2005. The company incurred net profits for the first two years 2002 and 2003 and incurred net losses in 2004 and 2005. This had particularly been due to an increase in operating expenses from 2003 to 2005. The audit also noted concerned over the 2004 revenue which in fact seemed to be incorrect as the figure was very much lower compared to what had been earned in 2002, 2003 and 2005.

Under the Life Fund Account as shown in Table 2 above, the corporation incurred net profits for all of the four years from 2002 to 2005. The increase in net profits had resulted from an increase in total income. There wasn't much change to total expenses for 2002 to 2004 except that in 2005 it increased by 33%.

The trend in earning for the last four years was actually going up whereas under the general fund account it was actually going down.

It is recommended that the corporation should find ways and means of minimizing its expenditure and to prevent substantial increases so that its performance could be improved.

2.2 Financial Position

The table below shows the Consolidated Financial Position of KIC for the last four years under General Fund

	2005	2004	2003	2002	Variance in %		
	$	$	$	$	2005	2004	2003
Current Assets	1,919,136.00	2,355,906.00	2,327,595.00	2,163,743.00	(18.54)	1.22	7.57
Less Current Liabilities	1,246,748.00	1,327,664.00	999,772.00	939,533.00	(6.09)	32.80	6.41
Working Capital	**672,388.00**	**1,028,242.00**	**1,327,823.00**	**1,224,210.00**	(34.61)	(22.56)	8.46

The table below shows the Consolidated Financial Position of KIC for the last four years under Life Fund

Current Assets	3,547,392.00	3,159,730.00	2,792,948.00	2,471,843.00	12.27	13.13	12.99
Less Current Liabilities	82,133.00	119,162.00	78,560.00	42,239.00	(31.07)	51.68	85.99
Working Capital	**3,465,259.00**	**3,040,568.00**	**2,714,388.00**	**2,429,604.00**	**13.97**	**12.02**	**11.72**

The comparative table above under General Fund Account shows that the corporation's working capital had increased from 2002 to 2003 while in 2004 and 2005 it decreased by 23% and 35% respectively. Under Life Fund Account the company's working capital has increased over the past four years.

3. Recommendation on Financial Performance and Position

The corporation should seek to improve its financial performance through continuing in maintaining a sustainable increase in total income and at the same time decreasing its levels of expenditure. It should also continue to maintain a sound working capital.

4. Audit Findings

4.1 Missing General Ledger and Trial Balance for 2002

Observation

It was noted with great concern that the General Ledger and Trial Balance for the year 2002 could not be located. Therefore, without these accounting documents we could not verify the balances disclosed in the 2002 draft account.

Further, there were no balances carried forward to 2003 account as though KIC had just been operated.

Recommendation

Management needs to find the General Ledger and Trial Balance for the year 2002 and submit to this office for further verification to enable us to verify the 2003 opening balances.

4.2 Bank Reconciliation

Observation

It was noted that the Bank Reconciliation for 2002, 2003, 2004 and 2005 were not provided for audit verification. Without Bank reconciliation, cash balances for those four years could not be verified.

Recommendation

Management should ensure that bank reconciliation is finally completed and submit to the audit office for further check and verification.

4.3 Cash Deposit

Observation

It was noted with concern that the account division had not deposited its collection of cash in a timely manner or on a daily basis. Based on our check where we randomly check seven deposits from different months, we found that cash collections had just been deposited after or more than a week. A further check also showed that some deposits did not agree with the sum noted on the receipts.

This had indicated that control over cash or on taxpayer's money was very poor and therefore management should strengthen control to avoid further problems.

Recommendation

An independent review of cash deposits to daily reports should be done regularly by supervisors and proper segregation of duties should be encouraged at all times.

4.4 Receipt Book GRR and Payment Vouchers

Observation

During the audit four receipts books and one payment voucher file were provided however due to not enough documentation obtained, we could not confirm revenue earned and expenses incurred for those years.

Recommendation

Management needs to submit a complete record of receipt books and payment vouchers for the audit verification.

4.5 Life Ledger Cards

Observation

It was noted that individual member cards for Life insurance holders were not properly updated.

Recommendation

Management should ensure that individual cards are updated and reconciliation is done on a regular basis.

4.6 Fixed Asset Register

Observation
The fixed asset register was not available during the audit. Such register is useful for a record keeping of all details of the existing Corporation's long term assets.

Recommendation

KIC should maintain the fixed assets register immediately.

4.7 Petty Cash

Observation

Audit revealed that a Petty Cash book was poorly maintained. This is due to no petty cash book for 2003 to 2005 maintained and some payments were not properly supported.

Recommendation

KIC is recommended to trace the whereabouts of petty cash book for 2003 to 2005 for audit verification.

4.8 Interest Bearing Deposit

Observation

Verification of IBD could not be done due to the incomplete source document such as IBD confirmation slips.

Recommendation

Management should obtain bank confirmations and submit for further verification.

4.9 Overtime and Charge Allowances

Observation

Audit revealed that some payments for overtime and charge allowances were not proper as there was no approval or authorization made prior payment was made.

Recommendation

Management is recommended to ensure that all payments for overtimes or approval letter of allowances should be done prior payment or records for such approval should be filed in the employees personal files.

Kiribati Insurance Corporation (General Fund). Consolidated Statement of Financial Performance For the year ended 31 December 2002

	Note	KIC, Trw	KIC.Xmas	Consolidation
Profit on Premiums Revenue	2	520,442	8,427	528,869
Plus Operating Expenses	3	(417,142)	(35,993)	(453,135)
Plus Prior Period Items	4	1,312	-	1,312
Plus Investment Income	5	41,002	-	41,002
Plus Gain on Disposal of FA	6	4,960	-	4,960
Net Profit/(Loss)		**150,574**	**(27,566)**	**123,008**

Kiribati Insurance Corporation (General Fund) Consolidated Statement of Financial Position As at 31 December 2002

	Note	KIC, Trw	KIC.Xmas	Consolidation
Current Assets:				
Cash & Cash Equivalent Assets	7	1,588,710	81,566	1,670,276
Receivables	8	473,292	8,320	481,612
Accrued Revenue	9	11,855	-	11,855
Total Current Assets		2,073,857	89,886	2,163,743
Less Current Liabilities:				
Payables	10	633,262	14,097	647,359
Reinsurance Payable	11	32,283	-	32,283
Provisions	12	244,635	4,109	248,744
Accrued Expenses	13	11,147	-	11,147
Total Current Liabilities		921,327	18,206	939,533
Working Capital		1,152,530	71,680	1,224,210
Plus Non-Current Assets:				
Property, Plant & Equipment	14	46,222	37,660	83,882
Net Assets		**1,198,752**	**109,340**	**1,308,092**
Represented by:				
Equity:				
Retained Profits/(Accumulated Loss)	15	150,574	(27,566)	123,008
Captial Reserves	16	1,048,178	136,906	1,185,084
Total Equity		**1,198,752**	**109,340**	**1,308,092**

Chairman : ....

Director : ....

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation (Trw General Fund).
Statement of Financial Performance
For the year ended 31 December 2002

	Note	2002	2001
Profit on Premiums Revenue			
Plus Operating Expenses	2	520,442	288,470
Plus Prior Period Items	3	(417,142)	(208,658)
Plus Investment Income	4	1,312	(4,874)
Plus Gain on Disposal of FA	5	41,002	48,748
Net Profit/(Loss)	6	4,960	1,000
		150,574	**124,686**

Kiribati Insurance Corporation (Trw General Fund)
Draft Statement of Financial Position
As at 31 December 2002

	Note	2002	2001
Current Assets:			
Cash & Cash Equivalent Assets			
Receivables	7	1,588,710	1,350,181
Accrued Revenue	8	473,292	599,849
Total Current Assets	9	11,855	7,178
		2,073,857	1,957,208
Less Current Liabilities:			
Payables			
Reinsurance Payable	10	633,262	532,087
Provisions	11	32,283	44,025
Accrued Expenses	12	244,635	237,409
Total Current Liabilities	13	11,147	5,230
		921,327	818,751
Working Capital			
Plus Non-Current Assets:		1,152,530	1,138,457
Property, Plant & Equipment			
Net Assets	14	46,222	40,941
		1,198,752	**1,179,398**
Represented by:			
Equity:			
Retained Profits			
Captial Reserves	15	150,574	221,514
Total Equity	16	1,048,178	957,884
		1,198,752	**1,179,398**

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation - (Trw General Fund)
Statement of Cash Flows
For the year ended 30 December 2002

Cash flows from operating activities		
Receipts from customers	803,305	
Payments to suppliers and employees	(384,672)	
Net cash provided by operating activies (**Note 2**)		**418,633**
Cash flows from investing activities		
Payment for new property, plant & equipment	(85,063)	
Proceed from sale of property, plant & equipment	4,960	(80,103)
Cash flows from financing activities		
Capital reserve		(100,000)
Net increase cash held		238,530
Cash at beginning of year		1,350,181
Cash at end of year (**Note 1**)		**1,588,710**

Notes to statement of cash flows

1 Reconciliation of cash

	2002	**2001**
Petty cash Fund	100	100
Cash at bank	102,396	53,697
IBD Accounts	1,473,165	1,283,507
At-Call Accounts	13,049	12,877
	1,588,710	1,350,181

2 Reconciliation of net cash provided by operating activities to profit

Net profit during the period	150,575
Add back Depreciation	48,561
Gain on sale of fixed assets	(4,960)
Increase in receivables	126,557
Increase in interest receivable (accrued revenue)	(4,677)
Increase in payables	101,176
Decrease in reinsurance payable	(11,742)
Increase in provisions	7,226
Increase in expenses payable (accrued expenses)	5,917
Net cash provided by operating activities	**418,633**

The above statement of cash flows form an integral part of these financial statements

Kiribati Insurance Corporation (General Fund Division),
Notes to the Financial Statement ,
As at 31 Decembeer 2002

1 *Principal Accounting Policies.*

The corporation is established under CAP 45A of the Law of the Republic of Kiribati, to carry out the business of insurance in Kiribati.

The following are the more important policies used by the corporation:

1.1 Historic Cost.

The accounts are prepared under the historic cost convention and complies to the international accounting standards which are acceptable in Kiribati.

1.2 Depreciation.

Depreciation is calculated to write off the costs of fixed assets over the expected useful life of the assets, using a straight line method. The rate used for this purpose, which are consistent to prior years, are as follows:

Motor Vehicles	33.3% p.a.
Furniture and fittings	10% p.a.
Office Equipment	20% p.a.
Office Improvement	10% p.a.
Buildings	2.5% p.a.

1.3 Provisions for Unearned Premiums.

Provisions for unearned premiums is estimated at 40% of the Net Written Premiums for the period.

1.4 Provisions for Outstanding Claims.

Provision for outstanding claims is the estimated cost for all claims reported and not settled at the end of the financial year. No additional provision is made on claims that may have incurred and not reported.

2 *Profit & Lose on Premiums Revenue:*

	WC	FI	MA/AV	GA	MV	2002	2001
Gross Premiums	74,274	130,798	484,300	109,747	528,292	1,327,412	973,19
Less Reinsurance	56,384	116,130	339,845	92,596	190,752	795,708	633,957
Net Written Premiums	17,890	14,668	144,454	17,151	337,540	531,704	339,238
Plus Commission	17,981	29,697	33,162	24,073	48,214	153,128	121,984
	35,872	44,365	177,617	41,224	385,754	684,832	461,222
Less Provisions for unearned premiums	7,156	5,867	57,782	6,860	135,016	212,681	135,695
	28,715	38,498	119,835	34,364	250,738	472,150	325,527
Plus last year's Prov for Unearned premuims	13,087	10,497	30,549	14,495	67,068	135,695	101,912
(A)	41,802	48,995	150,384	48,858	317,806	607,845	427,439
Claim recoveries	-	120	59,874	(43,863)	131,721	147,852	201,474
Plus claims Paid	-	(400)	(37,365)	(5,305)	(261,945)	(305,015)	(348,019)
	-	(280)	22,510	(49,169)	(130,224)	(157,163)	(146,545)
Plus Outstanding Claims	-	-	-	(4,358)	(27,596)	(31,954)	(101,714)
	-	(280)	22,510	(53,526)	(157,820)	(189,117)	(248,259)
Plus last year's O/S Claims	25,000	6,200	23,180	2,730	44,603	101,714	109,289
(B)	25,000	5,920	45,690	(50,796)	(113,217)	(87,403)	(138,969)
Profit/(Loss) (A)+(B)	66,802	54,915	196,074	(1,938)	204,589	**520,442**	**288,470**

3 *Operating Expenses:*

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		2002	2001
10	Salaries & Wages	106,059.03	103214.88
11	Overtime	4,224.13	5,147.36
12	Bonus/All'ces	3,836.02	8,622.89
13	KPF exp.	7,832.60	7,026.01
14	Leave Grants	4,113.58	4,166.65
15	Home ls Leave	-	-
16	Leave commutation	3,040.00	-
17	Training	17,890.02	16,935.42
18	Sub.s Rents (House exp.	6,061.19	6,123.69
19	Uniforms	908.85	118.60
20	Travel-local	1,354.93	2,029.05
21	Travel-overseas	43,551.00	1,673.56
22	MV Running Cost	7,411.93	6,640.72
23	Advertising	1,963.75	825.55
24	Entertainments	2,353.42	992.95
25	Donation	1,450.00	5,750.00
26	Promotional exp.	531.00	3,754.70
27	Membership Fees	-	300.00
28	Subscriptions	400.00	-
29	Bank charges	859.20	583.00
30	TUC-rate	400.00	400.00
31	Office Rent	14,760.00	14,760.00
32	Rent/Accom'n	-	1,026.00
33	Bad debts	(828,465.87)	(860,006.49)
34	Doubtful debts	874,084.93	828,465.87
35	Electricity exp.	11,535.21	9,231.99
36	Telecom exp.	15,783.21	9,282.64
37	Printing & Stationery	6,359.65	4,248.40
38	Postage	184.95	308.45
39	Repairs & Maintenance	939.11	1,784.71
40	Board exp.	8,196.50	6,527.40
41	Insurance	5,886.22	5,129.15
42	Office Sundries	1,381.88	1,381.72
43	Profess/Management fee	-	17,744.95
44	Ex-Gratia		-
45	Depreciaation exp.	48,561.42	35,413.84
46	Xmas General exp.	99,374.22	-
	Totao Operating Expens	472,822.08	249,603.66
	Plus		
	Other revenue	(2,279.87)	(6,096.84)
	Contribution from Life Fur	(53,400.38)	(34,848.66)
	Total Operating Expenses + Other Income	**417,141.83**	**208,658.16**

4 *Prior Period Items:*

	2002	2001
Cancellation of insurance certicates and kpf jv4 & 13/2001		11,907.08
Cancellation of cheques as stated on jv14/2001(1)	(1,312.99)	(8,157.62)
Adjusted Sundry debtors which was included in 2000 account	-	1,124.68
	(1,312.99)	**4,874.14**

5 *Investment income:*

	2002	2001
Interests Received on IBD Accounts	40,836.99	47,657.37
Interests Received on At-Call Account	165.70	1,090.79
	41,002.69	**48,748.16**

6 *Gain on Disposal of property, plant & equipment:*

	2002	2001
Disposed motor vehicles & office equipment	4,959.53	1,000.00
	4,959.53	**1,000.00**

7 *Cash & Cash Equivalent Assets:*

	2002	2001
Petty Cash Fund	100.00	100.00
Cash at Bank	102,396.43	53,696.87
IBD Accounts	1,473,165.38	1,283,507.09
At Call Accounts.	13,048.64	12,876.86
	1,588,710.45	**1,350,180.82**

8 *Receivables*

	2002	2001
Accounts Receivable Control	1,285,235.13	1,124,847.73
Less Provision - for D/D	(874,084.93)	(828,465.87)
Life Fund Account-Trw	33,420.43	293,504.53
Xmas General Fund	13,677.79	-
Sundry Receivables	351.30	391.02
Imprest	7,964.80	-
Housing Loan	-	1,033.73
Suspense	6,577.68	6,577.68
Staff Salary Advance	150.00	1,960.16
	473,292.20	**599,848.98**

9 *Accrued Revenue:*

	2002	2001
Interest on IBD & At-Call Accounts earned but not received during the period, jv2/02(1)	11,855.23	7,178.09
	11,855.23	**7,178.09**

10 *Payables:*

	2002	2001
Life Fund Account-Xms	14,780.37	-
PAYE Clearing	-	(876.77)
KPF Clearing	-	(343.52)
House rent payable	-	481.69
Life Insurance Payable	-	225.32
Reinsurance Tax Payable	17,430.62	81,693.21
Debtors Suspense	599,000.04	450,907.53
Sundry payable	2,051.00	-
	633,262.03	**532,087.46**

11 *Reinsurance Premium Payable:*

	2002	2001
Quota Share	2,166.13	(3,296.50)
Surplus	28,718.07	36,023.75
Facultative	1,399.08	11,298.08
	32,283.28	**44,025.33**

12 *Provisions:*

	2002	2001
Provision for Unearned Premiums	212,681.49	135,695.14
Provision for Outstanding Claims	31,953.97	101,713.81
	244,635.46	**237,408.95**

13 *Accrued Expenses:*

	2002	2001
Expenses incurred but unpaid during the period, jv2/02(2), jv11/02(1&2)	11,146.73	5,230.34
	11,146.73	**5,230.34**

14 *Property, Plant & Equipment:*

	Motor Vehicles	Furniture/ Fittings	Office Equipment	Office Improvem't.	Buildings	Total
Cost	33%	10%	20%	10%	2.5%	
As at 01/01/02:	38,813.33	23,224.20	106,552.98	13,067.22	-	181,657.73
Plus additions	34,525.00	2,434.20	18,608.98	415.00	-	55,983.18
Plus Trade in value	-	-	-	-	-	-
Disposal	(28,800.00)	-	(8,127.20)	-	-	(36,927.20)
As at 31/12/01:	44,538.33	25,658.40	117,034.76	13,482.22	-	181,657.73
Depreciation:						
As at 01/01/02:	(31,293.33)	(18,768.74)	(81,792.36)	(8,862.11)	-	(140,716.54)
Charged during yr	(21,353.34)	(2,545.56)	(23,335.84)	(1,326.68)	-	(48,561.42)
Disposal	28,800.00	-	5,986.73	-	-	34,786.73
As at 31/12/02	(23,846.67)	(21,314.30)	(99,141.47)	(10,188.79)	-	(154,491.23)
Net Book Value.						
As at 31/12/02	20,691.66	4,344.10	17,893.29	3,293.43	-	**46,222.48**
As at 31/12/01	7,520.00	4,455.46	24,760.62	4,205.11	-	**40,941.19**

15 ***Retained Profits:***

	2002	2001
Balance as at 1Jan	221,514.28	1,054,712.30
Plus Profit for the year	150,574.00	124,686.20
	372,088.28	1,179,398.50
Transferred to Capital reserves	221,514.28	957,884.22
Balance as at 31 Dec	**150,574.00**	**221,514.28**

16 ***Capital Reserves:***

	2002	2001
Balance as at 1Jan	957,884.22	-
Transfer to Xmas Branch as an initial capital reserve	(131,220.88)	-
Transferred from retained profits	221,514.28	957,884.22
Balance as at 31 Dec	1,048,177.62	957,884.22

Kiribati Insurance Corporation (Life Fund)
Consolidated Statement of Financial Performance
For Year Ended 31 December 2002

	Note	KIC, Trw	KIC, Xms	Consolidation
INCOME:		$	$	$
Net Premium Income	2	526,638	12,017	538,655
Other Income	3	87,303	927	88,230
Total INCOME		613,941	12,944	626,885
OUTGO:				
Claims Paid	4	275,529	-	275,529
Expenses Paid & Charges	5	86,655	8,031	94,686
Total OUTGO		362,184	8,031	370,215
Net Profit & (Loss)		251,757	4,913	256,670

Kiribati Insurance Corporation (Life Fund)
Consolidated Statement of Financial Position
As at 31 December 2002

	Note	KIC, Trw	KIC, Xms	Consolidation
Current Assets:		$	$	$
Cash & Cash Equivalent	6	2,383,478	49,324	2,432,802
Receivables	7	-	14,780	14,780
Accrued Revenue	8	24,261	-	24;261
Total Current Assets		2,407,739	64,104	2,471,843
Less Current Liability:				
Payables	9	33,048	9,191	23,856.76
Total Current Liability		33,048	9,191	42,239
Working Capital		2,374,691	54,913	2,429,604
Represented by:				
Equity:				
Capital Reserves	10	2,374,691	54,913	2,429,604

Chairman:............

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

The accompanying notes form an integral part of these financial statements.

Kiribati Insurance Corporation (Trw General Fund).
Statement of Financial Performance
For the year ended 31 December 2002

	Note	2002	20
Profit on Premiums Revenue			
Plus Operating Expenses	2	520,442	28
Plus Prior Period Items	3	(417,142)	(20
Plus Investment Income	4	1,312	(
Plus Gain on Disposal of FA	5	41,002	4
Net Profit/(Loss)	6	4,960	
		150,574	**12**

Kiribati Insurance Corporation (Trw General Fund)
Draft Statement of Financial Position
As at 31 December 2002

	Note	2002	200
Current Assets:			
Cash & Cash Equivalent Assets			
Receivables	7	1,588,710	1,350,
Accrued Revenue	8	473,292	599,
Total Current Assets	9	11,855	7,
		2,073,857	1,957,
Less Current Liabilities:			
Payables			
Reinsurance Payable	10	633,262	532,
Provisions	11	32,283	44,
Accrued Expenses	12	244,635	237,
Total Current Liabilities	13	11,147	5,
		921,327	818,
Working Capital			
Plus Non-Current Assets:		1,152,530	1,138,4
Property, Plant & Equipment			
Net Assets	14	46,222	40,9
		1,198,752	**1,179,3**
Represented by:			
Equity:			
Retained Profits			
Captial Reserves	15	150,574	221,51
Total Equity	16	1,048,178	957,88
		1,198,752	**1,179,39**

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation - (Trw General Fund)
Statement of Cash Flows
For the year ended 30 December 2002

Cash flows from operating activities		
Receipts from customers	803,305	
Payments to suppliers and employees	(384,672)	
Net cash provided by operating activives (**Note 2**)		**418,633**
Cash flows from investing activities		
Payment for new property, plant & equipment	(85,063)	
Proceed from sale of property, plant & equipment	4,960	(80,103)
Cash flows from financing activities		
Capital reserve		(100,000)
Net increase cash held		238,530
Cash at beginning of year		1,350,181
Cash at end of year (**Note 1**)		**1,588,710**

Notes to statement of cash flows

1 Reconciliation of cash

	2002	**2001**
Petty cash Fund	100	100
Cash at bank	102,396	53,697
IBD Accounts	1,473,165	1,283,507
At-Call Accounts	13,049	12,877
	1,588,710	1,350,181

2 Reconciliation of net cash provided by operating activities to profit

Net profit during the period	150,575
Add back Depreciation	48,561
Gain on sale of fixed assets	(4,960)
Increase in receivables	126,557
Increase in interest receivable (accrued revenue)	(4,677)
Increase in payables	101,176
Decrease in reinsurance payable	(11,742)
Increase in provisions	7,226
Increase in expenses payable (accrued expenses)	5,917
Net cash provided by operating activities	**418,633**

The above statement of cash flows form an integral part of these financial statements

Kiribati Insurance Corporation (General Fund Division).
Notes to the Financial Statement .
As at 31 Decembeer 2002

1 *Principal Accounting Policies.*

The corporation is established under CAP 45A of the Law of the Republic of Kiribati, to carry out the business of insurance in Kiribati.

The following are the more important policies used by the corporation:

1.1 Historic Cost.

The accounts are prepared under the historic cost convention and complies to the international accounting standards which are acceptable in Kiribati.

1.2 Depreciation.

Depreciation is calculated to write off the costs of fixed assets over the expected useful life of the assets, using a straight line method. The rate used for this purpose, which are consistent to prior years, are as follows:

Motor Vehicles	33.3% p.a.
Furniture and fittings	10% p.a.
Office Equipment	20% p.a.
Office Improvement	10% p.a.
Buildings	2.5% p.a.

1.3 Provisions for Unearned Premiums.

Provisions for unearned premiums is estimated at 40% of the Net Written Premiums for the period.

1.4 Provisions for Outstanding Claims.

Provision for outstanding claims is the estimated cost for all claims reported and not settled at the end of the financial year. No additional provision is made on claims that may have incurred and not reported.

2 *Profit & Loss on Premiums Revenue:*

	WC	FI	MA/AV	GA	MV	2002	200
Gross Premiums	74,274	130,798	484,300	109,747	528,292	1,327,412	97
Less Reinsurance	56,384	116,130	339,845	92,596	190,752	795,708	63
Net Written Premiums	17,890	14,668	144,454	17,151	337,540	531,704	339
Plus Commission	17,981	29,697	33,162	24,073	48,214	153,128	121
	35,872	44,365	177,617	41,224	385,754	684,832	461
Less Provisions for unearned premiums	7,156	5,867	57,782	6,860	135,016	212,681	135,
Plus last year's	28,715	38,498	119,835	34,364	250,738	472,150	325,
Prov for Unearned premuims	13,087	10,497	30,549	14,495	67,068	135,695	101,
(A)	41,802	48,995	150,384	48,858	317,806	607,845	427,4
Claim recoveries	-	120	59,874	(43,863)	131,721	147,852	201,4
Plus claims Paid	-	(400)	(37,365)	(5,305)	(261,945)	(305,015)	(348,0
	-	(280)	22,510	(49,169)	(130,224)	(157,163)	(146,5
Plus Outstanding Claims	-	-	-	(4,358)	(27,596)	(31,954)	(101,71
	-	(280)	22,510	(53,526)	(157,820)	(189,117)	(248,25
Plus last year's O/S Claims	25,000	6,200	23,180	2,730	44,603	101,714	109,28
(B)	25,000	5,920	45,690	(50,796)	(113,217)	(87,403)	(138,96
Profit/(Loss) (A)+(B)	66,802	54,915	196,074	(1,938)	204,589	**520,442**	**288,470**

		2002	2001
3	*Operating Expenses:*		
21			
10	Salaries & Wages	106,059.03	103214
11	Overtime	4,224.13	5,147.
12	Bonus/All'ces	3,836.02	8,622.
13	KPF exp.	7,832.60	7,026.
14	Leave Grants	4,113.58	4,166.
15	Home is Leave	-	-
16	Leave commutation	3,040.00	-
17	Training	17,890.02	16,935.
18	Sub.s Rents (House exp.)	6,061.19	6,123.
19	Uniforms	908.85	118.
20	Travel-local	1,354.93	2,029.
21	Travel-overseas	43,551.00	1,673.
22	MV Running Cost	7,411.93	6,640.
23	Advertising	1,963.75	825.
24	Entertainments	2,353.42	992.
25	Donation	1,450.00	5,750.
26	Promotional exp.	531.00	3,754.
27	Membership Fees	-	300.
28	Subscriptions	400.00	-
29	Bank charges	859.20	583.
30	TUC-rate	400.00	400.
31	Office Rent	14,760.00	14,760.
32	Rent/Accom'n	-	1,026.
33	Bad debts	(828,465.87)	(860,006.4
34	Doubtful debts	874,084.93	828,465.8
35	Electricity exp.	11,535.21	9,231.9
36	Telecom exp.	15,783.21	9,282.6
37	Printing & Stationery	6,359.65	4,248.4
38	Postage	184.95	308.4
39	Repairs & Maintenance	939.11	1,784.7
40	Board exp.	8,196.50	6,527.4
41	Insurance	5,886.22	5,129.1
42	Office Sundries	1,381.88	1,381.7
43	Profess/Management fee	-	17,744.9
44	Ex-Gratia		
45	Depreciation exp.	48,561.42	35,413.8
46	Xmas General exp.	99,374.22	
	Totao Operating Expens	472,822.08	249,603.6
	Plus		
	Other revenue	(2,279.87)	(6,096.8
	Contribution from Life Fur	(53,400.38)	(34,848.6
	Total Operating Expenses + Other Income	417,141.83	208,658.1

		2002	2001
4	***Prior Period Items:***		
	Cancellation of insurance certicates and kpf jv4 & 13/2001		11,907.08
	Cancellation of cheques as stated on jv14/2001(1)	(1,312.99)	(8,157.62
	Adjusted Sundry debtors which was included in 2000 account	-	1,124.68
		(1,312.99)	4,874.14

		2002	2001
5	***Investment income:***		
	Interests Received on IBD Accounts	40,836.99	47,657.37
	Interests Received on At-Call Account	165.70	1,090.79
		41,002.69	48,748.16

		2002	2001
6	***Gain on Disposal of property, plant & equipment:***		
	Disposed motor vehicles & office equipment	4,959.53	1,000.00
		4,959.53	1,000.00

7 *Cash & Cash Equivalent Assets:*

	2002	2001
Petty Cash Fund	100.00	100.
Cash at Bank	102,396.43	53,696.
IBD Accounts	1,473,165.38	1,283,507.
At Call Accounts.	13,048.64	12,876.
	1,588,710.45	**1,350,180.**

8 *Receivables*

	2002	2001
Accounts Receivable Control	1,285,235.13	1,124,847.:
Less Provision - for D/D	(874,084.93)	(828,465.:
Life Fund Account-Trw	33,420.43	293,504.:
Xmas General Fund	13,677.79	-
Sundry Receivables	351.30	391.(
Imprest	7,964.80	-
Housing Loan	-	1,033.7
Suspense	6,577.68	6,577.6
Staff Salary Advance	150.00	1,960.1
	473,292.20	**599,848.9**

9 *Accrued Revenue:*

	2002	2001
Interest on IBD & At-Call Accounts earned but not received during the period, jv2/02(1)	11,855.23	7,178.0
	11,855.23	**7,178.0**

10 *Payables:*

	2002	2001
Life Fund Account-Xms	14,780.37	-
PAYE Clearing	-	(876.7
KPF Clearing	-	(343.52
House rent payable	-	481.69
Life Insurance Payable	-	225.32
Reinsurance Tax Payable	17,430.62	81,693.21
Debtors Suspense	599,000.04	450,907.53
Sundry payable	2,051.00	-
	633,262.03	**532,087.46**

11 *Reinsurance Premium Payable:*

	2002	2001
Quota Share	2,166.13	(3,296.50)
Surplus	28,718.07	36,023.75
Facultative	1,399.08	11,298.08
	32,283.28	**44,025.33**

12 *Provisions:*

	2002	2001
Provision for Unearned Premiums	212,681.49	135,695.14
Provision for Outstanding Claims	31,953.97	101,713.81
	244,635.46	**237,408.95**

13 *Accrued Expenses:*

	2002	2001
Expenses incurred but unpaid during the period, jv2/02(2), jv11/02(1&2)	11,146.73	5,230.34
	11,146.73	**5,230.34**

14 *Property, Plant & Equipment:*

	Motor Vehicles 33%	Furniture/ Fittings 10%	Office Equipment 20%	Office Improvem't. 10%	Buildings 2.5%	Total
Cost:						
As at 01/01/02:	38,813.33	23,224.20	106,552.98	13,067.22	-	181,657.73
Plus additions	34,525.00	2,434.20	18,608.98	415.00	-	55,983.18
Plus Trade in value	-	-	-	-	-	-
Disposal	(28,800.00)	-	(8,127.20)	-	-	(36,927.20)
As at 31/12/01:	44,538.33	25,658.40	117,034.76	13,482.22	-	181,657.73
Depreciation:						
As at 01/01/02:	(31,293.33)	(18,768.74)	(81,792.36)	(8,862.11)	-	(140,716.54)
Charged during yr	(21,353.34)	(2,545.56)	(23,335.84)	(1,326.68)	-	(48,561.42)
Disposal	28,800.00	-	5,986.73	-	-	34,786.73
As at 31/12/02	(23,846.67)	(21,314.30)	(99,141.47)	(10,188.79)	-	(154,491.23)
Net Book Value.						
As at 31/12/02	20,691.66	4,344.10	17,893.29	3,293.43	-	**46,222.48**
As at 31/12/01	7,520.00	4,455.46	24,760.62	4,205.11	-	**40,941.19**

15 ***Retained Profits:***

	2002	2001
Balance as at 1Jan	221,514.28	1,054,712.3
Plus Profit for the year	150,574.00	124,686.2
	372,088.28	1,179,398.5
Transferred to Capital reserves	221,514.28	957,884.2
Balance as at 31 Dec	**150,574.00**	**221,514.2**

16 ***Capital Reserves:***

	2002	2001
Balance as at 1Jan	957,884.22	-
Transfer to Xmas Branch as an initial capital reserve	(131,220.88)	-
Transferred from retained profits	221,514.28	957,884.2
Balance as at 31 Dec	**1,048,177.62**	**957,884.2**

Kiribati Insurance Corporation (General Fund),
Consolidated Statement of Financial Performance
For the year ended 31 December 2003

	Note	KIC, Trw	KIC, Xmas	Consolidation
Profit on Premiums Revenue	2	139,007	21,046	160,053
Plus Operating Expenses	3	(34,856)	(66,210)	(101,066)
Plus Prior Period Items	4	(189)	754	565
Plus Investment Income	5	56,906	-	56,906
Plus Gain on Disposal of FA	6	-	-	-
Net Profit/(Loss)		**160,868**	**(44,410)**	**116,458**

Kiribati Insurance Corporation (General Fund)
Consolidated Statement of Financial Position
as at 31 December 2003

	Note	KIC, Trw	KIC, Xmas	Consolidation
Current Assets:				
Cash & Cash Equivalent Assets	7	1,587,955	61,044	1,648,999
Receivables	8	681,704	(3,108)	678,596
Accrued Revenue	9	-	-	-
Total Current Assets		2,269,659	57,936	2,327,595
Less Current Liabilities:				
Payables	10	671,750	16,128	687,878
Reinsurance Payable	11	32,283	8,761	41,044
Provisions	12	270,850		270,850
Accrued Expenses	13	-	-	-
Total Current Liabilities		974,883	24,889	999,772
Working Capital		1,294,776	33,047	1,327,823
Plus Non-Current Assets:				
Property, Plant & Equipment	14	64,843	33,881	98,724
Net Assets		**1,359,619**	**66,928**	**1,426,547**
Represented by:				
Equity:				
Retained Profits/(Accumulated Loss)	15	311,441	(69,978)	241,463
Captial Reserves	16	1,048,178	136,906	1,185,084
Total Equity		**1,359,619**	**66,928**	**1,426,547**

Chairman : .... Director..................................

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation (Trw General Fund).
Statement of Financial Performance
For the year ended 31 December 2003

	Note	2003	2002
Profit on Premiums Revenue	2	139,007	520,422
Plus Operating Expenses	3	(34,856)	(417,142)
Plus Prior Period Items	4	(189)	1,312
Plus Investment Income	5	56,906	41,002
Plus Gain on Disposal of Fixed Asset	6	-	4,960
Net Profit/(Loss)		**160,868**	**150,554**

Kiribati Insurance Corporation (Trw General Fund)
Statement of Financial Position
As at 31 December 2003

	Note	2003	2002
Current Assets:			
Cash & Cash Equivalent Assets	7	1,587,955	1,588,710
Receivables	8	681,704	473,292
Accrued Revenue	9	-	11,855
Total Current Assets		2,269,659	2,073,857
Less Current Liabilities:			
Payables	10	671,750	633,262
Reinsurance Payable	11	32,283	32,283
Provisions	12	270,850	244,635
Accrued Expenses	13	-	11,147
Total Current Liabilities		974,883	921,327
Working Capital		1,294,776	1,152,530
Plus Non-Current Assets:			
Property, Plant & Equipment	14	64,843	46,222
Net Assets		**1,359,619**	**1,198,752**
Represented by:			
Equity:			
Retained Profits	15	311,441	150,574
Captial Reserves	16	1,048,178	1,048,178
Total Equity		**1,359,619**	**1,198,752**

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation (General Fund).
Statement of Financial Performance
For the year ended 31 December 2003

	Note	2003	2002
Profit on Premiums Revenue	2	139,007	520,422
Plus Operating Expenses	3	(34,856)	(417,142)
Plus Prior Period Items	4	(189)	1,312
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Plus Gain on Disposal of Fixed Asset	6	-	4,960
Net Profit/(Loss)		**160,868**	**150,554**

Kiribati Insurance Corporation (General Fund)
Statement of Financial Position
As at 31 December 2003

	Note	2003	2002
Current Assets:			
Cash & Cash Equivalent Assets	7	1,587,955	1,588,710
Receivables	8	681,704	473,292
Accrued Revenue	9	-	11,855
Total Current Assets		2,269,659	2,073,857
Less Current Liabilities:			
Payables	10	671,750	633,262
Reinsurance Payable	11	32,283	32,283
Provisions	12	270,850	244,635
Accrued Expenses	13	-	11,147
Total Current Liabilities		974,883	921,327
Working Capital		1,294,776	1,152,530
Plus Non-Current Assets:			
Property, Plant & Equipment	14	64,843	46,222
Net Assets		**1,359,619**	**1,198,752**
Represented by:			
Equity:			
Retained Profits	15	311,441	150,574
Captial Reserves	16	1,048,178	1,048,178
Total Equity		**1,359,619**	**1,198,752**

The accompanying notes form an integral part of these financial statements

1 *Principal Accounting Policies.*

The corporation is established under CAP 45A of the Law of the Republic of Kiribati, to carry out the business of insurance in Kiribati.

The following are the more important policies used by the corporation:

1.1 Historical Cost.

The accounts are prepared under the historic cost convention and complies to the international accounting standards which are acceptable in Kiribati.

1.2 Depreciation.

Depreciation is calculated to write off the costs of fixed assets over the expected useful life of the assets, using a straight line method. The rate used for this purpose, which are consistent to prior years, are as follows:

Motor Vehicles	33.3% p.a.
Furniture and fittings	10% p.a.
Office Equipment	20% p.a.
Office Improvement	10% p.a.
General Manager Furnitures	25% p.a
Buildings	2.5% p.a

1.3 Provisions for Unearned Premiums.

Provisions for unearned premiums is estimated at 40% of the Net Written Premiums for the period.

1.4 Provisions for Outstanding Claims.

Provision for outstanding claims is the estimated cost for all claims reported and not settled at the end of the financial year. No additional provision is made on claims that may have incurred and not reported.

2 *Profit & Loss on Premiums Revenue:*

	WC	FI	MA/AV	GA	MV	2003	2002
Gross Premiums	63,766	89,903	710,438	151,306	459,916	1,475,329	1,327,412
Less Reinsurance	2,290	38,524	990,565	10,332	90,725	1,132,436	795,708
Net Written Premiums	61,476	51,379	(280,127)	140,974	369,191	342,892	531,704
Plus Commission	515	8,012	112,859	2,243	20,413	144,042	153,128
	61,991	59,391	(167,269)	143,217	389,604	486,935	684,832
Less Provisions for uneamed premiums	24,590	16,706	(109,164)	54,561	150,463	137,157	212,681
	37,401	42,685	(58,105)	88,656	239,141	349,778	472,151
Plus last year's Prov for Uneamed premuims	7,156	5,867	57,782	6,860	135,016	212,681	135,695
(A)	44,557	48,552	(323)	95,516	374,157	562,459	607,846
Claim recoveries	-	6,674	1,255	3,391	68,083	79,402	147,852
Plus claims Paid	(23,388)	(1,226)	(4,317)	(6,580)	(365,604)	(401,115)	(305,015)
	(23,388)	5,448	(3,063)	(3,189)	(297,521)	(321,713)	(157,163)
Plus Outstanding Claims	(25,000)	(3,955)	(26,130)	(1,600)	(77,008)	(133,693)	(31,954)
	(48,388)	1,493	(29,193)	(4,789)	(374,529)	(455,405)	(189,117)
Plus last year's O/S Claims	-	-	-	4,358	27,596	31,954	(101,714)
(B)	(48,388)	1,493	(29,193)	(431)	(346,933)	(423,451)	(87,403)
Profit/(Loss) (A)+(B)	(3,831)	50,046	(29,516)	95,085	27,224	139,007	520,443

3 *Operating Expenses:*

	2003	2002
10 Salaries & Wages	90,434.85	106,059.03
11 Overtime	2,660.12	4,224.13
12 Bonus/All'ces	27,616.65	3,836.02
13 KPF exp.	7,403.99	7,832.60
14 Leave Grants	2,875.00	4,113.58
15 Home Is Leave	1,748.40	-
16 Leave commutation	4,325.24	3,040.00
17 Training	36,997.22	17,890.02
18 Sub.s Rents (House exp.)	6,009.36	6,061.19
19 Uniforms	1,291.00	908.85
20 Travel-local	2,298.32	1,354.93
21 Travel-overseas	48.70	43,551.00
22 MV Running Cost	6,195.44	7,411.93
23 Advertising	1,203.65	1,963.75
24 Entertainments	3,554.02	2,353.42
25 Donation	1,959.10	1,450.00
26 Promotional exp.	1,087.50	531.00
27 Membership Fees	400.00	-
28 Subscriptions	200.00	400.00
29 Bank charges	2,525.64	859.20
30 TUC-rate	400.00	400.00
31 Office Rent	14,250.00	14,760.00
32 Rent/Accom'n	5,132.00	-
33 Bad debts	-	(828,465.87)
34 Doubtful debts	541,753.36	874,084.93
35 Electricity exp.	11,278.12	11,535.21
36 Telecom exp.	13,003.06	15,783.21
37 Printing & Stationery	5,470.79	6,359.65
38 Postage	109.80	184.95
39 Repairs & Maintenance	4,751.55	939.11
40 Board exp.	5,038.05	8,196.50
41 Insurance	6,997.40	5,886.22
42 Office Sundries	1,578.70	1,381.88
43 Profess/Management fees	15,318.50	-
44 Ex-Gratia	-	-
45 Depreciaation exp.	13,308.60	48,561.42
46 Xmas General exp.	28,821.96	99,374.22
47 Catastrophy - Excess of loss	77,657.23	
Total Operating Expenses	**945,703.32**	472,822.08
Plus		
Other Income		
Revenue provision for D/debts		(2,279.87)
Contribution from Life Fund	(874,084.93)	
Total Operating Expenses + Other Income	(36,762.79)	(53,400.38)
	34,855.60	**417,141.83**

4 *Prior Period Items:*

	2003	2002
	189.36	(1,312.99)
	-	-
	189.36	**(1,312.99)**

5 *Other Income*

Interests Received on IBD Accounts		
Interests Received on At-Call Account	48,083.23	40,836.99
Other Income	9.26	165.70
Retention	80.00	
	8,734.35	
	56,906.84	**41,002.69**

6 *Gain on Disposal of property, plant & equipment:*

	2003	2002
Disposed motor vehicles & office equipment	-	4,959.53
	-	**4,959.53**

12 *Provisions:*

	2003	2002
Provision for Unearned Premiums	137,156.94	212,681.49
Provision for Outstanding Claims	133,693.37	31,953.97
	270,850.31	244,635.46

13 *Accrued Expenses:*

	2003	2002
Expenses incurred but unpaid during the period, jv2/02(2), jv11/02(1&2)	-	11,146.73
	-	11,146.73

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14 *Property, Plant & Equipment:*

	Motor Vehicles 33%	Furniture/ Fittings 10%	Office Equipment 20%	Office Improvem't. 10%	GM Furniture 25%	Total
Cost:						
As at 01/01/03	44,538.33	25,658.40	117,034.76	13,482.22	-	200,713.71
Plus additions	14,326.69	863.13	12,979.26		3,759.77	31,928.85
	-	-		-	-	-
Disposal	-		-		-	-
As at 01/01/03	58,865.02	26,521.53	130,014.02	13,482.22	3,759.77	232,642.56
Depreciation:						
As at 01/01/03	(23,846.67)	(21,314.30)	(99,141.47)	(10,188.79)	-	(154,491.23)
Charged during yr	(7,222.23)	(513.53)	(3,687.26)	(337.09)	(1,548.49)	(13,308.60)
Disposal	-	-		-	-	-
As at 31/12/03	(31,068.90)	(21,827.83)	(102,828.73)	(10,525.88)	(1,548.49)	(167,799.83)
Net Book Value.						
As at 31/12/03	27,796.12	4,693.70	27,185.29	2,956.34	2,211.28	64,842.73
As at 31/12/02	20,691.66	4,344.10	17,893.29	3,293.43	-	46,222.48

15 *Retained Profits:*

	2003	2002
Balance as at 1Jan	150,574.00	
Plus Profit for the year	160,867.58	221,514.28
		150,574.00
		372,088.28
Transferred to Capital reserves		221,514.28
Balance as at 31 Dec	311,441.58	150,574.00

16 *Capital Reserves:*

	2003	2002
Balance as at 1Jan	1,048,177.62	957,884.22
Net Profit	160,867.58	
Transfer to Xmas Branch as an initial capital reserve		(131,220.88)
Retained Earnings	150,574.00	221,514.28
Balance as at 31 Dec	1,359,619.20	1,048,177.62

Kiribati Insurance Corporation, (General Fund Division),
Cash Flow Statement for the year ended 31 December 2003

	Notes	2003	2002
Cash Flow From Operating Activities:			
Receipts From Customers, etc		274,783	803,305
Payments to Suppliers and employees		(300,513)	(384,672)
Cash Receipt from Investment		56,906	
	1	**31,176**	**418,633**
Cash Flow From Investing Activities:			
Acquisition of long term assets		(31,929)	(85,063)
Sale of FA		-	4,960
		(31,929)	(80,103)
Capital Reserve			100,000
Net Change in Cash and Cash Equivelant:		(755)	238,529
Plus Cash and Bank Balances as at 01/01/02:		1,588,710	1,350,181
Cash and Bank Balance as at 31/12/03:	2	**1,587,955**	**1,588,710**

Note 1.
Reconciliation of Operating Result to net receipts from operating activities:

	2003	2002
Net profit as per Profit/(Loss) statement:	160,868	150,575
Added back depreciation	13,309	48,561
Gain on sale of fixed assets		(4,960)
Increase in receivables	123,920	126,557
Change in Life Fund		
Change in Accrued Revenue	11,855	(4,677)
Change in Provision for unearned premiums		-
Change in Provision for outstanding claims	(306,117)	7,226
Change in Provision for D/ Debt		
Change in Reinsurance Tax		(11,742)
Change in payable	38,488	101,176
Change in Accrued Expenses	(11,147)	5,917
Change in Quota Share		-
Change in Surplus Share		-
Change in Facultative Share		-
	31,176	**418,633**

Note 2.
Reconciliation of Cash and Cash equivelant items to cash and bank balances as at 31/12/01:

	2003	2002
Petty Cash Fund	200	100
Cash at Bank	(8,406)	102,396
IBD Accounts	1,593,059	1,473,165
At-Call Account	3,102	13,049
	1,587,955	**1,588,710**

The notes to the financial statements form part of this report.

Kiribati Insurance Corporation (General Fund), Consolidated Statement of Financial Performance For the year ended 31 December 2004

	Note	KIC, Trw	KIC, Xmas	Consolidation
Profit on Premiums Revenue	2	(16,279)	18,976	2,697
Plus Operating Expenses	3	(257,035)	(57,942)	(314,977)
Plus Prior Period Items	4	-	(1,702)	(1,702)
Plus Investment Income	5	52,934	-	52,934
Plus Gain on Disposal of FA	6	-	-	-
Net Profit/(Loss)		**(220,380)**	**(40,668)**	**(261,048)**

Kiribati Insurance Corporation (General Fund) Consolidated Statement of Financial Position as at 31 December 2004

	Note	KIC, Trw	KIC, Xmas	Consolidation
Current Assets:				
Cash & Cash Equivalent Assets	7	1,694,134	42,140	1,736,274
Receivables	8	604,301	15,331	619,632
Accrued Revenue	9	-	-	-
Total Current Assets		2,298,435	57,471	2,355,906
Less Current Liabilities:				
Payables	10	676,546	26,187	702,733
Reinsurance Payable	11	32,283	-	32,283
Provisions	12	554,984	32,539	587,523
Accrued Expenses	13	5,124	-	5,124
Total Current Liabilities		1,268,938	58,726	1,327,664
Working Capital		1,029,497	(1,255)	1,028,242
Plus Non-Current Assets:				
Property, Plant & Equipment	14	109,742	27,515	137,257
Net Assets		**1,139,239**	**26,260**	**1,165,499**
Represented by:				
Equity:				
Retained Profits/(Accumulated Loss	15	91,062	(110,646)	(19,584)
Captial Reserves	16	1,048,178	136,906	1,185,084
Total Equity		**1,139,239**	**26,260**	**1,165,499**

Chairman : .... Director.................................

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation (Trw General Fund).
Statement of Financial Performance
For the year ended 31 December 2004

	Note	2004	2003
Profit on Premiums Revenue	2	(16,279)	139,007
Plus Operating Expenses	3	(257,035)	(34,856)
Plus Prior Period Items	4	-	(189)
Plus Investment Income	5	52,934	56,906
Plus Gain on Disposal of Fixed Asse	6	-	-
Net Profit/(Loss)		**(220,380)**	**160,868**

Kiribati Insurance Corporation (Trw General Fund)
Statement of Financial Position
As at 31 December 2004

	Note	2004	2003
Current Assets:			
Cash & Cash Equivalent Assets	7	1,694,134	1,587,955
Receivables	8	604,301	681,704
Accrued Revenue	9	-	-
Total Current Assets		2,298,435	2,269,659
Less Current Liabilities:			
Payables	10	676,546	671,750
Reinsurance Payable	11	32,283	32,283
Provisions	12	554,984	270,850
Accrued Expenses	13	5,124	-
Total Current Liabilities		1,268,937	974,883
Working Capital		1,029,498	1,294,776
Plus Non-Current Assets:			
Property, Plant & Equipment	14	109,742	64,843
Net Assets		**1,139,240**	**1,359,619**
Represented by:			
Equity:			
Retained Profits	15	91,062	311,441
Captial Reserves	16	1,048,178	1,048,178
Total Equity		**1,139,240**	**1,359,619**

The accompanying notes form an integral part of these financial statements

2 Profit & Lose on Premiums Revenue: 2004

	WC	FI	MARINE	AV	GA	MV	2004	2003
ross Premiums	53,765	81,368	88,246	149,972	124,817	528,341	1,026,509	1,475,328
Less Reinsurance	-	-	(35,721)	304,626	-	14,014	282,918	1,132,436
let Written Premiums	53,765	81,368	123,967	(154,654)	124,817	514,328	743,591	342,892
Plus Commission	-	-	2,241	55,863	-	-	58,104	144,042
	53,765	81,368	126,208	(98,790)	124,817	514,328	801,695	486,934
Less Provisions for unearned premiums	21,506	32,547	49,587	(61,861)	49,927	205,731	297,436	137,157
	32,259	48,821	76,621	(36,929)	74,890	308,597	504,258	349,777
lus last year's Prov for Unearned premuims	24,590	16,706	54,222	(163,386)	54,561	150,463	137,156	212,681
(A)	56,849	65,527	130,844	(200,315)	129,451	459,060	641,415	562,458
Claim recoveries	-	-	2,100	-	300	15,171	17,571	79,402
Plus claims Paid	-	(4,500)	(30,412)	-	(7,669)	(526,356)	(568,938)	(401,115)
	-	(4,500)	(28,312)	-	(7,369)	(511,186)	(551,367)	(321,713)
Plus Outstanding Claims	-	(639)	(22,098)	-	(90,148)	(127,135)	(240,020)	(133,693)
	-	(5,139)	(50,410)	-	(97,517)	(638,321)	(791,387)	(455,406)
Plus last year's O/S Claims	25,000	3,955	26,130	-	1,600	77,008	133,693	31,954
(B)	25,000	(1,184)	(24,280)	-	(95,917)	(561,313)	(657,694)	(423,451)
t/(Loss) (A)+(B)	81,849	64,343	106,563	(200,315)	33,534	(102,253)	(16,279)	139,007

3 *Operating Expenses:*

		2004	2003
10	Salaries & Wages ....>	82,341.10	90,434.85
11	Overtime ....>	4,174.86	2,660.12
12	Bonus/All'ces ....>	24,330.85	27,616.65
13	KPF exp. ....>	7,250.45	7,403.99
14	Leave Grants ....>	5,832.97	2,875.00
15	Home Is Leave ....>	-	1,748.40
16	Leave commutatiön ....>	3,071.87	4,325.24
17	Training ....>	40,477.63	36,997.22
18	Sub.s Rents (House exp.) ....>	2,503.90	6,009.36
19	Uniforms ....>	-	1,291.00
20	Travel-local ....>	1,190.42	2,298.32
21	Travel-overseas ....>	8,068.36	48.70
22	MV Running Cost ....>	8,899.55	6,195.44
23	Advertising ....>	3,592.75	1,203.65
24	Entertainments ....>	4,691.96	3,554.02
25	Donation ....>	5,931.15	1,959.10
26	Promotional exp. ....>	503.19	1,087.50
27	Insurance ....>	4,529.36	6,997.40
28	Subscriptions ....>	-	200.00
29	Bank charges ....>	1,976.82	2,525.64
30	TUC-rate ....>	450.00	400.00
31	Office Rent ....>	13,500.00	14,250.00
32	Rent/Accom'n ....>	-	5,132.00
33	Membership fees ....>	-	400.00
34	Doubtful debts ....>	480,627.91	541,753.36
35	Electricity exp. ....>	13,365.86	11,278.12
36	Telecom exp. ....>	13,208.71	13,003.06
37	Printing & Stationery ....>	5,915.50	5,470.79
38	Postage ....>	347.90	109.80
39	Repairs & Maintenance ....>	2,328.50	4,751.55
40	Board exp. ....>	15,354.22	5,038.05
42	Office Sundries ....>	1,203.95	1,578.70
43	Profess/Management fees ....>	10,480.00	15,318.50
44	Ex-Gratia ....>	-	-
45	Depreciaation exp. ....>	15,942.86	13,308.60
46	Xmas General exp. ....>	-	28,821.96
47	Catastrophy - Excess of loss ....>	63,000.00	77,657.23
	Total Operating Expenses ....>	845,092.60	945,703.32
	Plus ....>		
	Other Income ....>		
	Revenue provision for D/debts ....>	(541,753.36)	(874,084.93)
	Contribution from Life Fund ....>	(46,303.80)	(36,762.79)
	Total Operating Expenses + Other Income	**257,035.44**	**34,855.60**

4 ***Prior Period Items:***

	2004	2003
	-	189.36
	-	-
	-	**189.36**

5 ***Other Income***

	2004	2003
		48,083.23
Interests Received on IBD Accounts	52,500.99	9.26
Other Income	438.00	80.00
Retention		8,734.35
	52,938.99	**56,906.84**

6 ***Gain on Disposal of property, plant & equipment:***

	2004	2003
Disposed motor vehicles & office equipment	-	-
	-	-

7. *Cash & Cash Equivalent Assets:*

	2004	2003
Petty Cash Fund	200.00	200.00
Cash at Bank	260,882.98	(8,406.41)
IBD Accounts	1,430,217.26	1,593,059.66
At Call Accounts.	3,140.54	3,102.08
	1,694,440.78	1,587,955.33

8 *Receivables*

	2004	2003
Debtors Control	955,516.80	1,083,506.72
Less Provision - for D/D	(480,627.91)	(541,753.36)
Life Fund Account-Trw	127,498.14	80,298.47
Xmas General Fund	13,677.79	13,677.79
Sundry Debtors	(2,168.67)	(983.93)
Imprest	265.58	(765.17)
Suspense	(9,655.90)	47,470.61
Staff Salary Advance	(204.89)	253.11
Accounts receivable	-	
	604,300.94	681,704.24

9 *Accrued Revenue:*

	2004	2003
	-	-

10 *Payables:*

	2004	2003
Life Fund Account-Xmas	14,780.37	14,780.37
PAYE Clearing	(782.32)	85.54
KPF Clearing	(1,167.07)	410.11
BOK Loan repayments	(3,726.34)	(587.20)
DBK Clearing	-	-
House Loan Payable	(412.72)	(277.00)
House rent payable	(3,120.54)	67.86
Life Insurance Payable	415.99	505.97
Reinsurance Tax Payable	65,361.93	55,273.06
Sundry payable	6,279.59	2,573.76
Debtors Suspense	599,000.04	599,000.04
TKL Clearing	(83.00)	(83.00)
16 Willis Re (Australia)	-	-
Reinsurance liability	-	-
	676,545.93	671,749.51

11 *Reinsurance Premium Payable:*

	2004	2003
Quota Share	2,166.13	2,166.13
Surplus	28,718.07	28,718.07
Facultative	1,399.08	1,399.08
	32,283.28	32,283.28

12 ***Provisions:***

	2004	2003
Provision for Unearned Premiums	297,436.00	137,156.94
Provision for Outstanding Claims	257,548.00	133,693.37
	554,984.00	**270,850.31**

13 ***Accrued Expenses:***

	2004	2003
Expenses incurred but unpaid during the period Jv 5/2004	5,124.37	-
	5,124.37	**-**

14 ***Property, Plant & Equipment:***

	Motor Vehicles 33%	Furniture/ Fittings 10%	Office Equipment 20%	Office Improvem't. 10%	GM Furniture 25%	Office Renovation 2.5%	Building 3%	Total
Cost:								
As at 01/01/04	58,865.02	26,521.53	130,014.02	13,482.22	3,759.77	26,858.02	8,316.34	267,816.92
Plus additions	111.00	762.80	24,184.50	610.00	-	-	-	25,668.30
	-	-		-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
As at 01/01/04	**58,976.02**	**27,284.33**	**154,198.52**	**14,092.22**	**3,759.77**	**26,858.02**	**8,316.34**	**293,485.22**
Depreciation:								-
As at 01/01/04	(31,068.90)	(21,827.83)	(102,828.73)	(10,525.88)	(1,548.49)	-	-	(167,799.83)
Charged during yr	(9,200.19)	(475.73)	(4,490.35)	(346.47)	(552.82)	(686.72)	(190.58)	(15,942.86)
Disposal	-	-	-	-	-	-	-	-
As at 31/12/04	**(40,269.09)**	**(22,303.56)**	**(107,319.08)**	**(10,872.35)**	**(2,101.31)**	**(686.72)**	**(190.58)**	**(183,742.69)**
Net Book Value.								
As at 31/12/04	**18,706.93**	**4,980.77**	**46,879.44**	**3,219.87**	**1,658.46**	**26,171.30**	**8,125.76**	**109,742.53**
As at 31/12/03	**27,796.12**	**4,693.70**	**27,185.29**	**2,956.34**	**2,211.28**	**-**	**-**	**64,842.73**

15 ***Retained Profits:***

	2004	2003
Balance as at 1Jan	311,441.58	150,574.00
Plus Profit for the year	(220,380.00)	160,867.58
	-	
	91,061.58	311,441.58
Transferred to Capital reserves	-	-
Balance as at 31 Dec	**91,061.58**	**311,441.58**

16 ***Capital Reserves:***

	2004	2003
Balance as at 1Jan	1,048,177.62	1,048,177.62
Retained Profit	-	-
Net Profit/(Loss)	-	-
Balance as at 31 Dec	**1,048,177.62**	**1,048,177.62**

Kiribati Insurance Corporation, (General Fund Division),
Cash Flow Statement for the year ended 31 December 2004

	Notes	2004	2003
Cash Flow From Operating Activities:			
Receipts From Customers, etc		61,124	274,783
Payments to Suppliers and employees		(535,146)	(300,513)
		(474,022)	(25,730)
Cash Receipt From Investment		52,934	56,906
	1	(421,088)	31,176
Cash Flow From Investing Activities:			
Acquisition of long term assets		(44,899)	(31,929)
Sale of FA		-	-
		(44,899)	(31,929)
Net Change in Cash and Cash Equivelant:		106,179	(755)
Plus Cash and Bank Balances as at 01/01/2004:		1,587,955	1,588,710
Cash and Bank Balance as at 31/12/04:	2	1,694,134	1,587,955

Note 1.
Reconciliation of Operating Result to net receipts from operating activities:

	2004	2003
Net profit as per Profit/(Loss) statement:	(220,380)	160,868
Added back depreciation	15,943	13,309
Gain on sale of fixed assets		-
Change in Debtors	77,403	123,920
Change in Life Fund		-
Change in Accrued Revenue	-	11,855
Change in Provision for unearned premiums	(160,279)	-
Change in Provision for outstanding claims	(123,855)	(306,117)
Change in Reinsurance Tax	-	-
Change in Sundry Creditors	(4,796)	38,488
Change in Accrued Expenses	(5,124)	(11,147)
Change in Quota Share		
Change in Surplus Share		
Change in Facultative Share		
	(421,088)	31,176

Note 2.
Reconciliation of Cash and Cash equivelant items to cash and bank balances as at 31/12/01:

	2004	2003
Petty Cash Fund	200	200
Cash at Bank	260,883	(8,406)
IBD Accounts	1,429,910	1,593,059
At-Call Account	3,141	3,102
	1,694,134	1,587,955

The notes to the financial statements form part of this report.

Kiribati Insurance Corporation (Life Fund)
Consolidated Statement of Financial Performance
For Year Ended 31 December 2005

	Note	KIC, Trw	KIC, Xms	Consolidation
INCOME:				
		$	$	$
Net Premium Income	2	683,623	29,268	712,891
Other Income	3	195,847	864	196,711
Total INCOME		879,470	30,132	909,602
OUTGO:				
Claims Paid	4	451,845	24,581	476,426
Expenses Paid & Charges	5	48,349	48	48,397
Total OUTGO		500,194	24,629	524,823
Net Profit & (Loss)		**379,276**	**5,503**	**384,779**

Kiribati Insurance Corporation (Life Fund)
Consolidated Statement of Financial Position
As at 31 December 2004

	Note	KIC, Trw	KIC, Xms	Consolidation
Current Assets:		$	$	$
Cash & Cash Equivalent	6	3,477,743	68,250	3,545,993
Receivables	7		1,399	
Total Current Assets		3,477,743	69,649	3,547,392
Less Current Liability:				
Payables	9	82,133	-	82,133.00
Total Current Liability		82,133	-	82,133
Working Capital		3,395,610	69,649	3,465,259
Represented by:				
Equity:				
Capital Reserves	10	3,395,610	69,649	3,465,259

Chairman:............................ Director:..........................

The accompanying notes form an integral part of these financial statements.

Kiribati Insurance Corporation (Trw Life Fund)
Statement of Financial Performance
For Year Ended 31 December 2005

	2005	2004
INCOME:		
	$	$
Net Premium Income	556,795	581,573
Other Income	195,847	115,507
Total INCOME	752,641	697,080
OUTGO:		
Claims Paid	451,845	324,389
Expenses Paid & Charges	76,500	49,518
Total OUTGO	528,345	373,907
Excess of Income Over Ou	**224,296**	**323,173**

Kiribati Insurance Corporation (Life Fund)
Statement of Financial Position
As at 31 December 2004

	2005	2004
Current Assets:	$	$
Cash & Cash Equivalent	3,350,915	3,095,452
Total Current Assets	**3,350,915**	**3,095,452**
Less Current Liability:		
Payables	156,624	119,030
Total Current Liability	156,624	119,030
Working Capital	**3,194,291**	**2,976,422**
Represented by:		
Equity:		
Capital Reserves	**3,194,291**	**2,976,422**

The accompanying notes form an integral part of these financial statements.

Kiribati Insurance Corporation (Trw Life Fund)
Notes to the Financial Statements
For the year ended 31 December 2005

	2005	2004
Note 2		
Premium Income:		
Gross Premiums	645,062.83	637,515.06
Sundry Revenue	6,159.35	4,471.20
Less Refunds	94,427.34	60,413.45
	556,794.84	**581,572.81**
Note 3		
Other Income:		
Interest on IBDs	183,304.54	109,372.18
Interest on At-call	5,080.39	
Commission Received	7,461.71	6,134.66
Other Income	-	
	195,846.64	**115,506.84**
Note 4		
Claims Paid:		
Surrendered	215,906.74	159,939.83
Maturity	173,872.56	135,534.79
Death	38,937.60	9,989.00
Bonus	23,128.50	18,925.39
	451,845.40	**324,389.01**
Note 5		
Expenses paid & charged:		
Actuarial fees	-	-
Bank Charges	1,414.18	1,162.80
Contribution to General Fund C	74,454.00	46,303.80
Commission Expenses	135.08	1,979.44
Printing & Stationery	496.80	72.00
Prior Period Items	-	-
	76,500.06	**49,518.04**
Note6		
Cash Assets:		
Cash at Bank	226,217.37	354,058.65
IBD Accounts	3,005,919.27	2,627,695.12
At-Call Account	118,778.19	113,697.80
	3,350,914.83	**3,095,451.57**
Note 9		
Payables:		
Suspense Payable	17,672.59	31,010.93
General Fund Payable	120,757.83	80,515.78
Witholding Tax Payable	18,193.61	7,503.16
	156,624.03	**119,029.87**
Note 10		
Capital Reserve		
Opening balance Equity		

Balance at 1 Jan'05	2,374,691.26	2,374,691.26
Retained Profit	601,745.94	278,557.84
Net Profit	217,853.60	323,172.60
Balance at 31 Dec'05	**3,194,290.80**	**2,976,421.70**

Kiribati Insurance Corporation (Trw Life Fund)
Statement of Cash Flows
For the year ended 31 December 2005

	2005	2004
Cash Flows from operating activities:		
Cash Premiums & others	801,735	697066
Payments of Claims & Other Expenses	(546,272)	-333408
Net cash provided by operating activities (Note 2)	**255,463**	**363,658**
Cash Flows from financing activities:		
Capital reserve		
Net decrease in cash held	255,463	363,658.00
Cash at begininng of year	3,095,467	2,731,809.00
Cash & cash equivalent at end of year (Note 1)	3,350,930	3,095,467.00

Notes to statement of cash flows

1 Reconciliation of cash & cash equivalent

Cash at Bank	226,217	354,074.00
IBD Accounts	3,005,919.00	2,627,695.00
At-Call Account	118,794.00	113,698.00
	3,350,930	3,095,467.00

2 Reconciliation of net cash provided by operating activities to profit

Excess of Income Over Outgo	217,853.00	323,173.00
Increase in Accrued Revenue		
Decrease in Suspense	(13,338.00)	
Decrease in General Fund Account	40,242.00	40,484.00
Decrease in Witholdings Tax Payable	10,706.00	
Net cash provided by operating activities	255,463.00	363,657.00

The above statement of cash flows should be read in conjunction with the accompanying notes.

Kiribati Insurance Corporation (General Fund),
Consolidated Statement of Financial Performance
For the year ended 31 December 2005

	Note	KIC, Trw	KIC, Xmas	Consolidation
Profit on Premiums Revenue	2	262,427	2,131	264,558
Plus Operating Expenses	3	(521,178)	(63,911)	(585,089)
Plus Prior Period Items	4	(51,879)	-	(51,879)
Plus Investment Income	5	35,392	-	35,392
Plus Gain on Disposal of FA	6	-	-	-
Net Profit/(Loss)		**(275,238)**	**(61,779)**	**(337,017)**

Kiribati Insurance Corporation (General Fund)
Consolidated Statement of Financial Position
as at 31 December 2005

	Note	KIC, Trw	KIC, Xmas	Consolidation
Current Assets:				
Cash & Cash Equivalent Assets	7	1,276,868	13,627	1,290,495
Receivables	8	644,399	(15,758)	628,641
Accrued Revenue	9	-	-	-
Total Current Assets		1,921,268	(2,132)	1,919,136
Less Current Liabilities:				
Payables	10	697,872	30,789	728,661
Reinsurance Payable	11	32,283	-	32,283
Provisions	12	461,180	24,623	485,803
Accrued Expenses	13	-	-	-
Total Current Liabilities		1,191,335	55,413	1,246,748
Working Capital		729,933	(57,544)	672,389
Plus Non-Current Assets:				
Property, Plant & Equipment	14	134,067	22,024	156,091
Net Assets		**864,000**	**(35,520)**	**828,480**
Represented by:				
Equity:				
Retained Profits/(Accumulated Loss)	15	(184,177)	(172,426)	(356,603)
Captial Reserves	16	1,048,178	136,906	1,185,084
Total Equity		**864,000**	**(35,520)**	**828,481**

Chairman : ......Noma...... Director........................

The accompanying notes form an integral part of these financial statements

C:\Taabane\Account\2005 Draft General Account

Kiribati Insurance Corporation(General Fund)
Statement of Financial Performance
For the year ended 31 December 2005

	Note	2005	2004
Profit on Premiums Revenue	2	262,427	(16,279)
Plus Operating Expenses	3	(521,178)	(257,035)
Plus Prior Period Items	4	(51,879)	(189)
Plus Investment Income	5	35,392	52,934
Plus Gain on Disposal of Fixed Asset	6	-	-
Net Loss		**(275,238)**	**(220,569)**

Kiribati Insurance Corporation (General Fund)
Statement of Financial Position
As at 31 December 2005

	Note	2005	2004
Current Assets:			
Cash & Cash Equivalent Assets	7	1,276,868	1,694,134
Receivables	8	644,399	604,301
Accrued Revenue	9	-	-
Total Current Assets		1,921,268	2,298,435
Less Current Liabilities:			
Payables	10	697,872	676,546
Reinsurance Payable	11	32,283	32,283
Provisions	12	461,180	554,984
Accrued Expenses	13	-	5,124
Total Current Liabilities		1,191,335	1,268,937
Working Capital		729,933	1,029,498
Plus Non-Current Assets:			
Property, Plant & Equipment	14	134,067	109,742
Net Assets		**864,000**	**1,139,240**
Represented by:			
Equity:			
Retained Profits	15	(184,177)	91,062
Captial Reserves	16	1,048,178	1,048,178
Total Equity		**864,000**	**1,139,240**

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation (Trw General Fund),
Statement of Financial Performance
For the year ended 31 December 2005

	Note	2005	2004
Profit on Premiums Revenue	2	262,427	(16,279)
Plus Operating Expenses	3	(521,178)	(257,035)
Plus Prior Period Items	4	(51,879)	-
Plus Investment Income	5	35,392	52,934
Plus Gain on Disposal of Fixed Asset	6	-	-
Net Profit/(Loss)		**(275,239)**	**(220,380)**

Kiribati Insurance Corporation (Trw General Fund)
Statement of Financial Position
As at 31 December 2005

	Note	2005	2004
Current Assets:			
Cash & Cash Equivalent Assets	7	1,276,868	1,694,134
Receivables	8	644,399	604,301
Accrued Revenue	9	-	-
Total Current Assets		1,921,268	2,298,435
Less Current Liabilities:			
Payables	10	697,872	676,546
Reinsurance Payable	11	32,283	32,283
Provisions	12	461,180	554,984
Accrued Expenses	13	-	5,124
Total Current Liabilities		1,191,335	1,268,937
Working Capital		729,933	1,029,498
Plus Non-Current Assets:			
Property, Plant & Equipment	14	134,067	109,742
Net Assets		**864,000**	**1,139,240**
Represented by:			
Equity:			
Retained Profits	15	(184,177)	91,062
Captial Reserves	16	1,048,178	1,048,178
Total Equity		**864,000**	**1,139,240**

3	*Operating Expenses:*	2005	2004
10	Salaries & Wages	143,559.54	82,341.10
11	Overtime	6,607.31	4,174.86
12	Bonus/All'ces	14,664.90	24,330.85
13	KPF exp.	14,983.14	7,250.45
14	Leave Grants	10,234.26	5,832.97
15	Home ls Leave	-	-
16	Leave commutation	1,617.20	3,071.87
17	Training	5,411.25	40,477.63
18	Sub.s Rents (House exp.)	3,431.56	2,503.90
19	Uniforms	822.00	-
20	Travel-local	6,457.10	1,190.42
21	Travel-overseas	15,749.17	8,068.36
22	MV Running Cost	12,849.30	8,899.55
23	Advertising	5,117.70	3,592.75
24	Entertainments	4,421.92	4,691.96
25	Donation	1,051.50	5,931.15
26	Promotional exp.	5,607.30	503.19
27	Insurance	5,006.34	4,529.36
28	Subscriptions	500.00	-
29	Bank charges	2,627.80	1,976.82
30	TUC-rate	600.00	450.00
31	Office Rent	5,500.00	13,500.00
32	Rent/Accom'n	50.00	-
33	Membership fees		-
34	Doubtful debts	-	480,627.91
35	Electricity exp.	13,470.36	13,365.86
36	Telecom exp.	8,741.72	13,208.71
37	Printing & Stationery	7,191.03	5,915.50
38	Postage	421.15	347.90
39	Repairs & Maintenance	462.10	2,328.50
40	Board exp.	8,714.45	15,354.22
42	Office Sundries	1,027.90	1,203.95
43	Profess/Management fees	13,368.54	10,480.00
44	Ex-Gratia	-	-
45	Depreciaation exp.	28,620.70	15,942.86
46	Xmas General exp.	22,182.00	-
47	Catastrophy - Excess of loss	66,787.00	63,000.00
	Reinsurance Expense	157,775.96	
	Total Operating Expenses	**595,632.20**	**845,092.60**
	Plus		
	Other Income		
	Revenue provision for D/debts		(541,753.36)
	Contribution from Life Fund	(74,454.03)	(46,303.80)
	Total Operating Expenses + Other Income	**521,178.18**	**257,035.44**

4	***Prior Period Items:***	**2005**	**2004**
		51,878.94	-
			-
		51,878.94	-

5	***Other Income***		
	Interests Received on IBD Accounts	35,332.28	52,500.99
	Other Income	60.00	438.00
	Retention		
		35,392.28	52,938.99

6	***Gain on Disposal of property, plant & equipment:***	**2005**	**2004**
			-
	Disposed motor vehicles & office equipment		-

Kiribati Insurance Corporation, (General Fund Division),
Cash Flow Statement for the year ended 31 December 2005

	Notes	2005	2004
Cash Flow From Operating Activities:			
Receipts From Customers, etc		222,329	61,124
Payments to Suppliers and employees		(619,512)	(535,146)
		(397,183)	(474,022)
Cash Receipt From Investment		35,392	52,934
	1	(361,791)	(421,088)
Cash Flow From Investing Activities:			
Acquisition of long term assets		(41,202)	(31,929)
Sale of FA		-	-
		(41,202)	(31,929)
Net Change in Cash and Cash Equivelant:		(417,266)	106,179
Plus Cash and Bank Balances as at 01/01/05:		1,694,134	1,587,955
Cash and Bank Balance as at 31/12/05:	2	1,276,868	1,694,134

Note 1.
Reconciliation of Operating Result to net receipts from operating activities:

	2005	2004
Net profit as per Profit/(Loss) statement:	(275,238)	(220,380)
Added back depreciation	28,621	15,943
Gain on sale of fixed assets		
Change in Debtors	(40,098)	77,403
Change in Life Fund	-	-
Change in Accrued Revenue	-	-
Change in Provision for unearned premiums	-	(160,279)
Change in Provision for outstanding claims	(91,278)	(123,855)
Change in Reinsurance Tax		-
Change in Sundry Creditors	21,326	(4,796)
Change in Accrued Expenses	(5,124)	(5,124)
Change in Quota Share	-	-
Change in Surplus Share	-	-
Change in Facultative Share		-
	(361,791)	(421,088)

Note 2.
Reconciliation of Cash and Cash equivelant items to cash and bank balances as at 31/12/01:

	2005	2004
Petty Cash Fund	200	200
Cash at Bank	92,076	260,883
IBD Accounts	1,181,402	1,429,910
At-Call Account	3,191	3,141
	1,276,868	1,694,134

The notes to the financial statements form part of this report.

3	*Operating Expenses:*	2004	2003
10	Salaries & Wages	82,341.10	90,434.85
11	Overtime	4,174.86	2,660.12
12	Bonus/All'ces	24,330.85	27,616.65
13	KPF exp.	7,250.45	7,403.99
14	Leave Grants	5,832.97	2,875.00
15	Home ls Leave	-	1,748.40
16	Leave commutation	3,071.87	4,325.24
17	Training	40,477.63	36,997.22
18	Sub.s Rents (House exp.)	2,503.90	6,009.36
19	Uniforms	-	1,291.00
20	Travel-local	1,190.42	2,298.32
21	Travel-overseas	8,068.36	48.70
22	MV Running Cost	8,899.55	6,195.44
23	Advertising	3,592.75	1,203.65
24	Entertainments	4,691.96	3,554.02
25	Donation	5,931.15	1,959.10
26	Promotional exp.	503.19	1,087.50
27	Insurance	4,529.36	6,997.40
28	Subscriptions	-	200.00
29	Bank charges	1,976.82	2,525.64
30	TUC-rate	450.00	400.00
31	Office Rent	13,500.00	14,250.00
32	Rent/Accom'n	-	5,132.00
33	Membership fees	-	400.00
34	Doubtful debts	480,627.91	541,753.36
35	Electricity exp.	13,365.86	11,278.12
36	Telecom exp.	13,208.71	13,003.06
37	Printing & Stationery	5,915.50	5,470.79
38	Postage	347.90	109.80
39	Repairs & Maintenance	2,328.50	4,751.55
40	Board exp.	15,354.22	5,038.05
42	Office Sundries	1,203.95	1,578.70
43	Profess/Management fees	10,480.00	15,318.50
44	Ex-Gratia	-	-
45	Depreciaation exp.	15,942.86	13,308.60
46	Xmas General exp.	-	28,821.96
47	Catastrophy - Excess of loss	63,000.00	77,657.23
	Total Operating Expenses	**845,092.60**	**945,703.32**
	Plus		
	Other Income		
	Revenue provision for D/debts	(541,753.36)	(874,084.93)
	Contribution from Life Fund	(46,303.80)	(36,762.79)
	Total Operating Expenses + Other Income	**257,035.44**	**34,855.60**

4	*Prior Period Items:*	2004	2003
		-	189.36
		-	-
		-	**189.36**

Same case with 2003

5	*Other Income*		48,083.23
	Interests Received on IBD Accounts	52,500.99	9.26
	Other Income	438.00	80.00
	Retention		8,734.35
		52,938.99	**56,906.84**

6	*Gain on Disposal of property, plant & equipment:*	2004	2003
		-	-
	Disposed motor vehicles & office equipment	-	-

12 Provisions:

	2005	2004
Provision for Unearned Premiums	187,089.00	297,436.00
Provision for Outstanding Claims	274,091.00	257,548.00
	461,180.00	554,984.00

13 Accrued Expenses:

	2005	2004
Expenses incurred but unpaid during the period Jv 5/2004		5,124.37
		5,124.37

14 Property, Plant & Equipment:

	Motor Vehicles 33%	Furniture/ Fittings 10%	Office Equipment 20%	Office Improvem't. 10%	GM Furniture 25%	Office Renovation 2.5%	Building 2.5%	Total
Cost:								
As at 01/01/05	58,976.02	27,284.33	154,198.52	14,092.22	3,759.77	26,858.02	8,316.34	293,485.22
Plus additions	2,192.75	2,345.00	27,611.80	3,382.49	-	17,413.14	-	52,945.18
	-	-		-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
As at 31/12/05	61,168.77	29,629.33	181,810.32	17,474.71	3,759.77	44,271.16	8,316.34	346,430.40
								-
Depreciation:								-
As at 01/01/05	(40,269.09)	(22,303.56)	(107,319.08)	(10,444.88)	(2,101.31)	(4,358.44)	(190.58)	(186,986.94)
Charged during yr	(6,896.89)	(732.52)	(14,898.24)	(1,747.47)	(414.61)	(686.72)	(190.58)	(25,567.03)
Disposal	-	-	-	-	-	-	-	-
As at 31/12/05	(47,165.98)	(23,036.08)	(122,217.32)	(12,192.35)	(2,515.92)	(5,045.16)	(381.16)	(212,553.97)
Net Book Value.								
As at 31/12/05	14,002.79	6,593.25	59,593.00	5,282.36	1,243.85	39,226.00	8,125.76	134,067.01
As at 31/12/04	18,706.93	4,980.77	46,879.44	3,219.87	1,658.46	26,171.30	8,125.76	109,742.53

15 Retained Profits:

	2005	2004
Balance as at 1Jan	91,061.58	311,441.58
Plus Profit for the year	(275,239.00)	(220,380.00)
		-
	(184,177.42)	91,061.58
Transferred to Capital reserves		-
Balance as at 31 Dec	(184,177.42)	91,061.58

16 Capital Reserves:

	2005	2004
Balance as at 1Jan	1,048,177.62	1,048,177.62
Retained Profit		-
Net Profit/(Loss)		-
Balance as at 31 Dec	1,048,177.62	1,048,177.62

7 *Cash & Cash Equivalent Assets:*

	2005	2004
Petty Cash Fund	200.00	200.00
Cash at Bank	92,075.84	260,882.98
IBD Accounts	1,181,402.03	1,430,217.26
At Call Accounts.	3,190.51	3,140.54
	1,276,868.38	**1,694,440.78**

8 *Receivables*

	2005	2004
Debtors Control	957,192.24	955,516.80
Less Provision - for D/D	(480,627.91)	(480,627.91)
Life Fund Account-Trw	114,939.16	127,498.14
Xmas General Fund	13,677.79	13,677.79
Sundry Debtors	(2,715.70)	(2,168.67)
Imprest	274.03	265.58
Suspense	(11,608.24)	(9,655.90)
Staff Salary Advance	771.77	(204.89)
Accounts receivable	52,496.24	-
	644,399.38	**604,300.94**

9 *Accrued Revenue:*

	2005	2004
		-

10 *Payables:*

	2005	2004
Life Fund Account-Xmas	14,780.37	14,780.37
PAYE Clearing	(4,067.12)	(782.32)
KPF Clearing	1,979.80	(1,167.07)
BOK Loan repayments	(4,635.05)	(3,726.34)
DBK Clearing	65.00	-
House Loan Payable	(412.72)	(412.72)
House rent payable	(6,046.78)	(3,120.54)
Life Insurance Payable	809.01	415.99
Reinsurance Tax Payable	90,098.09	65,361.93
Sundry payable	6,579.69	6,279.59
Debtor's Suspense	598,804.35	599,000.04
TKL Clearing	(83.00)	(83.00)
Willis Re (Australia)		-
Reinsurance liability		-
	697,871.64	**676,545.93**

11 *Reinsurance Premium Payable:*

	2005	2004
Quota Share	2,166.13	2,166.13
Surplus	28,718.07	28,718.07
Facultative	1,399.08	1,399.08
	32,283.28	**32,283.28**

Kiribati Insurance Corporation (General Fund).
Consolidated Statement of Financial Performance
For the year ended 31 December 2002

	Note	KIC, Trw	KIC.Xmas	Consolidation
Profit on Premiums Revenue	2	520,442	8,427	528,869
Plus Operating Expenses	3	(417,142)	(35,993)	(453,135)
Plus Prior Period Items	4	1,312	-	1,312
Plus Investment Income	5	41,002	-	41,002
Plus Gain on Disposal of FA	6	4,960	-	4,960
Net Profit/(Loss)		**150,574**	**(27,566)**	**123,008**

Kiribati Insurance Corporation (General Fund)
Consolidated Statement of Financial Position
As at 31 December 2002

	Note	KIC, Trw	KIC.Xmas	Consolidation
Current Assets:				
Cash & Cash Equivalent Assets	7	1,588,710	81,566	1,670,276
Receivables	8	473,292	8,320	481,612
Accrued Revenue	9	11,855	-	11,855
Total Current Assets		2,073,857	89,886	2,163,743
Less Current Liabilities:				
Payables	10	633,262	14,097	647,359
Reinsurance Payable	11	32,283	-	32,283
Provisions	12	244,635	4,109	248,744
Accrued Expenses	13	11,147	-	11,147
Total Current Liabilities		921,327	18,206	939,533
Working Capital		1,152,530	71,680	1,224,210
Plus Non-Current Assets:				
Property, Plant & Equipment	14	46,222	37,660	83,882
Net Assets		1,198,752	109,340	1,308,092
Represented by:				
Equity:				
Retained Profits/(Accumulated Loss)	15	150,574	(27,566)	123,008
Captial Reserves	16	1,048,178	136,906	1,185,084
Total Equity		**1,198,752**	**109,340**	**1,308,092**

Chairman : ....

Director : ....

The accompanying notes form an integral part of these financial statements