REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Promoting Transparency and Accountability

KNAO

For the Parliament and the People of Kiribati

Kiribati Insurance Corporation for the year ended 31st December, 2010 and 2011.

Kiribati National Audit Office

May, 2013

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

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

Audit Report

To the readers of Kiribati Insurance Corporation's financial statements for the years ended 31 December 2010 and 2011

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

The audit covered the Corporation's compliance with the requirements of Part VII of the Public Finances (Control and Audit) 1981 and Insurance Act 2008 that apply to the financial statements of the KIC for the years ended 31 December 2010 and 2011.

Qualification – Limitation of scope

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

Specifically the matters are noted below:

- Missing Payment Vouchers with a total of $18,687.04.
- Missing supporting document for the following General Debtors accounts:
    - Suspense account of $311,721 for the years 2010 and 2011.
    - Xmas General Fund account of $13,460 for the years 2010 and 2011.
- Unable to verify Salary advance in 2010 and 2011 due to the following:
    - Had an unidentified Salary advance of $10,737.51.
    - Lack of reconciliation of Salary advance accounts.
- Non availability of the supporting document for Life Payables accounts as listed below:

	2010	2011
o General Fund Payables	71,922.67	71,919.67
o Life General Fund	35,205.07	-49,289.00
o Suspense Account	-195,780.84	-196,325.58

- Documentation related to General payables listed below were noted missing: (balances were the same for 2010 and 2011)
  - Debtors Suspense account of $118,691.
  - Life fund Xmas account of $14,780.
  - BOK Liabilities of $(12,465).
- Creditors Suspense account valued $(195,780.84) and $(196,325.58) for the years 2010 and 2011 respectively cannot be verified due to the following:
  - Had unexplained negative balances for the years stated above.
  - Closing balance from 2010 account was not taken as an opening balance in 2011
- Unable to verify Fixed Assets balance due to the following:
  - No year-end physical count of Fixed assets
  - Fully depreciated assets were still operational.
- Self paid insurance listing for 2010 and 2011 were not available during the audit.
- Government ministries and company's life contribution ledgers were not updated for 2010 and 2011.
- Supporting document for Claim recoveries totalled $50,131.34 were not available.
- Board minutes for 2010 and 2011 were all missing.
- Outstanding Claims with a total of $196,794 were written off in 2011 however the board's approval cannot be sighted as board minutes were missing.

Qualification – Adverse opinion

In view of the **limitation of scope** as outlined above, in my opinion, the financial statements of the Kiribati Insurance Corporation as at 31 Dec 2010 and 2011 **WERE NOT** fairly stated. An adverse opinion was issued on the financial statements of the Corporation due to the **limitation of scope** and the following anomalies identified during the audit:

- Outstanding unretired imprest account of $10,543.16.
- Significant variance of $71,455 was identified between the control and subsidiary accounts of General Trade debtors 2011.
- Some General Revenue account balances for 31/12/ 2010 were understated by a total of $36,063.93.
- Creditor's sub-ledger and the listing had a variance of $13,726.56 and $11,094.57 for the years 2010 and 2011 respectively.

The audit was completed on 30 April 2013, and was the date at which our opinion was expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

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

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

Responsibilities of the Board of Directors and the Auditor

The Board of Directors are responsible for preparing the financial statements in accordance with generally accepted accounting practice. The financial statements must give a true and fair view of the financial position of the Corporation as at 31 December 2010 and 2011 the results of its operations and cash flows for the year ended on that date. The Board's responsibilities arise from the Public Finance (Control and Audit) Act 1981 and Insurance Acts 2002

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.

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Mrs Matereta. Raiman
Auditor General
Kiribati National Audit Office

Date: 30/04/13

Kiribati Insurance Corporation

(KIC)

"Insure to secure"

Annual Account

2010

As revised and resubmitted to the Board of Directors

20 June 2012

Kiribati Insurance Corporation (KIC)

"Insure to secure"

Annual Account 2010

Kiribati Insurance Corporation
P.O.Box 509, Betio, Tarawa
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June 2012

Introductory Notes.

There are essentially five accounts in this report. The first account is the 'overall' consolidation account which sums up all the figures in the four subsequent accounts. This gives the overall profit and loss statement for the year, the overall balance sheet position and overall cash flow statement of the corporation as at the end of the year 2010. The 2009 figures are shown for comparative purposes.

The four subsequent accounts (or sectors) include Tarawa General Insurance Account (TrwGen), the Tarawa Life Insurance Account (TrwLife), the Xmas island General Insurance Account (XmasGen), and the Xmas island Life Insurance account (XmasLife). In terms of location, there are just two main offices of the KIC, the central office on Betio, Tarawa, and another small branch on Xmas island. The bulk of the insurance services and activities are concentrated on Tarawa though.

Each sector account gives the profit and loss statement for the year, the balance sheet position and the cash flow position as at the end of the year for each respective sector or cost centre. The first account shows the summary of the transactions while the following Notes show the main accounts in more detail.

In order to ease the calculations and in particular during the consolidation process, the terms in each of the four separate sector accounts are standardized, for instance the term 'net premium income', net profit, current asset, net asset, and liabilities, etc are used in all the four sector accounts. Using standardized or similar terms makes it easy to add all items into the consolidated accounts – and this is done using EXCEL spreadsheet.

Certification.

The accounts presented in this report have been prepared based on the relevant information maintained in the corporation. In the opinion of the KIC Board of Directors the accounts presented give a true and fair view of the financial performance of the corporation during the year 2010.

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Tamaroa Uriam	Iete Rouatu
General Manager	Chairman (Board of Directors)

Contents.

Kiribati Insurance Corporation
Notes to the Financial Statement
As at 31st December 2010.

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 accounting policies used by the Corporation.

1.1 Historical Cost.

The accounts are prepared under the historic cost convention and comply 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 rates are consistent to prior years' rates.

Motor Vehicle	33.3% p.a.
Furniture & 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.

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.

1. KIC Consolidated Financial Statement - 2010

	2010	2009
1a. Consolidated Profit and Loss Statement (period ended 31 Dec).		
net premium income	1,159,992	911,784
less operating expense	(715,425)	(665,711)
less Life claims	(581,016)	(539,665)
prior period items	(31,795)	-
other income	245,977	583,732
net profit	**77,733**	**290,140**
1b. Consolidated Balance Sheet(as at 31 Dec).		
total current asset	6,317,500	6,343,062
less current liabilities	(1,147,404)	(1,108,983)
= working capital	**5,170,096**	**5,234,079**
fixed assets	81,304	82,654
net asset	**5,251,400**	**5,316,734**
represented by		
capital reserves	3,832,043	3,628,832
retained profits	1,341,622	1,397,761
current year profit	77,735	290,140
total	***5,251,400***	***5,316,734***
1c. Consolidated Cash Flow Statement (as at 31 Dec).		
opening cash balance	5,354,457	4,967,852
from operating activities	(175,272)	(88,700)
from investments	101,564	413,607
from financing activities	50,330	(4,794)
closing cash balance	**5,331,079**	**5,287,965**

Notes: 1) The figures in this consolidated account come from four sepate accounts viz., TrwGen, TrwLife, Xmas Gen, and XmasLife.

2. Tarawa General (TrwGen) Financial Statement- 2010

	Notes	2010	2009
2a. Profit and Loss Statement (period ended 31 Dec)			
net premium income	1	542,809	359,668
less operating expense	2	(591,502)	(557,273)
prior period items	3	(31,795)	-
other income	4	134,104	119,350
net profit		***$53,616***	***(78,255)***
2b. Balance Sheet (as at 31st Dec)			
total current asset	5	2,115,404	2,195,153
less current liabilities	6	(1,020,606)	(1,152,949)
= working capital		***1,094,798***	***1,042,204***
fixed assets	7	53,212	52,193
net asset		***1,148,010***	***1,094,398***
represented by			
capital reserves		1,047,160	1,047,163
retained profits		47,234	125,489
current year profit		53,616	-78,255
total		**1,148,010**	**1,094,398**
2c. Cash Flow Statement (as at 31st Dec)			
opening cash balance	**8**	1,203,551	1,138,524
from operating activities		(109,318)	39,305
from investments		19,657	27,063
from financing activities		-	(1,341)
closing cash balance		**1,113,890**	**1,203,551**

Note 1 (TrwGen) Net Premium Income								
Particulars	*WC*	*AV*	*FI*	*MA*	*GA*	*MV*	*2010*	*2009*
gross premium	53,774	180,011	140,747	38,595	149,922	137,230	700,278	764,969
less reinsurance	-13,062	-132,703	-69,979	-8,000	-100,362	-38,963	-363,070	-469,012
less premium refunds	-1,271	0	-360	-540	0	-9,891	-12,063	
net written premium	**39,440**	**47,308**	**70,408**	**30,055**	**49,560**	**88,375**	**325,146**	**295,957**
plus commission	1,816	22,000	16,613	225	15,807	4,170	60,631	50,986
less provision for unearned premium	-15,776	-18,923	-28,163	-12,022	-19,824	-35,350	-130,058	-303,264
plus last year provision for unearned premium	6,764	99,018	83,388	15,600	20,392	78,102	303,264	384,675
NET PREMIUM	**32,244**	**149,402**	**142,246**	**33,858**	**65,934**	**135,298**	**558,983**	**428,353**
claims recoveries	20,925		357	0	735	36,994	59,011	17,354
less claims paid	-31,766		-1,303	-2,948	-2,038	-49,795	-87,850	-57,388
plus O/S claims	27,062		23,930	56,509	90,538	405,152	603,190	4,374
less current O/S	-21,252		-22,739	-53,561	-94,269	-398,704	-590,524	-33,025
NET CLAIM	**-5,031**	**0**	**244**	**0**	**-5,034**	**-6,353**	**-16,174**	**-68,685**
NET PREMIUM INCOME	**27,213**	**149,402**	**142,490**	**33,858**	**60,900**	**128,945**	**542,809**	**359,668**

WC - workers compensation; AV - aviation; FI - fire; MA - marine; GA - general accidents; MV - motor vehicle

Note 2 (TrwGen) Operating Expenses		
	2010	*2009*
salaries and wages	215,844	241,797
overtime	19,371	20,109
bonuses	7,649	14,611
KPF	23,642	18,901
house rent	13,442	17,552
leave grant	10,772	11,149
leave commutation		2,028
temporary assistance	31,997	-
total staff costs	***322,716***	***326,147***
staff training	1,664	7,403
Board expense	7,608	9,434
entertainment	1,098	1,778
office sundries	6,269	8,654
postage	376	280
printing	5,602	4,731
proffessional fees	2,500	4,030
telecommunication	20,669	12,789
electricity & water (PUB)	25,362	29,717
Re-insurance catastrophe	120,000	
repair and maintenance	10,680	17,712
promotion	7,591	29,001
advertisement	-	3,774
donation	2,066	600
rent & accomodation	12,000	13,000
depreciation	7,457	46,977
motor vehicles running cost	13,812	16,472
local travel	13,294	3,457
overseas travel	7,403	13,211
premium refund		4,762
sundry expenses		-
bank charges	2,093	1,607
island council charges	650	650
subscriptions	341	1,087
membership fees	250	-
total other costs	**268,786**	**231,126**
TOTAL	**591,502**	**557,273**

Note 3 (TrwGen) Prior Period Items		
	2010	*2009*
KPF Surcharge for Sept 2008	$2,158	
Outstanding phone bills prior 2010	$12,616	
Outstanding account from Willis prior 2010	$17,021	
Total	**$31,795**	-

Note 4 (TrwGen) Other Income		
	2010	*2009*
interest term deposit	19,657	35,273
prior period items	5,743	
sundry income	10,364	5,831
Xmas house rent	495	
travel insurance	17,726	
cancellation fee	350	
claims income	9,763	12,034
contribution from Life	70,006	66,212
TOTAL	134,104	119,350

Note 5 (TrwGen) Current assets		
	2010	*2009*
cash & equivalents	1,113,890	1,203,551
receivables		
trade debtors	608,485	948,123
less prov for doubtful debts	(416,048)	(480,628)
Life Fund A/c TRW	132,906	129,962
Xmas General Fund	13,460	13,460
staff account receivables	15,335	103
sundry debtors	(4,895)	(4,601)
imprest account	29,474	20,991
suspense account	311,721	(33,144)
staff salary advance	22,254	19,926
accounts receivable	288,822	377,410
TOTAL current assets	**2,115,404**	**2,195,153**

Note 6 (TrwGen) Current liabilities

payables	*2010*	*2009*
Debtors suspense	118,691	598,628
Life Fund Xmas	14,780	14,780
BOK payable	(12,465)	(12,465)
DBK Payable	1,348	(22)
general insurance	320	320
house rent payables	(5,549)	(5,613)
KHC loan payable	(453)	(503)
KPF staff contribution	8,947	5,015
life premium payable	5,436	5,951
sundry payable	8,121	8,604
tax payable	166	(1,198)
TKL payable	(13)	(13)
TSKL payable	(4,654)	(1,002)
voluntary KPF payable	248	293
social committee payable	15	
total payables	134,938	612,776

reinsurance payables	**2010**	**2009**
R/I tax clearing	173,923	178,526
Willis Re	88,737	32,283
withholding tax	3,948	1,004
total reinsurance payables	**266,608**	**211,813**

provisions

provision for OS claims	475,664	230,854
prov for Unearned premium	130,058	80,803
total provision	**605,722**	**311,657**

accrued expense	**13,336**	**16,703**

TOTAL liabilities	**1,020,606**	**1,152,949**

Note 7 (TrwGen) Fixed Assets

assets	rate	original value	additions	total value	accumulated depreciation	depreciation 2010	NBV 2010	NBV 2009
buildings	2.5%	10,938	-	**10,938**	1,088	273	9,577	9,850
furniture	10.0%	33,646	296	**33,942**	32,838	1,104	(0)	808
GM furniture	10.0%	7,143	4,537	**11,680**	5,096	1,168	5,416	2,048
vehicles	33.3%	108,720	-	**108,720**	106,817	1,903	-	1,904
equipment	20.0%	247,884	3,646	**251,530**	251,549	(19)	-	(3,665)
office improvement	10.0%	18,273	-	**18,273**	16,353	1,827	93	1,920
office renovation	2.5%	47,999	-	**47,999**	8,672	1,200	38,127	39,328
Total		**474,603**	**8,479**	**483,082**	**422,413**	**7,457**	**53,212**	**52,193**

Note NBV = total value of asset less accum depre less current depre

Note 8 (TrwGen) Cash flow statement		
	2010	*2009*
receipt from customers	664,714	1,058,747
payment to suppliers & employees	(774,032)	(1,019,442)
Net Flow	**(109,318)**	**39,305**
from investing acitivities		
receipt from Interest - Term deposit	19,657	
receipt from non current assets	-	-
payment from non current assets		27,063
Net Flow	**19,657**	**27,063**
from financing activities		
receipt from equity financing	-	(1,341)
payment to equity owners	-	-
Net Flow	-	**(1,341)**
Opening cash balance	*1,203,551*	*1,138,524*
plus total net cash flow	***(89,661)***	***65,027***
closing cash balance	***1,113,890***	***1,203,551***
made up of		
petty cash	*200*	*200*
cash at bank	*65,628*	*38,947*
Undeposited funds	*8,476*	*-*
term deposits IBDs	*1,043,390*	*1,164,404*
payroll cheque ac	*(3,804)*	*-*
total	***1,113,890***	***1,203,551***

3. Tarawa Life (TrwLife) Financial Statement- 2010

	Notes	2010	2009
3a. Profit and Loss Statement (period ended 31 Dec)			
net premium income	1	592,779	523,209
less operating expense	2	(106,882)	(86,862)
less claims paid	3	(577,076)	(532,922)
other income	4	106,047	457,722
net profit		***14,868***	***361,147***
3b. Balance Sheet (as at 31 Dec)			
total current asset	5	4,086,604	4,026,644
less current liabilities	6	(65,720)	(114,957)
= working capital		4,020,884	4,141,601
fixed assets		-	-
net asset		**4,020,884**	**4,141,601**
represented by			
capital reserves		2,585,385	2,374,691
retained profits		1,420,631	1,405,763
current year profit		14,868	361,147
total		***4,020,884***	***4,141,601***
3c. Cash Flow Statement (as at 31 D	7		
opening cash balance		4,026,644	3,772,084
from operating activities		(77,386)	(128,571)
from Investing activities		79,537	383,131
from financing activities		57,809	-
closing cash balance		**4,086,604**	**4,026,644**

Note 1 (TrwLife) Net Premium Income

	2010	*2009*
premium income	763,632	715,152
less premium returns	(170,853)	(191,943)
net premium income	**592,779**	**523,209**

Note 2 (TrwLife) Operating Expenses

	2010	**2009**
acturial fees		
sundry expenses		
bank charges	1,940	1,737
contribution to General Fund	70,006	66,090
telecom charges		583
marketing expense		
life premium trf to Xmas	8,531	18,452
outstanding maturities	26,405	-
Total	**106,882**	**86,862**

Note 3 (TrwLife) Claims paid

	2010	**2009**
surrendered claims	282,525	255,833
maturity claims	244,596	202,762
death claims	20,799	28,413
bonus claims	29,156	45,914
Total	**577,076**	**532,922**

Note 4 (TrwLife) Other Income

	2010	**2009**
interest on IBD	79,537	383,131
commission revenue	10,810	10,127
other income	6,155	64,464
sundry revenue	9,545	-
Total	**106,047**	**457,722**

Note 5 (TrwLife) Current assets

	2010	*2009*
undeposited funds	1,949	395
cash at bank	44,246	(2,141)
IBD accounts	4,040,409	4,028,390
at-call account	-	-
Total	**4,086,604**	**4,026,644**

Note 6 (TrwLife) Current liabilities

	2010	**2009**
suspense account	(195,781)	(114,957)
Life General Fund	35,209	
General Fund payables	71,923	
withholding tax	22,929	
Total	**(65,720)**	**(114,957)**

Note 1. Life General Fund records the Life account's liability from General account.

Note 2. Witholing tax is the tax liability on surrended policies

Note 7 (TrwLife) Cash flow statement

	2010	2009
from operating activities		
receipts from customers	1,065,696	789,742
payments to policy holders	(1,143,082)	(918,314)
net flow	**(77,386)**	**(128,571)**
from investing activities		
receipts from Interest - Term deposit	79,537	383,131
receipts from non current assets	-	-
payments from non current assets		
net flow	**79,537**	**383,131**
from financing activities		
receipts from equity financing	57,809	-
payments from equity financing	-	
net flow	**57,809**	-
opening cash balance	4,026,644	3,772,034
add net cash inflow	59,960	254,550
closing cash balance	**4,086,604**	**4,026,644**
represnted by:		
cash at bank	44,246	(2,141)
undeposited funds	1,949	395
term deposit (IBD)	4,040,409	4,028,390
Total	**4,086,604**	**4,026,644**

4. Xmas General (XmasGen) Financial Statement- 2010

	Notes	2010	2009
4a. Profit and Loss statement (period ended 31 Dec)			
net premium income	1	19,111	17,060
less operating expense	2	(15,608)	(17,829)
other income		771	1,717
net profit		**4,276**	**948**
4b. Balance Sheet (as at 31 Dec)			
total current asset	3	(5,001)	(5,698)
less current liabilities	4	(58,865)	(64,812)
= working capital		**(63,866)**	**(70,511)**
fixed assets	5	28,092	30,461
net asset		**(35,774)**	**(40,050)**
represented by			
capital reserves		154,257	154,257
retained profits		(194,307)	(195,255)
current year profit		4,276	948
Total		**(35,774)**	**(40,050)**
4c. Cash Flow Statement (as at 31 Dec)	6		
opening cash balance		11,948	4,523
from operating activities		(4,226)	6,194
from investments		2,370	3,413
from financing activities		-	(2,182)
closing cash balance		**10,094**	**11,948**

Note 1 (XmasGen) Net Premium Income								
Particulars	WC	AV	FI	MA	GA	MV	2010	2009
gross premium	**290**	-	**54,401**	-	**545**	**4,039**	**59,275**	**68,499**
less reinsurance	-	-	(43,487)	-	-	-	(43,487)	(47,727)
	-	-	-	-		-	-	
net written premium	290	-	10,914	-	545	4,039	15,788	20,772
plus commission	-	-	-	-	-	-	-	
premium	(116)	-	(21,760)	-	(218)	(1,616)	(23,710)	(27,400)
unearned premium	-	-	23,610	283	708	2,798	27,399	24,720
NET PREMIUM	**174**	-	**12,764**	**283**	**1,035**	**5,221**	**19,477**	**18,092**
claim recoveries								380
less claims paid	-	-	-	-	-	(366)	(366)	(682)
plus O/S claims - current	-	-	-	-	-	1,235	1,235	1,235
Less O/s claims - previous	-	-	-	-	-	(1,235)	(1,235)	(1,965)
NET CLAIM	-	-	-	-	-	(366)	(366)	(1,032)
NET PREMIUM INCOME	**174**	-	**12,764**	**283**	**1,035**	**4,855**	**19,111**	**17,060**

Note 2 (XmasGen) Operating Expenses		
	2010	*2009*
salaries and wages	-	-
bonuses and allowances	-	-
overtime	135	-
KPF	858	
leave grant	-	1,000
total staff costs	**993**	**1,000**
entertainment	1,432	227
housing expenses		63
office sundries	779	1,543
printing & stationeries	84	788
telecom	1,568	1,717
electricity	-	187
repair and maintenance	5,978	1,916
Xmas general expenses	105	270
promotion	1,122	150
advertisement	197	158
donation	-	1,300
depreciation	2,370	3,413
motor vehicle running cost	1,861	3,376
local travel	-	1,473
bank charges	391	248
LIFE contribution to General	(1,272)	
total 'other costs'	***14,615***	***16,829***
TOTAL	**15,608**	**17,829**

NB: Most of the PE costs for Xmas Branch operation were included in the TrwGen account from 2009

Note 3 (XmasGen) Current assets

	2010	2009
cash & equivalents	10,093	11,949
receivables		
trade debtors	1,235	17,248
Life Fund --Xmas	-	(2,800)
Life Fund account--TRW		(17,073)
Xmas General Fund	(10,588)	-
staff account receivables	-	-
sundry debtors	(8,763)	(8,763)
imprest account	300	300
suspense account	-	(8,009)
staff salary advance	1,450	1,450
Life general account	1,272	-
TOTAL current assets	**(5,001)**	**(5,698)**

Note 4 (XmasGen) Current liabilities		
payables	***2010***	***2009***
creditors suspense	-	
KIC HQ (reinsurance	29,564	29,564
BOK payable		
DBK Payable	40	40
general insurance		
house rent payables	474	474
Staff Life Insurance payabl	135	135
KPF staff contribution		(375)
life premium payable		
sundry payable	2,667	146
tax payable	1,040	1,040
total payables	**33,920**	**31,024**

provisions

provision for OS claims	1,235	21,003
prov for Unearned premiu	23,710	12,787
total provision	**24,945**	**33,790**

accrued expense	-	-

TOTAL liabilities	**58,865**	**64,814**

Note 5 (XmasGen) Fixed Assets

assets	rate	original value	additions	total value	accumulated depreciation	depreciation 2010	NBV 2010	NBV 2009
buildings	2.5%	27,701		**27,701**	2,861	693	24,147	24,839
furniture	10.0%	4,825		**4,825**	1,793	483	2,550	3,032
vehicles	33.3%	14,969	-	**14,969**	14,969	-	-	-
equipment	20.0%	8,868	-	**8,868**	8,137	731	-	730
improvement	10.0%	4,649	-	**4,649**	2,789	465	1,395	1,860
Total		**61,012**	-	**61,012**	**30,549**	**2,370**	**28,092**	**30,461**

Note NBV = total value of asset less accum depre less current depre

Note 5 (XmasGen) Fixed Assets								
assets	rate	original value	additions	total value	accumulated depreciation	depreciation 2010	NBV 2010	NBV 2009
buildings	2.5%	27,701		**27,701**	2,861	693	24,147	24,839
furniture	10.0%	4,825		**4,825**	1,793	483	2,550	3,032
vehicles	33.3%	14,969	-	**14,969**	14,969	-	-	-
equipment	20.0%	8,868	-	**8,868**	8,137	731	-	730
improvement	10.0%	4,649	-	**4,649**	2,789	465	1,395	1,860
Total		**61,012**	-	61,012	**30,549**	**2,370**	28,092	30,461

Note NBV = total value of asset less accum depre less current depre

Note 6 (XmasGen) Cash flow statement

	2010	2009
from operating activities		
receipts from customers	93,569	73,396
payments to policy holders	(97,795)	(67,202)
net cashflow	**(4,226)**	**6,194**
from investing activities		
receipts from non current assets	2,370	3,413
payments from non current assets	-	-
netcashflow	**2,370**	**3,413**
from financing activities		
receipts from equity finaincing	-	-
payments from equity financing	-	(2,182)
net cashflow	-	**(2,182)**
opening cash balance	11,948	4,523
add net cash inflow	(1,856)	7,425
closing cash balance	**10,092**	**11,948**
represnted by:		
petty cash	200	200
cash at bank	9,644	11,749
undeposited funds	250	-
total	**10,094**	**11,949**

5. Xmas Island Life (XmasLife) Financial Statement- 2010

	Notes	*2010*	*2009*
5a. Profit and Loss Statement (perioded ended 31 Dec)			
net premium income	1	5,293	11,847
less operating expense	2	(1,433)	(3,747)
less claims paid	3	(3,940)	(6,743)
other income	4	5,055	4,943
net profit		***4,975***	***6,300***
5b. Balance Sheet (as at 31 Dec)			
total current asset	5	120,493	126,963
less current liabilities	6	(2,213)	(6,178)
= **working capital**		**118,280**	**120,785**
fixed assets		-	-
net asset		**118,280**	**120,785**
represented by			
capital reserves		45,241	52,721
retained profits		68,064	61,764
current year profit		4,975	6,300
Total		**118,280**	**120,785**
5c. Cash Flow Statement (as at 31 Dec)	7		
opening cash balance		112,314	119,213
from operating activities		15,658	(5,628)
from investments		-	-
from financing activities		(7,479)	(1,271)
closing cash balance		**120,493**	**112,314**

Note 1 (XmasLife) Net Premium Income		
	2010	*2009*
premium income	12,773	38,937
less premium returns	(7,480)	(27,090)
net premium income	**5,293**	**11,847**

Note 2 (XmasLife) Expenses		
bank charges	156	947
contribution to General Fund	1,277	2,800
Total	**1,433**	**3,747**

Note 3 (XmasLife) Claims paid		
surrendered claims	-	6,743
maturity claims	1,945	-
death claims	-	-
bonus claims	1,995	-
Total	**3,940**	**6,743**

Note 4 (XmasLIfe) Other Income		
interest on IBD	-	2,358
commission revenue	-	-
other income	5,055	2,585
sundry revenue	-	-
Total	**5,055**	**4,943**

Note 5 (XmasLife) Current assets		
	2010	*2009*
cash & cash equivalents	120,493	112,314
suspense account	-	12,129
general fund account	-	2,500
accrued revenue	-	20
Total	**120,493**	**126,963**

Note 6 (XmasLife) Current liabilities		
accrued expenses	-	1,105
sundry payables	-	35
general account payable	1,277	-
withholding tax	936	5,038
Total	**2,213**	**6,178**

Note 7 (XmasLife) Cash flow statement

	2010	2009
from operating activities		
receipts from customers	28,589	31,620
payments to policy holders	(12,931)	(37,248)
net flow	**15,658**	**(5,628)**
from investing activities		
receipts from non current assets		
payments from non current assets	-	-
net flow	**-**	**-**
from financing activities		
receipts from equity financing		
payments from equity financing	(7,479)	(1,271)
net flow	**(7,479)**	**(1,271)**
opening cash balance	112,314	119,213
add net cash inflow	8,179	(6,899)
closing cash balance	120,492	112,314
represnted by:		
petty cash		
cash at bank	19,193	12,026
undeposited funds		
IBD accounts	101,299	100,288
payroll cheq account		
Total	**120,492**	**112,314**

Kiribati Insurance Corporation

(KIC)

"Insure to secure"

Annual Account

2011

As resubmitted to the Board of Directors

26 June 2012

Kiribati Insurance Corporation

(KIC)

"Insure to secure"

Annual Account

2011

Kiribati Insurance Corporation
P.O.Box 509, Betio, Tarawa
Republic of Kiribati
Ph (686) 25337, Fax (686) 25338
Email: enquire@kic.org.ki

June 2012

Introductory Notes.

There are essentially five accounts in this report. The first account is the 'overall' consolidation account which sums up all the figures in the four subsequent accounts. This gives the overall profit and loss statement for the year, the overall balance sheet position and overall cash flow statement of the corporation as at the end of the year 2011. The 2010 figures are shown for comparative purposes.

The four subsequent accounts (or sectors) include Tarawa General Insurance Account (TrwGen), the Tarawa Life Insurance Account (TrwLife), the Xmas island General Insurance Account (XmasGen), and the Xmas island Life Insurance account (XmasLife). In terms of location, there are just two main offices of the KIC, the central office on Betio, Tarawa, and another small branch on Xmas island. The bulk of the insurance services and activities are concentrated on Tarawa though.

Each sector account gives the profit and loss statement for the year, the balance sheet position and the cash flow position as at the end of the year for each respective sector or cost centre. The first account shows the summary of the transactions while the following Notes show the main accounts in more detail.

In order to ease the calculations and in particular during the consolidation process, the terms in each of the four separate sector accounts are standardized, for instance the term 'net premium income', net profit, current asset, net asset, and liabilities, etc are used in all the four sector accounts. Using standardized or similar terms makes it easy to add all items into the consolidated accounts – and this is done using EXCEL spreadsheet.

Certification.

The accounts presented in this report have been prepared based on the relevant information maintained in the corporation. In the opinion of the KIC Board of Directors the accounts presented give a true and fair view of the financial performance of the corporation during the year 2011.

....	....
Tamarua Uriam	**Iete Rouatu**
General Manager	**Chairman (Board of Directors)**

Contents.

Kiribati Insurance Corporation
Notes to the Financial Statement
As at 31st December 2011.

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 accounting policies used by the Corporation.

1.1 Historical Cost.

The accounts are prepared under the historic cost convention and comply 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 rates are consistent to prior years' rates.

Motor Vehicle	33.3% p.a.
Furniture & 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.

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.

1. KIC Consolidated Financial Statement - 2011

	2011	2010
1a. Consolidated Profit and Loss Statement (period ended 31 Dec 2011).		
net premium income	1,394,645	1,159,992
Other income	258,452	245,977
less operating expense	(617,056)	(715,425)
less Life claims	(532,063)	(581,016)
prior period items	(237,142)	(31,795)
net profit	**266,835**	**77,733**
1b. Consolidated Balance Sheet(as at 31 Dec).		
total current asset	6,246,255	6,317,500
less current liabilities	(924,603)	(1,147,404)
= working capital	**5,321,652**	**5,170,096**
fixed assets	103,112	81,304
net asset	**5,424,763**	**5,251,400**
represented by		
capital reserves	3,600,255	3,796,731
retained profits	1,557,672	1,376,934
current year profit	266,835	77,733
total	***5,424,763***	***5,251,400***
1c. Consolidated Cash Flow Statement (as at 31 Dec).		
opening cash balance	5,331,079	5,354,457
from operating activities	27,204	(175,272)
from investments	44,562	101,564
from financing activities	(16,793)	50,330
closing cash balance	**5,386,052**	**5,331,079**

Notes: 1) The figures in this consolidated account come from four sepate accounts viz., TrwGen, TrwLife, Xmas Gen, and XmasLife.

2. Tarawa General (TrwGen) Financial Statement- 2011

	Notes	2011	2010
2a. Profit and Loss Statement (period ended 31 Dec 2011)			
net premium income	1	735,386	542,809
Other Income	2	$109,234	$134,104
less operating expense	3	(495,038)	(591,502)
prior period items	4	(237,042)	(31,795)
net profit		***112,540***	***53,616***
2b. Balance Sheet (as at 31st Dec)			
total current asset	5	1,931,560	2,115,404
less current liabilities	6	(747,668)	(1,020,606)
= working capital		**1,183,892**	**1,094,798**
fixed assets	7	76,660	53,216
net asset		***1,260,552***	***1,148,010***
represented by			
capital reserves		$1,011,850	1,011,848
retained profits		$136,162	82,546
current year profit		$112,540	53,616
total		**$1,260,552**	**1,148,010**
2c. Cash Flow Statement (as at 31st Dec)			
opening cash balance	**8**	1,113,890	1,203,551
from operating activities		(21,896)	(109,318)
from investments		(33,728)	19,657
from financing activities		-	-
Closing cash balance		**1,058,266**	**1,113,890**

Note 1 (TrwGen) Net Premium Income

Particulars	*WC*	*AV*	*FI*	*MA*	*GA*	*MV*	*2011*	*2010*
gross premium	23,902	226,727	165,627	30,478	170,305	217,696	834,735	700,278
less reinsurance	-6,699	-100,301	-147,041	-2,966	-74,366	-54,387	-385,760	-363,070
less premium refunds	-	-	-2,758	-302	-26,384	-20,406	-49,851	-12,063
net written premium	**17,202**	**126,426**	**15,828**	**27,210**	**69,556**	**142,903**	**399,124**	**325,146**
plus commission	1,898	10,684	14,896	-	15,763	9,236	52,478	60,631
unearned premium	-6,881	-50,570	-6,331	-10,884	-27,822	-57,161	-159,650	-130,058
for unearned premium	15,776	18,923	28,163	12,022	19,824	35,350	130,058	303,264
NET PREMIUM	**27,995**	**105,463**	**52,556**	**28,348**	**77,320**	**130,328**	**422,010**	**558,983**
claims recoveries	2,399	-	5,793	-	3,285	26,098	37,575	59,011
less claims paid	-7,250	-	-	-	-21,369	-81,848	-110,466	-87,850
plus O/S claims	21,252	-	22,739	53,561	94,269	398,704	590,524	603,190
less current O/S claims	-14,002	-	-928	-18,191	-69,153	-101,984	-204,257	-590,524
NET CLAIM	**2,399**	**-**	**27,604**	**35,370**	**7,033**	**240,970**	**313,376**	**-16,174**
NET PREMIUM INCOME	**30,394**	**105,463**	**80,160**	**63,718**	**84,353**	**371,298**	**735,386**	**542,809**

WC	Workers Compensation	MA	Marine Hull
AV	Aviation	GA	General Accident
FI	Fire	MV	Motor Vehicle

Note 2 (TrwGen) Other Income

	2011	*2010*
interest term deposit	$15,292	$19,657
prior period items		$5,743
sundry income	$5,558	$10,364
Xmas house rent	$715	$495
travel insurance		$17,726
cancellation fee	$2,495	$350
Quotation fees	$576	
claims income	$4,098	$9,763
contribution from Life	$80,500	$70,006
TOTAL	**$109,234**	**$134,104**

Note 3 (TrwGen) Operating Expenses

	2011	2010
salaries and wages	212,988	215,844
overtime	3,550	19,371
bonuses	2,146	7,649
KPF	17,550	23,642
house rent	14,274	13,442
leave grant	11,271	10,772
temporary assistance	17,908	31,997
total staff costs	***279,688***	***322,716***
staff training	1,683	1,664
Board expense	11,920	7,608
entertainment	1,937	1,098
office sundries	3,617	6,269
postage	25	376
printing	6,665	5,602
proffessional fees		2,500
telecommunication	9,220	20,669
electricity & water (PUB)	26,996	25,362
Re-insurance catastrophe	60,000	120,000
repair and maintenance	4,958	10,680
promotion	5,002	7,591
advertisement	2,033	-
donation	500	2,066
rent & accomodation	12,000	12,000
depreciation	25,574	7,457
motor vehicles running cost	9,951	13,812
local travel	5,960	13,294
overseas travel	5,984	7,403
Insurance expense	11,740	
Staff Uniform	1,841	
Reinsurance fee	5,040	
bank charges	1,701	2,093
island council charges	650	650
subscriptions	300	341
membership fees	55	250
total other costs	**215,350**	**268,786**

Total Operating Expenses	**495,038**	**591,502**

Note 4 (TrwGen) Prior Period Items

	2011	2010
Reinsurance Nov, Dec	40,248	
Written off claims	196,794	
Total	**237,042**	**$31,795**

Note 5 (TrwGen) Current assets

	2011	2010
cash & equivalents	1,058,266	1,113,890
receivables		
trade debtors	526,890	608,485
less prov for doubtful debts	(416,048)	(416,048)
Life Fund A/c TRW	139,140	132,906
Xmas General Fund	13,460	13,460
staff account receivables	13,231	15,335
sundry debtors	(4,895)	(4,895)
imprest account	21,991	29,474
Life General account	(28,698)	
Voip telephone	200	
suspense account	311,721	311,721
staff salary advance	12,055	22,254
accounts receivable	284,246	288,822
TOTAL current assets	**1,931,560**	**2,115,404**

Note 6 (TrwGen) Current liabilities

payables	*2011*	*2010*
Debtors suspense	118,691	118,691
Life Fund Xmas	14,780	14,780
BOK payable	(12,464)	(12,465)
DBK Payable	41	1,348
general insurance	320	320
house rent payables	(5,549)	(5,549)
KHC loan payable	(403)	(453)
KPF staff contribution	4,069	8,947
life premium payable	5,106	5,436
sundry payable	8,121	8,121
tax payable	(5,124)	166
TKL payable	(13)	(13)
TSKL payable	(4,654)	(4,654)
voluntary KPF payable	248	248
social committee payable	92	15
total payables	123,261	134,938
reinsurance payables		**2010**
R/I tax clearing	180,723	173,923
Willis Re	102,697	88,737
withholding tax	5,237	3,948
total reinsurance payables	**288,657**	**266,608**

provisions

provision for OS claims	89,397	475,664
prov for Unearned premium	233,018	130,058
total provision	**322,415**	**605,722**

accrued expense	**13,336**	**13,336**
TOTAL liabilities	**747,668**	**1,020,606**

Note 7 (TrwGen) Fixed Assets								
assets	rate	original value	additions	total value	Acc Depre 2010	depreciation 2011	NBV 2011	NBV 2010
buildings	2.5%	10,938	-	**10,938**	1,361	273	9,303	9,577
furniture	10.0%	33,942	450	**34,392**	33,942	450	-	-
GM furniture	10.0%	11.680	-	**11.680**	6.264	1.168	4.248	5.416
vehicles	33.3%	108,720	39,250	**147,970**	108,720	13,070	26,179	
equipment	20.0%	251,530	9,320	**260,850**	251,530	9,320	-	-
office improvement	10.0%	18,273	-	**18,273**	18,180	93	0	93
office renovation	2.5%	47,999	-	**47,999**	9,873	1,200	36,926	38,127
Total		**483,082**	**49,020**	**532,102**	**429,871**	**25,574**	**76,659**	**53,216**

Note NBV = total value of asset less accum depre less current depre

Note 8 (TrwGen) Cash flow statement		
	2011	*2010*
receipt from customers	1,271,226	664,714
payment to suppliers & employees	(1,293,123)	(774,032)
Net Flow	**(21,896)**	**(109,318)**
from investing acitivities		
receipt from Interest - Term deposit	15,292	19,657
receipt from non current assets		-
payment for non current assets	(49,020)	
Net Flow	**(33,728)**	**19,657**
from financing activities		
receipt from equity financing		-
payment to equity owners		-
Net Flow	-	-
Opening cash balance	*1,113,890*	*(89,661)*
plus total net cash flow	***(55,624)***	***1,203,551***
closing cash balance	***1,058,266***	***1,113,890***
made up of		
petty cash	*310*	*200*
cash at bank	*41,497*	*65,628*
Undeposited funds	*7,724*	*8,476*
term deposits IBDs	*1,012,532*	*1,043,390*
payroll cheque ac	*(3,796)*	*(3,804)*
total	***1,058,266***	***1,113,890***

3. Tarawa Life (TrwLife) Financial Statement- 2011

	Notes	2011	2010
3a. Profit and Loss Statement (ended 31 Dec 2011)			
net premium income	1	616,604	592,779
other income	2	134,227	106,047
less operating expense	3	(108,655)	(106,882)
less claims paid	4	(524,306)	(577,076)
net profit		**117,871**	**14,868**
3b. Balance Sheet (as at 31 Dec)			
total current asset	5	4,173,222	4,086,604
less current liabilities	6	(126,668)	(65,720)
= working capital		4,046,554	4,020,884
fixed assets		-	-
net asset		**4,046,554**	**4,020,884**
represented by			
capital reserves		2,390,181	2,585,385
retained profits		1,538,502	1,420,631
current year profit		117,871	14,868
total		**4,046,554**	**4,020,884**
3c. Cash Flow Statement (as at 31 Dec)	7		
opening cash balance		4,086,604	4,026,644
from operating activities		27,591	(77,386)
from Investing activities		77,139	79,537
from financing activities		(18,112)	57,809
closing cash balance		**4,173,222**	**4,086,604**

Note 1 (TrwLife) Net Premium Income		
	2011	*2010*
premium income	804,995	763,632
less premium returns	(188,391)	(170,853)
net premium income	**616,604**	**592,779**

Note 2 (TrwLife) Other Income		
	2011	**2010**
interest on IBD	77,139	79,537
commission revenue	9,251	10,810
other income	635	6,155
Outstanding Life Premiums	35,554	
Admin charge	11,649	9,545
Total	**134,227**	**106,047**

Note 3 (TrwLife) Operating Expenses		
	2011	**2010**
acturial fees		
sundry expenses		
bank charges	1,807	1,940
contribution to General Fund	80,500	70,006
telecom charges		
Professional fees	5,728	
life premium trf to Xmas	20,620	8,531
outstanding maturities		26,405
Total	**108,655**	**106,882**

Note 4 (TrwLife) Claims paid		
	2011	**2010**
surrendered claims	191,257	282,525
maturity claims	210,650	244,596
death claims	23,588	20,799
bonus claims	98,810	29,156
Total	**524,306**	**577,076**

Note 5 (TrwLife) Current assets

	2011	*2010*
undeposited funds	27,619	1,949
cash at bank	68,906	44,246
IBD accounts	4,076,698	4,040,409
at-call account		-
Total	4,173,222	4,086,604

Note 6 (TrwLife) Current liabilities

	2011	**2010**
suspense account	(196,326)	(195,781)
Life General Fund	(49,289)	35,209
General Fund payables	71,920	71,923
withholding tax	45,787	22,929
Payroll Lia - Tax payable	1,240	
Total	**(126,668)**	**(65,720)**

Note 1. Life General Fund records the Life account's liability from General account.

Note 2. Witholing tax is the tax liability on surrended policies

Note 7 (TrwLife) Cash flow statement

	2011	2010
from operating activities		
receipts from customers	1,303,207	1,065,696
payments to policy holders	(1,275,615)	(1,143,082)
net flow	**27,591**	**(77,386)**
from investing activities		
receipts from Interest - Term deposit	77,139	79,537
receipts from non current assets		
payments from non current assets		
net flow	**77,139**	**79,537**
from financing activities		
receipts from equity financing	(18,112)	57,809
payments from equity financing		-
net flow	**(18,112)**	**57,809**
opening cash balance	4,086,604	4,026,644
add net cash inflow	86,618	59,960
closing cash balance	**4,173,222**	**4,086,604**
represnted by:		
cash at bank	68,906	44,246
undeposited funds	27,619	1,949
term deposit (IBD)	4,076,698	4,040,409
Total	**4,173,222**	**4,086,604**

4. Xmas General (XmasGen) Financial Statement- 2011

	Notes	2011	2010
4a. Profit and Loss statement (ended 31 Dec 2011)			
net premium income	1	16,455	19,111
other income		$12,579	$771
less operating expense	2	($9,874)	($15,608)
Prior Period Items		($100)	
net profit		**19,060**	**4,276**
4b. Balance Sheet (as at 31 Dec)			
total current asset	3	(973)	(5,001)
less current liabilities	4	(43,463)	(58,865)
= working capital		**(44,437)**	**(63,866)**
fixed assets	5	26,452	28,092
net asset		**(17,985)**	**(35,774)**
represented by			
capital reserves		152,985	154,257
retained profits		(190,031)	(194,307)
current year profit		19,060	4,276
Total		**(17,985)**	**(35,774)**
4c. Cash Flow Statement (as at 31 Dec)	6		
opening cash balance		10,092	11,948
from operating activities		1,314	(4,226)
from investments		(608)	2,370
from financing activities		1,320	-
closing cash balance		**12,118**	**10,094**

Note 1 (XmasGen) Net Premium Income								
Particulars	**WC**	**AV**	**FI**	**MA**	**GA**	**MV**	**2011**	**2010**
gross premium	2,656		52,559			2,560	57,775	59,275
less reinsurance	-	-	(44,199)	-	-	-	(44,199)	(43,487)
	-	-	-	-		-	-	-
net written premium	**2,656**	**-**	**8,360**	**-**	**-**	**2,560**	**13,576**	**15,788**
plus commission	-	-	-	-	-	-	-	-
Unpremium - Current	(1,063)	-	(3,344)	-	-	(1,024)	(5,431)	(23,710)
Unpremium- Previous		-	4,938	283	289	2,798	8,309	27,399
NET PREMIUM	**1,594**	**-**	**9,954**	**283**	**289**	**4,334**	**16,455**	**19,477**
claim recoveries							-	
less claims paid	-	-	-	-	-	-	-	(366)
plus O/S claims - current	-	-	-	-	-	1,235	1,235	1,235
Less O/s claims - previous	-	-	-	-	-	(1,235)	(1,235)	(1,235)
NET CLAIM	-	-	-	-	-	-	-	(366)
NET PREMIUM INCOME	**1,594**	**-**	**9,954**	**283**	**289**	**4,334**	**16,455**	**19,111**

WC	Workers Compensation	MA	Marine Hull
AV	Aviation	GA	General Accident
FI	Fire	MV	Motor Vehicle

Note 2 (XmasGen) Operating Expenses		
	2011	*2010*
salaries and wages	-	-
bonuses and allowances	-	-
overtime	212.52	135
KPF	-	858
ieave grant		-
total staff costs	**212.52**	**993**
entertainment	534	1,432
housing expenses	-	
office sundries	1,227	779
printing & stationeries	1,347	84
telecom	110	1,568
electricity	358	-
repair and maintenance	3,542	5,978
Xmas general expenses	258	105
promotion	437	1,122
advertisement		197
donation	300	-
depreciation	2,248	2,370
motor vehicle running cost	2,059	1,861
local travel	242	-
bank charges	172	391
Prior Period Items	100	
LIFE contribution to General	(3,273)	(1,272)
total 'other costs'	***9,661***	***14,615***
TOTAL	**9,874**	**15,608**

Note: Personal Emoluments such as Salaries, Wages, Allowances are paid from Tarawa General account.

Note 3 (XmasGen) Current assets

	2011	2010
cash & equivalents	12,119	10,093
receivables		
trade debtors	1,235	1,235
Life Fund --Xmas		-
Life Fund account--TRW		
Xmas General Fund	(10,588)	(10,588)
staff account receivables		-
sundry debtors	(8,763)	(8,763)
imprest account	300	300
suspense account		-
staff salary advance	1,450	1,450
Life general account	3,273	1,272
TOTAL current assets	**(973)**	**(5,001)**

Note 4 (XmasGen) Current liabilities

payables	*2011*	*2010*	*2009*
creditors suspense		-	
KIC HQ (reinsurance	29,564	29,564	29,564
BOK payable			
DBK Payable	40	40	40
general insurance			
house rent payables	474	474	474
Staff Life Insurance payable	135	135	135
KPF staff contribution			(375)
life premium payable			
sundry payable	2,667	2,667	146
tax payable	1,040	1,040	1,040
total payables	**33,919**	**33,920**	**31,024**

provisions

provision for OS claims	1,235	1,235	21,003
prov for Unearned premium	8,309	23,710	12,787
total provision	**9,544**	**24,945**	**33,790**

accrued expense	-	-	-

TOTAL liabilities	**43,463**	**58,865**	**64,814**

Note 5 (XmasGen) Fixed Assets

assets	rate	original value	additions	total value	accumulated depreciation	depreciation 2011	Acc Depr 2011	NBV 2011	NBV 2010
buildings	2.5%	27,701		**27,701**	3,554	693	4,246	23,454	24,147
furniture	10.0%	4,825		**4,825**	2,276	483	2,758	2,067	2,550
vehicles	33.3%	14,969	-	**14,969**	14,969	-	14,969	-	-
equipment	20.0%	8,868	608	**9,475**	8,868	608	9,475		
office improvement	10.0%	4,649	-	**4,649**	3,254	465	3,719	930	1,395
Total		**61,012**	-	**61,012**	**30,549**	**2,248**	**35,168**	**26,452**	**28,092**

Note NBV = total value of asset less accum depre less current depreciation

Note 6 (XmasGen) Cash flow statement

	2011	2010
from operating activities		
receipts from customers	50,542	93,569
payments to policy holders	(49,228)	(97,795)
net cashflow	**1,314**	**(4,226)**
from investing activities		
receipts from non current assets		2,370
payments from non current assets	(608)	-
netcashflow	**(608)**	**2,370**
from financing activities		
receipts from equity finaincing	1,320	-
payments from equity financing		-
net cashflow	**1,320**	**-**
opening cash balance	**10,092**	11,948
add net cash inflow	**2,026**	(1,856)
closing cash balance	**12,119**	**10,092**
represnted by:		
petty cash	*200*	200
cash at bank	*11,669*	9,644
undeposited funds	*250*	250
total	**12,119**	**10,094**

5. Xmas Island Life (XmasLife) Financial Statement- 2011

	Notes	2011	2010
5a. Profit and Loss Statement (ended 31 Dec 2011)			
net premium income	1	26,199	5,293
Other Income	2	2,412	5,055
less operating expense	3	(3,490)	(1,433)
less claims paid	4	(7,757)	(3,940)
net profit		***17,363***	***4,975***
5b. Balance Sheet (as at 31 Dec)			
total current asset	5	142,446	120,493
less current liabilities	6	(6,803)	(2,213)
= working capital		**135,643**	**118,280**
fixed assets		-	-
net asset		**135,643**	**118,280**
represented by			
capital reserves		45,240	45,241
retained profits		73,039	68,064
current year profit		17,363	4,975
Total		**135,643**	**118,280**
5c. Cash Flow Statement (as at 31 Dec)			
	7		
opening cash balance		120,493	112,314
from operating activities		20,195	15,658
from investments		1,758	-
from financing activities			(7,479)
closing cash balance		**142,446**	**120,493**

Note 1 (XmasLife) Net Premium Income		
	2011	*2010*
premium income	32,732.92	12,773
less premium returns	(6,534)	(7,480)
net premium income	**26,199**	**5,293**

Note 2 (XmasLIfe) Other Income		
interest on IBD	1,758	-
commission revenue	84	-
other income	570	5,055
sundry revenue		-
Total	**2,412**	**5,055**

Note 3 (XmasLife) Expenses		
bank charges	217	156
contribution to General Fund	3,273	1,277
Total	**3,490**	**1,433**

Note 4 (XmasLife) Claims paid		
surrendered claims	5,078	-
maturity claims		1,945
death claims	2,679	-
bonus claims		1,995
Total	**7,757**	**3,940**

Note 5 (XmasLife) Current assets		
	2011	***2010***
cash & cash equivalents	142,446	120,493
Total	**142,446**	**120,493**

Note 6 (XmasLife) Current liabilities		
general account payable	4,551	1,277
withholding tax	2,253	936
Total	**6,803**	**2,213**

Note 7 (XmasLife) Cash flow statement

	2011	2010
from operating activities		
receipts from customers	39,033	28,589
payments to policy holders	(18,838)	(12,931)
net flow	**20,195**	**15,658**
from investing activities		
receipts from IBD interest	1,758	
payments from non current assets	-	-
net flow	**1,758**	**-**
from financing activities		
receipts from equity financing	-	
payments from equity financing		(7,479)
net flow	-	**(7,479)**
opening cash balance	120,493	112,314
add net cash inflow	21,953	8,179
closing cash balance	**142,446**	**120,492**
represnted by:		
cash at bank	39,268	19,193
undeposited funds	120	
IBD accounts	103,058	101,299
payroll cheq account		
Total	**142,446**	**120,492**