REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

KIRIBATI INSURANCE CORPORATION
For The Year Ended 31 December 2009

KIRIBATI NATIONAL AUDIT OFFICE
April 2012

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 Insurance Corporation's financial statements for the year ended 31 December 2009

The Auditor-General is the auditor of Kiribati Insurance Corporation (KIC).

Qualification – limitation of scope

In our opinion, there was limitation of scope from lack of documentation and explanations to support the following balances in the financial statements.

Specifically the limitation of scope was due to the following matters:

- No documentation available for review relating to balances for Kiritimati branch financial statements.
- An accurate bank confirmation could not be obtained from the ANZ bank Kiribati.
- Insufficient documentation to allow us to determine an accurate and complete amount of IBD.
- Unable to verify the validity of charge allowance due to no documentation provided.

Qualification - Adverse opinion

After considering the limitation of scope as outlined above, in our opinion, the financial statements of the company are not fairly stated. An adverse opinion has been issued on the financial statement of the company due to the limitation of scope and the following balances being materially misstated.

- Could not confirm the life premium balance due to no reconciliation performed between the Underwriting department and the Account department.

- Significant variance of $500,997 was identified between the control account and subsidiary accounts due to no reconciliation being performed.
- Provision provided for debtors is higher than the total debtors balance as per listing.
- Interest due on IBD is not determined during the year.

Based on our examination the company has not kept proper accounting records for the year ended 31 December 2009.

The audit was completed on 27 March 2012, and is the date at which our opinion is 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 International Organisation of Supreme Audit Institution's (INTOSAI) Auditing Standards, which incorporate the International Auditing Standards.

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 of Directors;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we 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 our opinion above.

Responsibilities of the Board of Directors and the Auditor

The Board of Directors is 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 company as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date. The Board of Directors' responsibilities arise from the Public Finance (Control and Audit) Act 1981.

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 Auditing.

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

Mrs. Matereta B Raiman
Auditor General
Kiribati National Audit Office

Kiribati Insurance Corporation
Consolidated Statement of Financial Performance
For General and Life Accounts
For the Year ended 31st December 2009

	General			Life			
	Tarawa	Xmas	Total	Tarawa	Xmas	Total	Consolidation
Net Premium Income/ Profit on Premium	$359,668.20	$17,061.35	$376,729.55	$523,209.26	$11,847.27	$535,056.53	$911,786.08
Less Operating expenses	-$557,273.35	-$17,829.23	-$575,102.58	-$619,783.30	-$10,490.10	-$630,273.40	-$1,205,375.98
Prior Perid Items			$0.00	$0.00		$0.00	$0.00
Other Income	$119,350.08	$1,717.50	$121,067.58	$457,721.11	$4,943.41	$462,664.52	$583,732.10
Net Profit (Loss)	**-$78,255.07**	**$949.62**	**-$77,305.45**	**$361,147.07**	**$6,300.58**	**$367,447.65**	**$290,142.20**

Kiribati Insurance Corporation
Consolidated Statement of Financial position
For General and Life Accounts
As at 31 December 2009

	General			Life			
	Tarawa	Xmas	Total	Tarawa	Xmas	Total	Consolidation
Total Current Assets	$2,195,153.02	-$5,698.72	$2,189,454.30	$4,026,643.84	$126,962.63	$4,153,606.47	$6,343,060.77
Less Current Liabilities	-$1,152,948.54	-$64,812.28	-$1,217,760.82	-$114,957.02	$6,178.67	-$108,778.35	-$1,326,539.17
Working Capital	**$1,042,204.48**	**-$70,511.00**	**$971,693.48**	**$4,141,600.86**	**$120,783.96**	**$4,044,828.12**	**$5,016,521.60**
Property, Plant & Equipment	$52,193.52	$30,461.67	$82,655.19	$0.00	$0.00	$0.00	$82,655.19
	$1,094,398.00	**-$40,049.33**	**$1,054,348.67**	**$4,141,600.86**	**$120,783.96**	**$4,262,384.82**	**$5,316,733.49**
Represented by:							$0.00
Capital Reserve	**$1,094,398.00**	**-$40,049.34**	**$1,054,348.66**	**$4,141,600.86**	**$120,783.96**	**$4,262,384.82**	**$5,316,733.48**

Kiribati Insurance Corporation
Consolidated Statement of Cash flow statement
For General and Life Accounts
For the Year ended 31 December 2009.

Net Cash flow from Operating Activities	$39,305.31	$6,194.12	$45,499.43	$254,559.38	-$5,627.95	$248,931.43	**$294,430.86**
Net Cash flow from Investing Acvities	$27,063.04	$3,413.46	$30,476.50	$0.00	$0.00	$0.00	**$30,476.50**
Net Cash flow from Financing Activities	-$1,341.15	-$2,181.79	-$3,522.94	$0.00	-$1,270.62	-$1,270.62	**-$4,793.56**
Net Change in Cash and Cash Equivalents	$65,027.20	$7,425.79	$72,452.99	$254,559.38	-$6,898.57	$247,660.81	**$320,113.80**
Plus Opening balance of Cash & Cash Equi	$1,138,523.65	$4,522.98	$1,143,046.63	$3,772,084.46	$119,212.61	$3,891,297.07	**$5,034,343.70**
Closing balance of Cash & Cash Equivalen	**$1,203,550.85**	**$11,948.77**	**$1,215,499.62**	**$4,026,643.84**	**$112,314.04**	**$4,138,957.88**	**$5,354,457.50**

Kiribati Insurance Corporation
Statement of Financial Performance
For the year ended 31st December 2009.

	NOTE	2009	2008
Profit on Premium Revenue	2	$359,668.20	$ 382,016.98
Less Operating Expenses	3	-$557,273.35	-$ 579,687.24
Prior Period Items	4	$0.00	-$ 1,234.79
Other Income		$119,350.08	$ 1,088.25
Net Profit/(Loss)		-$78,255.07	-$ 197,816.80

Kiribati Insurance Corporation
Statement of Financial Position
As at 31st December 2009.

	NOTE	2009	2008
Current Assets			
Cash & Cash Equivalent	(a)	$1,203,550.85	$1,138,523.65
Receivables	5	$991,602.17	$ 1,140,162.57
Total Current Assets		**$2,195,153.02**	**$2,278,686.22**
Less Current Liabilities			
Payables	6	$612,775.99	$ 608,421.30
Reinsurance Payables	7	$211,812.77	$ 196,035.20
Provisions	8	$311,657.06	$ 364,744.44
Accrued Expenses	9	$16,702.72	$ 15,075.13
Total Liabilities		**$1,152,948.54**	**$ 1,184,276.07**
Working Capital		**$1,042,204.48**	**$1,094,410.15**
Plus Non-Current Assets			
Property, Plant & Equipment	10	$ 52,193.51	$ 79,256.56
Net Assets		**$1,094,398.00**	**$1,173,666.71**
Represented by:			
Equity			
Capital Reserves		$1,048,177.62	$ 1,048,177.62
Retained Profits		$46,220.38	$ 125,489.09
Total Equity		**$1,094,398.00**	**$ 1,173,666.71**

Chairman .... Director ....

The accompnaying notes form an integral part of these financial statements

Kiribati Insurance Corporation
Statement of Cash Flow
For the year ended 31st December 2009.

	Note	2009	2008
Cashflow from Operating activities			
Receipts from Customers		$1,058,747.01	$1,118,963.02
Payment to Suppliers & Employees		-$1,019,441.70	-$1,552,197.04
Cash flow from Operating acvities	(b)	**$39,305.31**	**-$433,234.02**
Cash flow from Investing acvities			
Receipts from Non-Current Assets			
Payments from Non-Current Assets		$27,063.04	$38,565.68
Cash flow from Investing acvities		**$27,063.04**	**$38,565.68**
Cashflow from Financing Acvities			
Receipt from Equity Financing		-$1,341.15	-$35,312.14
Payments to Equity Owners			
Cash flow from Financing Acvities.		**-$1,341.15**	**-$35,312.14**
Net Change in Cash and Cash Equivalents		$65,027.20	-$429,980.48
Plus Opening Balance of Casn and Cash Equivalents		$1,138,523.65	$1,568,504.13
Closing Balance of Cash and Cash Equivalents		**$1,203,550.85**	**$1,138,523.65**

Note (a) Closing Balance of Cash and Cash Equivalents is made of the following:

	2009	2008
Petty Cash	$200.00	$200.00
Cash at Bank	$38,946.92	-$7,831.93
Undeposited Funds	$0.00	$17,024.72
Term deposit (IBD) Accounts	$1,164,403.93	$1,125,905.26
At call accounts	$0.00	$3,225.60
	$1,203,550.85	**$1,138,523.65**

Note (b) Reconciliation of Net Profit to Cashflow from Operating Activities.

	2009	2008
Net profit	**-$78,255.07**	**-$191,784.40**
Add back Non cash flow expenses		
Depreciation	$46,977.05	$63,587.18
Provision for Doubtful debts	$0.00	
Changes in Balance sheet items		
Increase/Decrease in Debtors & Prepayments	$148,560.40	-$55,122.20
Increase/ Decrease in Accrued Revenue		
Increase/ Decrease in Account Payables	-$77,977.07	-$118,611.58
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	**$39,305.31**	**-$360,792.33**

Kiribati Insurance Corporation
Notes to the Financial Statements
For the year ended 31st December 2009.

1 Principle 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 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 Furniture	25% p.a
Buildings	2.5% p.a
Office Renovation	2.5% p.a

1.3 Provisions for Unearned Premiums.

Provision for unearned premium 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 on Premiums Revenue

	WC	AV	FI	MA	GA	MV	2009
Gross Premiums	$16,461.19	$247,544.89	$208,471.23	$38,999.16	$50,979.73	$202,513.06	$764,969.26
Less Reinsurance	-$5,118.62	-$204,518.55	-$100,002.94		-$51,756.75	-$107,615.62	-$469,012.48
Net Written Premiums	$11,342.57	$43,026.34	$108,468.29	$38,999.16	-$777.02	$94,897.44	$295,956.78
Plus Commission	$1,023.73	$16,813.56	$11,621.48		$9,554.61	$11,972.31	$50,985.69
Less Provisions for Une	-$6,764.00	-$99,017.96	-$83,388.49	-$15,599.66	-$20,391.89	-$78,102.42	-$303,264.42
Plus Last Year's Prov fo	$19,625.40	$98,548.65	$57,650.50	$11,228.65	$27,983.30	$169,638.79	$384,675.29
(A)	**$25,227.70**	**$59,370.59**	**$94,351.78**	**$34,628.15**	**$16,369.00**	**$198,406.12**	**$428,353.34**
Claim recoveries			$560.50		$827.59	$15,966.11	$17,354.20
Plus Claims paid				-$2,755.15	-$7,316.74	-$47,316.45	-$57,388.34
Add Outstanding claims (Current)						$4,374.00	$4,374.00
Less last Year's O/s claims						-$33,025.00	-$33,025.00
(B)			**$560.50**	**-$2,755.15**	**-$6,489.15**	**-$60,001.34**	**-$68,685.14**
Profit/(Loss) (A) + (B)	**$25,227.70**	**$59,370.59**	**$94,912.28**	**$31,873.00**	**$9,879.85**	**$138,404.78**	**$359,668.20**

Operating Expenses.

	2009	2008
Salaries & Wages	$241,797.40	$188,119.45
Overtime	$20,109.27	$14,506.37
Bonus & Allowances	$14,610.74	$13,889.31
KPF Subsidy	$18,900.56	$13,529.78
House Rent Subsidy	$17,552.20	$20,134.83
Leave Grant	$11,149.32	$12,166.65
Leave commutation	$2,028.00	
Training	$7,403.39	$2,799.00
Staff Loan repayment		$14,374.43
Boards Expense	$9,433.79	$8,038.05
Entertainment	$1,778.40	$5,697.27
Office Sundries	$8,653.75	$6,732.70
Postage	$279.95	$280.25
...ting & Stationery	$4,731.35	$4,418.15
Professional Fees	$4,030.00	$1,453.75
Telecom charges	$12,789.25	
PUB Charges	$29,716.60	$29,712.06
R/I Catastrophy XOL		$65,000.00
Repairs & Maintenance	$17,711.52	$24,476.09
Xmas General Expenses		$735.18
Promotion	$29,001.14	$8,630.40
Advertising	$3,773.92	$5,975.00
Donation	$600.00	$1,645.00
Promotion - Silver Jubile		
Rent & Accommodation	$13,000.00	$11,400.90
Depreciation Expense	$46,977.05	$63,587.18
M/V Running cost	$16,471.59	$14,418.85
Travel Local	$3,457.45	$38,198.41
...avel Overseas	$13,211.27	$7,695.78
Claims Exp		$50,925.00
Premium refund	$4,761.54	
Sundry		$1,023.39
Bank Charges	$1,607.00	$1,538.17
Council Rates	$650.00	$160.00
Subscription & Periodicals	$1,086.90	
Membership Fees		$300.00
	$557,273.35	$631,561.40

4 Prior Period Items **$1,234.79**

5. Receivables

Debtors control	$948,123.44	$989,340.00
Less Prov'n for Doubtful Debts.	-$480,627.91	-$480,627.91
Life Fund account - TRW	$129,961.51	$130,076.51
Xmas General Fund	$13,460.24	$13,460.24
Staff Account Receivable	$102.77	$102.77
Sundry Debtors	-$4,600.72	-$7,037.05
Imprest account	$20,990.84	$16,910.84
Suspense account	-$33,144.45	-$10,353.65
Staff salary advance	$19,926.34	$13,006.53
Accounts Receivable	$377,410.11	$402,779.61
	$991,602.17	**$1,067,657.89**

6 Payables

Debtors suspense	$598,628.28	$598,628.28
Fund account - Xmas	$14,780.37	$14,780.37
BOK Payable	-$12,464.61	-$11,404.65
DBK Payable	-$21.60	$29.45
General Insurance	$320.00	$320.00
House Rent Payable	-$5,612.79	-$6,258.45
KHC Loan Payable	-$502.72	-$502.72
KPF Staff Contribution	$5,015.11	$5,928.33
Life Premium Payable	$5,950.50	$7,391.13
Sundry Payable	$8,603.83	$2,143.62
Tax Payable	-$1,198.17	-$1,756.61
TKL Payable	-$13.00	-$13.00
TSKL Payable	-$1,001.87	-$1,060.00
Voluntary KPF Payable	$292.66	$195.55
	$612,775.99	**$608,421.30**

7 Reinsurance Payables

K Tax Clearing	$178,525.59	$163,285.35
Facultative	$1,399.08	$1,399.08
Quota Share	$2,166.13	$2,166.13
Surplus	$28,718.07	$28,718.07
Withholding Tax	$1,003.90	$466.57
	$211,812.77	**$196,035.20**

8 Provisions

Prov for outstanding claim	$230,854.20	$262,221.00
Prov for Unearned Premium	$80,802.86	$155,289.37
	$311,657.06	**$417,510.37**

9 Accrued Expense	**$16,702.72**	**$15,075.13**

10 Property, Plant & I	Rate	Original Cost	Additions	Total Cost	.cc Depre 200	Depr 2009	Acc Depr 2009	NBV 2009	NBV 2008
ASSET									
Building	2.50%	$8,316.34	$2,621.91	$10,938.25	$814.30	$273.46	$1,087.76	$9,850.49	$7,502.04
Furniture & Fittings	10.00%	$31,932.88	$1,713.30	$33,646.18	$29,473.52	$3,364.62	$32,838.14	$808.04	$1,227.13
GM - Furniture	10.00%	$6,543.47	$600.00	$7,143.47	$4,486.18	$714.35	$5,095.53	$2,047.94	$448.04
Motor Vehicles	33.30%	$106,119.73	$2,600.60	$108,720.33	$106,119.73	$696.90	$106,816.63	$1,903.70	
Office Equipment	20.00%	$235,706.14	$12,177.80	$247,883.94	$211,227.92	$40,320.93	$251,548.85	-$3,664.91	$9,818.62
Office Improvement	10.00%	$18,273.08		$18,273.08	$15,945.82	$406.81	$16,352.63	$1,920.45	$19,611.31
Office Renovation	2.50%	$47,903.98	$95.40	$47,999.38	$7,471.60	$1,199.98	$8,671.58	$39,327.80	$40,432.38
Total		**$454,795.62**	**$19,809.01**	**$474,604.63**	**$375,539.07**	**$46,977.05**	**$422,516.12**	**$52,193.51**	**$79,039.52**

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Kiribati Insurance Corporation (Non Life Xmas)
Statement of Financial Performance
For the year ended 31st December 2009.

	NOTE	2009		2008
Profit on Premium Revenue	2	$17,061.35		$17,590.78
Less Operating Expenses	3	-$17,829.23		-$36,174.89
Prior Period Items	4		$	-
Other Income		$1,717.50	$	10,075.06
Net Profit/(Loss)		**$949.62**	**-$**	**8,509.05**

Kiribati Insurance Corporation
Statement of Financial Position
As at 31st December 2009.

	NOTE	2009		2008
Current Assets				
Cash & Cash Equivalent	(a)	$11,948.77		$4,522.98
Receivables	5	-$17,647.49	-$	14,847.49
Total Current Assets		**-$5,698.72**		**-$10,324.51**
Less Current Liabilities				
Payables	6	$31,022.61	$	31,022.61
Reinsurance Payables	7		$	-
Provisions	8	$33,789.67	$	31,345.17
Accrued Expenses	9		$	-
Total Liabilities		**$64,812.28**	**$**	**62,367.78**
Working Capital		**-$70,511.00**		**-$72,692.29**
Plus Non-Current Assets				
Property, Plant & Equipment	10	**$30,461.67**	$	33,875.12
Net Assets		**-$40,049.33**		**-$38,817.17**
Represented by:				
Equity				
Capital Reserves		**$137,238.43**	$	139,420.22
Retained Profits		**-$177,287.77**	-$	178,237.39
Total Equity		**-$40,049.34**	**-$**	**38,817.17**

Chairman .... Director ....

The accompanying notes form an integral part of these financial statements

Kiribati Insurance Corporation
Statement of Cash Flow
For the year ended 31st December 2009.

	Note	2009	2008
Cashflow from Operating activities			
Receipts from Customers		$73,396.35	$72,049.76
Payment to Suppliers & Employees		-$67,202.23	-$72,658.88
Cash flow from Operating acvities	(b)	**$6,194.12**	**-$609.12**
Cash flow from Investing acvities			
Receipts from Non-Current Assets		$3,413.46	
Payments from Non-Current Assets			-$2,121.33
Cash flow from Investing acvities		**$3,413.46**	**-$2,121.33**
Cashflow from Financing Acvities			
Receipt from Equity Financing			$3,077.84
Payments to Equity Owners		-$2,181.79	
Cash flow from Financing Acvities.		**-$2,181.79**	**$3,077.84**
Net Change in Cash and Cash Equivalents		$7,425.79	$347.39
Plus Opening Balance of Casn and Cash Equivalents		$4,522.98	$4,175.59
Closing Balance of Cash and Cash Equivalents		**$11,948.77**	**$4,522.98**

Note (a) Closing Balance of Cash and Cash Equivalents is made of the following:

	2009	2008
Petty Cash	$200.00	$200.00
Cash at Bank	$11,748.77	$4,322.98
	$11,948.77	**$4,522.98**

Note (b) Reconciliation of Net Profit to Cashflow from Operating Activities.

	2009	2008
Net profit	$949.62	-$8,509.04
Add back Non cash flow expenses		
Depreciation		$0.00
Provision for Doubtful debts		
Gain from sale of assets		
Changes in Balance sheet items		
Increase/Decrease in Debtors & Prepayments	$2,800.00	-$1,375.90
Increase/ Decrease in Accrued Revenue		
Increase/ Decrease in Account Payables	$2,444.50	$9,275.82
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	$6,194.12	-$609.12

2 Profit on Premiums Revenue

	WC	AV	FI	MA	GA	MV	2009	2008
Gross Premiums			$59,025.63	$708.45	$1,769.87	$6,995.40	$68,499.35	$61,800.60
Less Reinsurance			-$46,680.00		-$1,047.00		-$47,727.00	-$36,669.00
Net Written Premiums	$0.00	$0.00	$12,345.63	$708.45	$722.87	$6,995.40	$20,772.35	$25,131.60
Plus Commission	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Less Provisions for Unearne	$0.00	$0.00	-$23,610.25	-$283.38	-$707.95	-$2,798.16	-$27,399.74	-$24,720.24
Plus Last Year's Prov for Uneared Premiums			$18,864.86	$256.40	$358.77	$5,240.21	$24,720.24	$18,198.37
(A)	**$0.00**	**$0.00**	**$7,600.24**	**$681.47**	**$373.69**	**$9,437.45**	**$18,092.85**	**$18,609.73**
Claim Recoveries	$0.00	$0.00	$0.00	$0.00		$379.50	**$379.50**	$1,550.00
Less claims paid	$0.00	$0.00	$0.00		-$130.50	-$551.00	-$681.50	-$2,368.95
Plus Outstanding claims (Cu	$0.00	$0.00	$0.00	$0.00	$0.00	$1,235.00	$1,235.00	$1,000.00
Less Outstanding claims (Pr	$0.00	$0.00	$0.00	$0.00	$0.00	-$1,964.50	-$1,964.50	-$1,200.00
(B)	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**-$130.50**	**-$901.00**	**-$1,031.50**	**-$1,018.95**
Profit/(Loss) (A) + (B)	**$0.00**	**$0.00**	**$7,600.24**	**$681.47**	**$243.19**	**$8,536.45**	**$17,061.35**	**$17,590.78**

3 Operating Expenses.

	2009	2008
Salaries & Wages	$0.00	$13,761.00
Bonus & Allowances	$0.00	$1,605.37
Leave Grant	$1,000.00	$750.00
Bank charges	$247.60	$924.85
Entertainment exp	$226.60	$1,427.00
Housing exp	$63.30	$227.95
Motor running cost	$3,376.09	$5,133.70
Office sundries exp	$1,543.15	$227.55
Printing & Stationery exp	$787.90	$1,156.85
Promotional exp	$150.00	$101.70
Repairs & Maintenance	$1,915.50	$2,237.35
Telecom exp	$1,717.19	$2,623.85
Travelling local	$1,473.00	$2,584.35
Advertising	$158.00	
Depreciation	$3,413.46	$3,413.37
Donation	$1,300.00	
Electricity	$187.44	
General Xmas Exp	$270.00	
	$17,829.23	**$36,174.89**

4 Prior Period Items $ - 0

5. Receivables

Trade Debtors control	$17,248.20	$17,248.20
Less Prov'n for Doubtful Debts	$0.00	$0.00
Life Fund account - TRW	-$17,073.25	-$17,073.25
Life fund Xmas	-$2,800.00	
Xmas General Fund	$0.00	$0.00
Staff Account Receivable	$0.00	
Sundry Debtors	-$8,763.19	-$8,763.19
Imprest account	$300.00	$300.00
Suspense account	-$8,009.24	-$8,009.24
Staff salary advance	$1,449.99	$1,449.99
Accounts Receivable		
	-$17,647.49	**-$14,847.49**

6 Payables		
DBK Payable	$40.00	$40.00
House Rent Payable	$473.67	$473.67
KIC HQ (Reinsurance)	$29,564.14	$29,564.14
KPF Staff Contribution	-$375.34	-$375.34
Life Premium Payable		$0.00
Staff Life Insurance Payable	$135.00	$135.00
Sundry Payable	$145.61	$145.61
Tax Payable	$1,039.53	$1,039.53
	$31,022.61	**$31,022.61**

8 Provisions		
Prov for outstanding claim	$21,003.00	$21,238.00
Prov for Unearned Premium	$12,786.67	$10,107.17
	$33,789.67	**$31,345.17**
1 Accrued Expense	**$0.00**	**$0.00**

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10 Property, Plant & Equipme	Rate	Original cost	Additions	Total Cost	Acc depr 200	Depr 2009	Acc Depr 200	NBV 2009	NBV
ASSET									
Building	2.50%	$ 27,700.85		$ 27,700.85	$ 2,168.84	$ 692.52	$ 2,861.36	$ 24,839.49	$25,532.01
Furniture & Fittings	10%	$ 4,825.20		$ 4,825.20	$ 1,310.78	$ 482.52	$ 1,793.30	$ 3,031.90	$3,514.41
Motor Vehicles	33.30%	$ 14,968.97		$ 14,968.97	$ 14,968.97		$ 14,968.97	$ -	-
Office Equipment	20%	$ 8,867.55		$ 8,867.55	$ 6,363.79	$ 1,773.51	$ 8,137.30	$ 730.25	$2,503.76
Office Improvement	10%	$ 4,649.04		$ 4,649.04	$ 2,324.10	$ 464.90	$ 2,789.00	$ 1,860.04	$2,324.94
Total		**$ 61,011.61**	**$ -**	**$ 61,011.61**	**$ 27,136.48**	**$ 3,413.46**	**$ 30,549.94**	**$ 30,461.67**	**$33,875.12**

Kiribati Insurance Corporation (Xmas Life Fund)
Statement of Financial Performance
For the Year Ended 31 December 2009

	NOTE	2009	2008
Net Premium Income	2	$11,847.27	$14,748.20
Other Income	3	$4,943.41	$10,001.54
Total INCOME		$16,790.68	$24,749.74
OUTGO:			
Claims Paid	4	$6,742.81	$8,684.50
Expenses Paid & Charges	5	$3,747.29	$5,744.50
Total OUTGO		$10,490.10	$14,429.00
Excess of Income over Outgo		**$6,300.58**	**$10,320.74**

Kiribati Insurance Corporation (Xmas Life Fund)
Statement of Financial Position
As at 31 December 2009.

Current Assets;			
Cash & Cash Equivalents	6	$112,314.04	$119,212.61
Receivables	7	$14,628.59	$2,368.06
Accrued Revenue	8	$20.00	$20.00
Total Current Assets		$126,962.63	$121,600.67
Less Current Liabilities:			
Payables	9	**$6,178.67**	**$5,846.67**
Working Capital		**$120,783.96**	**$115,754.00**
Represented by:			
Equity:			
Capital Reserves	10	**$120,783.96**	**$115,754.00**

Chairman .... Direcotr ....

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

Kiribati Insurance Corporation - (Xmas Life Fund
Statement of Cash Flow
For the year ended 31st December 2009.

	Note	2009	2008
Cashflow from Operating activities			
Receipts from Customers		$31,620.35	$58,475.28
Payment to Suppliers & Employees		-$37,248.30	-$44,337.97
Cash flow from Operating acvities	(b)	**-$5,627.95**	**$14,137.31**
Cash flow from Investing acvities			
Receipts from Non-Current Assets			
Payments from Non-Current Assets		$0.00	$0.00
Cash flow from Investing acvities		**$0.00**	**$0.00**
Cashflow from Financing Acvities			
Receipt from Equity Financing			$70.60
Payments to Equity Owners		-$1,270.62	
Cash flow from Financing Acvities.		-$1,270.62	$70.60
Net Change in Cash and Cash Equivalents		**-$6,898.57**	**$14,207.91**
Plus Opening Balance of Casn and Cash Equivalents		$119,212.61	**$105,004.70**
Closing Balance of Cash and Cash Equivalents		**$112,314.04**	**$119,212.61**

Note (a) Closing Balance of Cash and Cash Equivalents is made of the following:

		2008
Cash at Bank	$12,025.97	$10,522.27
Term deposit (IBD) Accounts	$100,288.07	$108,690.34
	$112,314.04	**$119,212.61**

Note (b) Reconciliation of Net Profit to Cashflow from Operating Activities.

Net profit	$6,300.58	**$10,320.74**
Add back Non cash flow expenses		
Depreciation		
Provision for Doubtful debts		
Gain from sale of assets		
Changes in Balance sheet items		
Increase/Decrease in Debtors & Prepayments	-$12,260.53	-$977.46
Increase/ Decrease in Accrued Revenue		-$20.00
Increase/ Decrease in Account Payables		$3,709.03
Increase/ Decrease in Reinsurance Payables	$332.00	
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		$1,105.00
Net cash flow from operating acvities	**-$5,627.95**	**$14,137.31**

Kiribati Insurance Corporation (Xmas Life Fund)
Notes to the Financial Statements
For the year ended 31 December 2009.

	2009	2008
Note 2		
Premium Income:		
Gross Premium	$38,937.47	$49,471.20
Less Refunds	-$27,090.20	-$34,723.00
	$11,847.27	**$14,748.20**

	2009	2008
Note 3		
Other Income:		
Interest IBDs	$2,358.26	$7,535.38
Commission Received		$310.76
Other Income	$2,585.15	$2,155.40
	$4,943.41	**$10,001.54**

	2009	2008
Note 4		
Claims paid:		
Surrendered	$6,742.81	$8,680.81
Maturity	$0.00	$0.00
Death	$0.00	$0.00
Bonus	$0.00	$3.69
	$6,742.81	**$8,684.50**

	2009	2008
Note 5		
Expenses Paid & Charged:		
Bank charges	$947.29	$337.40
Contribution to General Fund	$2,800.00	$6,157.10
Outstanding Premium		-$750.00
Printing & Stationery		
	$3,747.29	**$5,744.50**

	2009	2008
Note 6		
Cash Assets;		
Cash at Bank	$12,025.97	$10,522.27
Term Deposit (IBD)	$100,288.07	$108,690.34
Term Deposit (IBD) At Call	**$112,314.04**	**$119,212.61**

	2009	2008
Note 7		
Receivables;		
Suspense account	$12,128.59	$1,368.06
General Fund Account	$2,500.00	$1,000.00
	$14,628.59	**$2,368.06**

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Note 8		
Accrued Revenue	**$20.00**	**$20.00**
Note 9		
Payables;		
Accrued exp	$1,105.00	$1,105.00
Sundry Payable	$35.23	$35.23
Witholding Tax	$5,038.44	$4,706.44
	$6,178.67	**$5,846.67**
Note 10		
Capital Reserve		
Balance at 1 Jan 2008	$114,483.38	$105,433.26
Net Profit & (Loss)	$6,300.58	$10,320.74
Balance at 31 Dec 2008	**$120,783.96**	**$115,754.00**

Kiribati Insurance Corporation (Tarawa Life Fund)
Statement of Financial Performance
For the Year Ended 31 December 2009

	NOTE	2009	2008
Net Premium Income	2	$523,209.26	$543,608.94
Other Income	3	$457,721.11	$21,818.04
Total INCOME		**$980,930.37**	**$565,426.98**
OUTGO:			
Claims Paid	4	$532,921.74	$479,366.31
Expenses Paid & Charges	5	$86,861.56	$201,156.15
Total OUTGO		**$619,783.30**	**$680,522.46**
Excess of Income over Outgo		**$361,147.07**	**-$115,095.48**

iribati Insurance Corporation (Life Fund)
Statement of Financial Position
As at 31 December 2009.

	NOTE	2009	2008
Current Assets;			
Cash & Cash Equivalents	6	$4,026,643.84	$3,772,084.46
Receivables	7	$0.00	$0.00
Accrued Revenue	8	$0.00	$0.00
Total Current Assets		**$4,026,643.84**	**$3,772,084.46**
Less Current Liabilities:			
Payables	9	-$114,957.02	**-$8,369.33**
Working Capital		**$4,141,600.86**	**$3,780,453.79**
epresented by:			
Equity:			
Capital Reserves	10	**$4,141,600.86**	**$3,780,453.79**

Chairman .... Director ....

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

Kiribati Insurance Corporation - Life Fund
Statement of Cash Flow
For the year ended 31st December 2009.

	Note	2009	2008
Cashflow from Operating activities			
Receipts from Customers		$1,172,873.02	$766,412.65
Payment to Suppliers & Employees		-$918,313.64	-$1,085,158.69
Cash flow from Operating acvities	(b)	**$254,559.38**	**-$318,746.04**
Cash flow from Investing acvities			
Receipts from Non-Current Assets			
Payments from Non-Current Assets		$0.00	$0.00
Cash flow from Investing acvities		**$0.00**	**$0.00**
ashflow from Financing Acvities			
Receipt from Equity Financing		$0.00	-$160.00
Payments to Equity Owners			
Cash flow from Financing Acvities.		**$0.00**	**-$160.00**
Net Change in Cash and Cash Equivalents		$254,559.38	-$318,906.04
Plus Opening Balance of Casn and Cash Equivalents		$3,772,084.46	$4,090,990.50
Closing Balance of Cash and Cash Equivalents		**$4,026,643.84**	**$3,772,084.46**

Note (a) Closing Balance of Cash and Cash Equivalents is made of the following:

	2009	2008
Petty Cash		
Cash at Bank	-$2,140.73	$5,831.00
Undeposited Funds	$395.00	$0.00
Term deposit (IBD) Accounts	$4,028,389.57	$3,635,093.89
At call accounts	$0.00	$131,159.57
	$4,026,643.84	**$3,772,084.46**

Note (b) Reconciliation of Net Profit to Cashflow from Operating Activities.

	2009	2008
Net profit	$361,147.07	**-$115,095.48**
Add back Non cash flow expenses		
Depreciation		
Provision for Doubtful debts		
Gain from sale of assets		
Changes in Balance sheet items		
Increase/Decrease in Debtors & Prepayments		
Increase/ Decrease in Accrued Revenue		
Increase/ Decrease in Account Payables	-$106,587.69	-$203,650.56
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	**$254,559.38**	**-$318,746.04**

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Kiribati Insurance Corporation (Tarawa Life Fund)
Notes to the Financial Statements
For the year ended 31 December 2009.

	2009	2008
Note 2		
Premium Income:		
Gross Premium	$715,151.91	$744,594.61
Less Refunds	-$191,942.65	-$200,985.67
	$523,209.26	**$543,608.94**
Note 3		
Other Income:		
Interest IBDs	$383,130.69	$0.00
Commission Received	$10,126.68	$10,529.88
Other Income	$64,463.74	$11,288.16
	$457,721.11	**$21,818.04**
Note 4		
Claims paid:		
Surrendered	$255,833.44	$269,672.93
Maturity	$202,761.62	$204,876.72
Death	$28,413.00	$1,250.00
Bonus	$45,913.68	$3,566.66
	$532,921.74	**$479,366.31**
Note 5		
Expenses Paid & Charged:		
Acturial fees	$0.00	$0.00
Marketing exp	$0.00	$350.00
Bank charges	$1,736.60	$1,234.95
Contribution to General Fund	$66,090.00	$189,141.09
Life Premium transferred to Xmas	$18,452.00	
Telecom charges	$582.96	
Printing & Stationery		$10,430.11
	$86,861.56	**$201,156.15**
Note 6		
Cash Assets;		
Cash at Bank	-$2,140.73	$5,831.00
Undeposited funds	$395.00	$0.00
Term Deposit (IBD)	$4,028,389.57	$3,635,093.89
Term Deposit (IBD) At Call		$131,159.57
	$4,026,643.84	**$3,772,084.46**

Note 7		
Receivables;	$0.00	$0.00
Note 8		
Accrued Revenue	$0.00	$0.00
Note 9		
Payables;		
General Fund Payable		$203,082.24
Suspense	-$114,957.02	-$256,840.48
Witholding Tax		$45,388.91
	-$114,957.02	**-$8,369.33**
Note 10		
Capital Reserve		
Balance at 1 Jan 2008	$3,780,453.79	$3,895,549.27
Net Profit & (Loss)	$361,147.07	-$115,095.48
Balance at 31 Dec 2008	**$4,141,600.86**	**$3,780,453.79**