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 Years 2007 & 2008

KIRIBATI NATIONAL AUDIT OFFICE
April 2012

KIRIBATI INSURANCE CORPORATION

AUDITED ACCOUNTS

<u>YEARS: 2007 & 2008</u>

"INSURE TO SECURE"

TUESDAY, APRIL 24, 2012

KNAO

For the Parliament and the People of Kiribati

P.O.Box [illegible]
Bairiki Tarawa
Republic of Kiribati
Telephone: (686) 21335
Email: audit@tskl.net.ki

KIRIBATI NATIONAL AUDIT OFFICE

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

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Audit Report

To the readers of Kiribati Insurance Corporation's financial statements for the year ended 31 December 2008

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.

- Variance of $986,532 was identified due to no reconciliation being done between the debtors control account and individual accounts.
- 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 2008.

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.

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 2008 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

AUDITED ACCOUNTS

YEAR: 2008

Kiribati Insurance Corporation
Consolidated Statement of Financial Performance
For General and Life Accounts
For the Year ended 31st December 2008

	General			Life			
	Tarawa	Xmas	Total	Tarawa	Xmas	Total	Consolidation
Net Premium Income/ Profit on Premium	$382,016.98	$17,590.78	$399,607.76	$543,608.94	$14,748.20	$558,357.14	$957,964.90
Less Operating expenses	-$579,687.24	-$36,174.89	-$615,862.13	-$680,522.46	-$14,429.00	-$694,951.46	-$1,310,813.59
Prior Perid Items	-$1,234.79		-$1,234.79	$0.00		$0.00	-$1,234.79
Other Income	$1,088.25	$10,075.06	$11,163.31	$21,818.04	$10,001.54	$31,819.58	$42,982.89
Net Profit (Loss)	-$197,816.80	-$8,509.05	-$206,325.85	-$115,095.48	$10,320.74	-$104,774.74	-$311,100.59

Kiribati Insurance Corporation
Consolidated Statement of Financial position
For General and Life Accounts
As at 31 December 2008

	General			Life			
	Tarawa	Xmas	Total	Tarawa	Xmas	Total	Consolidation
Total Current Assets	$2,278,686.22	-$10,324.51	$2,268,361.71	$3,772,084.46	$121,600.67	$3,893,685.13	$6,162,046.84
Less Current Liabilities	$2,278,686.22	-$62,367.78	$2,216,318.44	-$8,369.33	$5,846.67	-$2,522.66	$2,213,795.78
Working Capital	$4,557,372.44	-$72,692.29	$4,484,680.15	$3,780,453.79	$115,754.00	$3,891,162.47	$8,375,842.62
Property, Plant & Equipment	$79,256.56	$33,875.12	$113,131.68	$0.00	$0.00	$0.00	$113,131.68
	$4,636,629.00	-$38,817.17	$4,597,811.83	$3,780,453.79	$115,754.00	$3,896,207.79	$8,494,019.62
Represented by:							
Capital Reserve							$0.00
	$4,636,629.00	-$38,817.17	$4,597,811.83	$3,780,453.79	$115,754.00	$3,896,207.79	$8,494,019.62

Kiribati Insurance Corporation
Consolidated Statement of Cash flow statement
For General and Life Accounts
For the Year ended 31 December 2008.

Net Cash flow from Operating Activities	-$433,234.02	-$609.12	-$433,843.14	-$318,746.04	$14,137.31	-$304,608.73	-$738,451.87
Net Cash flow from Investing Activities	-$35,312.14	$3,077.84	-$32,234.30	-$160.00	$70.60	-$89.40	-$32,323.70
Net Cash flow from Financing Acvities	$38,565.68	-$2,121.33	$36,444.35	$0.00	$0.00	$0.00	$36,444.35
Net Change in Cash and Cash Equivalents	-$429,980.48	$347.39	-$429,633.09	-$318,906.04	$14,207.91	-$304,698.13	-$734,331.22
Plus Opening balance of Cash & Cash Equ	$1,568,504.13	$4,175.59	$1,572,679.72	$4,090,990.50	$105,004.70	$4,195,995.20	$5,768,674.92
Closing balance of Cash & Cash Equivalen	$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

Kiribati Insurance Corporation (General Account - Tarawa)
Statement of Financial Performance
For the year ended 31st December 2008.

	NOTE	2008	2007
Profit on Premium Revenue	2	$ 382,016.98	$ 609,309.17
Less Operating Expenses	3	-$ 579,687.24	-$ 490,547.08
Prior Period Items	4	-$ 1,234.79	$ -
Other Income		$ 1,088.25	$ 55,339.46
Net Profit/(Loss)		**-$ 197,816.80**	**$ 174,101.55**

Kiribati Insurance Corporation
Statement of Financial Position
As at 31st December 2008.

	NOTE	2008	2007
Current Assets			
Cash & Cash Equivalent	(a)	$1,138,523.65	$ 1,568,504.13
Receivables	5	$ 1,140,162.57	$ 1,012,535.69
Total Current Assets		**$2,278,686.22**	**$ 2,581,039.82**
Less Current Liabilities			
Payables	6	$ 608,421.30	$ 758,314.99
Reinsurance Payables	7	$ 196,035.20	$ 32,283.28
Provisions	8	$ 364,744.44	$ 486,393.00
Accrued Expenses	9	$ 15,075.13	$ 15,075.13
Total Liabilities		**$ 1,184,276.07**	**$ 1,292,066.40**
Working Capital		**$1,094,410.15**	**$ 1,288,973.42**
Plus Non-Current Assets			
Property, Plant & Equipment	10	$ 79,256.56	$ 117,822.24
Net Assets		**$1,173,666.71**	**$ 1,406,795.66**
Represented by:			
Equity			
Capital Reserves		$ 1,048,177.62	$1,048,177.62
Retained Profits		$ 125,489.09	$358,618.04
Total Equity		**$ 1,173,666.71**	**$1,406,795.66**

Chairman .... Director ....

The accompanying notes form the integral part of these financial statements

Kiribati Insurance Corporation

Statement of Cash Flow

For the year ended 31st December 2008.

	Note	2008	2007
Cashflow from Operating activities			
Receipts from Customers		$1,118,963.02	$527,079.18
Payment to Suppliers & Employees		-$1,552,197.04	-$387,452.20
Cash flow from Operating acvities	(b)	**-$433,234.02**	**$139,626.98**
Cash flow from Investing acvities			
Receipts from Non-Current Assets			
Payments from Non-Current Assets		$38,565.68	$29,618.45
Cash flow from Investing acvities		**$38,565.68**	**$29,618.45**
Cashflow from Financing Acvities			
Receipt from Equity Financing		-$35,312.14	0
Payments to Equity Owners			
Cash flow from Financing Acvities.		**-$35,312.14**	**$0.00**
Net Change in Cash and Cash Equivalents		-$429,980.48	$110,008.53
Plus Opening Balance of Casn and Cash Equivalents		$1,568,504.13	$1,458,495.60
Closing Balance of Cash and Cash Equivalents		$1,138,523.65	$1,568,504.13

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

	2008	2007
Petty Cash	$200.00	$195.00
Cash at Bank	-$7,831.93	$253,274.91
Undeposited Funds	$17,024.72	-$14,096.64
Term deposit (IBD) Accounts	$1,125,905.26	$1,325,905.26
At call accounts	$3,225.60	$3,225.60
	$1,138,523.65	$1,568,504.13

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

	2008	2007
Net profit	**-$197,816.80**	**$174,101.55**
Add back Non cash flow expenses		
Depreciation	$63,587.18	$82,135.26
Provision for Doubtful debts		$0.00
Gain from sale of assets		
Changes in Balance sheet items		
Increase/Decrease in Debtors & Prepayments	-$53,911.61	-$137,569.45
Increase/ Decrease in Accrued Revenue		
Increase/ Decrease in Account Payables	-$245,092.79	$20,959.62
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	**-$433,234.02**	**$139,626.98**

Kiribati Insurance Corporation
Notes to the Financial Statements
For the year ended 31st December 2008.

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	2008
Gross Premiums	$49,063.50	$246,371.62	$144,126.24	$28,071.63	$69,958.24	$424,466.98	$962,058.21
Less Reinsurance	-$15,463.57	-$320,116.67	-$115,838.58		-$127,840.48	-$71,464.73	-$650,724.03
Net Written Premiums	$33,599.93	-$73,745.05	$28,287.66	$28,071.63	-$57,882.24	$353,002.25	$311,334.18
Plus Commission	$3,092.71	$27,334.40	$19,534.30	$14,227.84	$4,741.59	$13,876.23	$82,807.07
							$0.00
Less Provisions for Unea	-$19,625.40	-$98,548.65	-$57,650.50	-$11,228.65	-$27,983.30	-$169,638.79	-$384,675.29
Plus Last Year's Prov for	$10,714.76	$127,549.20	$62,267.14	$25,120.67	$100,715.81	$149,947.46	$476,315.04
(A)	**$27,782.00**	**-$17,410.10**	**$52,438.60**	**$56,191.49**	**$19,591.86**	**$347,187.15**	$485,781.00
Plus Claims paid				$15,525.02	$942.28	$122,578.06	$139,045.36
Less Claim Recoveries				-$1,796.25	-$68.64	-$3,407.65	-$5,272.54
Less Outstanding claims (Current)						-$33,025.00	-$33,025.00
Add last Year's O/s claims						$3,016.20	$3,016.20
(B)	**$0.00**	**$0.00**	**$0.00**	**$13,728.77**	**$873.64**	**$155,211.61**	**$103,764.02**
Profit/(Loss) (A) - (B)	**$27,782.00**	**-$17,410.10**	**$52,438.60**	**$42,462.72**	**$18,718.22**	**$191,975.54**	**$382,016.98**

3 Operating Expenses.

	2008	2007
Salaries & Wages	$188,119.45	$181,454.56
Overtime	$14,506.37	$11,473.22
Bonus & Allowances	$13,889.31	$9,493.96
KPF Subsidy	$13,529.78	$13,437.28
House Rent Subsidy	$4,516.67	$4,292.17
Leave Grant	$24,376.97	$10,750.00
Training	$2,799.00	$52,026.50
Staff Loan repayment	$14,374.43	$1,854.50
Boards Expense	$8,038.05	
Entertainment	$5,697.27	$6,581.40
Office Sundries	$6,732.70	$496.35
Postage	$280.25	$277.80
Printing & Stationery	$4,418.15	$7,933.26
Professional Fees	$1,453.75	$6,700.00
Telecom charges		$10,907.68
PUB Charges	$29,712.06	$19,568.50
R/I Catastrophy XOL	$65,000.00	
Repairs & Maintenance	$24,476.09	$2,853.70
Xmas General Expenses		$400.00
Housing expe	$15,618.00	
Depreciation Expense	$63,587.18	$82,135.26
Promotion	$8,630.55	$12,433.36
Advertising	$5,975.00	$3,348.80
Donation	$1,645.00	$2,050.00
Promotion - Silver Jubile		-$228.40
Rent & Accommodation	$0.00	$10,418.60
M/V Running cost	$14,418.85	$13,890.80
Travel Local	$38,198.41	$25,037.74
Travel Overseas	$7,695.78	
Bank Charges	$1,538.17	
Council Rates	$160.00	$660.00
Membership Fees	$300.00	$300.00
	$579,687.24	$490,547.08

4 Prior Period Items	$ 1,234.79	0

5. Receivables

Trade Debtors control	$1,014,709.49	$989,340.00
Less Prov'n for Doubtful Debts	-$480,627.91	-$480,627.91
Life Fund account - TRW	$130,076.51	$126,438.66
Xmas General Fund	$13,460.24	$13,460.24

Staff Account Receivable	$102.77	$654.60
Sundry Debtors	-$7,037.05	-$9,368.80
Imprest account	$16,910.84	$2,568.35
Suspense account	$62,088.04	-$11,627.24
Staff salary advance	$13,069.53	$4,287.67
Accounts Receivable	$377,410.11	$377,410.12
	$1,140,162.57	**$1,012,535.69**

6 Payables

Debtors suspense	$598,628.28	$598,628.28
Life Fund account - Xmas	$14,780.37	$14,780.37
BOK Payable	-$11,404.65	-$4,836.01
DBK Payable	$29.45	$832.00
General Insurance	$320.00	$100.00
House Rent Payable	-$6,258.45	-$5,361.60
~~KHC Loan Payable~~	~~-$502.72~~	~~-$412.72~~
KPF Staff Contribution	$5,928.33	$4,181.79
Life Premium Payable	$7,391.13	$2,611.50
Sundry Payable	$2,143.62	$927.39
Tax Payable	-$1,756.61	$3,167.62
TKL Payable	-$13.00	-$83.00
TSKL Payable	-$1,060.00	-$510.00
Voluntary KPF Payable	$195.55	**$0.00**
	$608,421.30	**$614,025.62**

7 Reinsurance Payables

R/I - Tax Clearing	$163,285.35	$144,289.37
Facultative	$1,399.08	$1,399.08
Quota Share	$2,166.13	$2,166.13
Surplus	$28,718.07	$28,718.07
Withholding Tax	$466.57	**$0.00**
	$196,035.20	**$176,572.65**

8 Provisions

Prov for outstanding claim	$202,203.20	$232,212.00
Prov for Unearned Premium	$162,541.24	$254,181.00
	$364,744.44	**$486,393.00**

9 Accrued Expense	**$15,075.13**

10 Property, Plant	Rate	Original Cost	Additions	Total Cost	Acc Depr 2007	Depr 2008	Acc Depr 2008	NBV 2008	NBV 2007
ASSET									
Building	2.50%	$ 8,316.34	$ -	$ 8,316.34	$ 606.39	$ 207.91	$ 814.30	$ 7,502.04	$ 7,709.95
Furniture & Fittings	10%	$ 30,563.73	$ 1,369.15	$ 31,932.88	$ 26,280.23	$ 3,193.29	$ 29,473.52	$ 2,459.36	$ 4,283.50
GM - Furniture	10%	$ 3,759.77	$ 2,783.70	$ 6,543.47	$ 3,831.83	$ 654.35	$ 4,486.18	-$ 2,057.29	-$ 72.06
Motor Vehicles	33.30%	$ 105,239.73	$ 880.00	$ 106,119.73	$ 96,754.23	$ 9,365.50	$ 106,119.73	$ -	$ 8,485.40
Office Equipment	20%	$ 216,501.64	$ 19,204.50	$ 235,706.14	$ 164,086.69	$ 47,141.23	$ 211,227.92	$ 24,478.22	$ 52,414.95
Office Improvement	10%	$ 18,273.08	$ -	$ 18,273.08	$ 14,118.51	$ 1,827.31	$ 15,945.82	$ 2,327.26	$ 4,154.57
Office Renovation	2.50%	$ 47,119.83	$ 784.15	$ 47,903.98	$ 6,274.00	$ 1,197.60	$ 7,471.60	$ 40,432.38	$ 40,845.83
Total		**$ 429,774.12**	**$ 25,021.50**	**$ 454,795.62**	**$ 311,951.88**	**$ 63,587.18**	**$ 375,539.06**	**$ 79,256.56**	**$ 117,822.14**

Kiribati Insurance Corporation (Tarawa Life Fund)
Statement of Financial Performance
For the Year Ended 31 December 2008

	NOTE	2008	2007
Net Premium Income	2	$543,608.94	$676,221.00
Other Income	3	$21,818.04	$156,901.00
Total INCOME		$565,426.98	$833,122.00
OUTGO:			
Claims Paid	4	$479,366.31	$448,536.00
Expenses Paid & Charges	5	$201,156.15	$43,142.00
Total OUTGO		$680,522.46	$491,678.00
Excess of Income over Outgo		**-$115,095.48**	**$341,444.00**

Kiribati Insurance Corporation (Life Fund)
Statement of Financial Position
As at 31 December 2008.

	NOTE	2008	2007
Current Assets;			
Cash & Cash Equivalents	6	$3,772,084.46	$4,090,991.00
Receivables	7	$0.00	$0.00
Accrued Revenue	8	$0.00	$0.00
Total Current Assets		**$3,772,084.46**	**$4,090,991.00**
Less Current Liabilities:			
Payables	9	-$8,369.33	$195,281.00
Working Capital		**$3,780,453.79**	**$3,895,710.00**
Represented by:			
Equity:			
Capital Reserves	10	$3,780,453.79	$3,895,710.00

Chairman ....

Director ....

The accompanying notes form the integral part of these financial statements

Kiribati Insurance Corporation - Life Fund
Statement of Cash Flow
For the year ended 31st December 2008.

	Note	2008	2007
Cashflow from Operating activities			
Receipts from Customers		$766,412.65	
Payment to Suppliers & Employees		-$1,085,158.69	
Cash flow from Operating acvities	(b)	**-$318,746.04**	
Cash flow from Investing acvities			
Receipts from Non-Current Assets			
Payments from Non-Current Assets		$0.00	
Cash flow from Investing acvities		**$0.00**	
Cashflow from Financing Acvities			
Receipt from Equity Financing		-$160.00	
Payments to Equity Owners			
Cash flow from Financing Acvities.		**-$160.00**	
Net Change in Cash and Cash Equivalents		-$318,906.04	
Plus Opening Balance of Casn and Cash Equivalents		$4,090,990.50	
Closing Balance of Cash and Cash Equivalents		**$3,772,084.46**	

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

	2008
Petty Cash	
Cash at Bank	$5,831.00
Undeposited Funds	
Term deposit (IBD) Accounts	$3,635,093.89
At call accounts	$131,159.57
	$3,772,084.46

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

Net profit	-$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	-$203,650.56
Increase/ Decrease in Reinsurance Payables	
Increase/ Decrease in Provisions	
Increase/ Decrease in Accrued Expenses	
Net cash flow from operating acvities	**-$318,746.04**

Kiribati Insurance Corporation (Tarawa Life Fund)
Notes to the Financial Statements
For the year ended 31 December 2008.

	2008	2007
Note 2		
Premium Income:		
Gross Premium	$744,594.61	$787,225.68
Less Refunds	-$200,985.67	-$111,005.12
	$543,608.94	$676,220.56
Note 3		
Other Income:		
Interest IBDs		$135,423.72
Interest At - Call		
Commission Received	$10,529.88	$12,345.99
Other Income	$11,288.16	$9,131.63
	$21,818.04	$156,901.34
Note 4		
Claims paid:		
Surrendered	$269,672.93	$219,909.67
Maturity	$204,876.72	$208,554.41
Death	$1,250.00	$15,998.00
Bonus	$3,566.66	$4,073.59
	$479,366.31	$448,535.67
Note 5		
Expenses Paid & Charged:		
Acturial fees	$0.00	
Marketing exp	$350.00	$1,350.00
Bank charges	$1,234.95	$1,348.80
Commissin exp		-$1.00
Contribution to General Fund	$189,141.09	$40,000.00
Printing & Stationery	$10,430.11	$444.10
	$201,156.15	$43,141.90
Note 6		
Cash Assets;		
Cash at Bank	$5,831.00	$324,737.04
Term Deposit (IBD)	$3,635,093.89	$3,635,093.89
Term Deposit (IBD) At Call	$131,159.57	$131,159.57
	$3,772,084.46	$4,090,990.50
Note 7		
Receivables;	$0.00	$0.00

Note 8

Accrued Revenue

	$0.00	$0.00

Note 9

Payables;

General Fund Payable	$203,082.24	$201,888.24
Suspense	-$256,840.48	-$51,603.29
Witholding Tax	$45,388.91	$44,996.28
	-$8,369.33	$195,281.23

Note 10

Capital Reserve

Balance at 1 Jan 2008	$3,895,549.27	$2,374,691.26
Net Profit & (Loss)	-$115,095.48	$1,521,018.01
Balance at 31 Dec 2008	$3,780,453.79	$3,895,709.27

Kiribati Insurance Corporation (General Account - Xmas)
Statement of Financial Performance
For the year ended 31st December 2008.

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

Kiribati Insurance Corporation
Statement of Financial Position
As at 31st December 2008.

	NOTE		2008
Current Assets			
Cash & Cash Equivalent	(a)		$4,522.98
Receivables	5	-$	14,847.49
Total Current Assets			-$10,324.51
Less Current Liabilities			
Payables	6	$	31,022.61
Reinsurance Payables	7	$	-
Provisions	8	$	31,345.17
Accrued Expenses	9	$	-
Total Liabilities		$	62,367.78
Working Capital			-$72,692.29
Plus Non-Current Assets			
Property, Plant & Equipment	10	$	33,875.12
Net Assets			-$38,817.17
Represented by:			
Equity			
Capital Reserves		$	139,420.22
Retained Profits		-$	178,237.39
Total Equity		-$	38,817.17

Chairman .... Director ....

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

Kiribati Insurance Corporation
Statement of Cash Flow
For the year ended 31st December 2008.

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

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

	2008
Petty Cash	$200.00
Cash at Bank	$4,322.98
	$4,522.98

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

Net profit	-$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	-$1,375.90
Increase/ Decrease in Accrued Revenue	
Increase/ Decrease in Account Payables	$9,275.82
Increase/ Decrease in Reinsurance Payables	
Increase/ Decrease in Provisions	
Increase/ Decrease in Accrued Expenses	
Net cash flow from operating acvities	-$609.12

9

2 Profit on Premiums Revenue

	WC	AV	FI	MA	GA	MV	2008
Gross Premiums			$47,162.15	$641.00	$896.92	$13,100.53	$61,800.60
Less Reinsurance			-$36,669.00				-$36,669.00
Net Written Premiums	$0.00	$0.00	$10,493.15	$641.00	$896.92	$13,100.53	$25,131.60
Plus Commission	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Less Provisions for Unearne	$0.00	$0.00	-$18,864.86	-$256.40	-$358.77	-$5,240.21	-$24,720.24
Plus Last Year's Prov for Uneared Premiums			$12,107.66	$1,903.85	$946.06	$3,240.80	$18,198.37
(A)	**$0.00**	**$0.00**	**$3,735.95**	**$2,288.45**	**$1,484.21**	**$11,101.12**	**$18,609.73**
Claim Recoveries	$0.00	$0.00	$0.00	$0.00	$50.00	$1,500.00	**$1,550.00**
Less claims paid	$0.00	$0.00	$0.00	-$1,653.00	-$149.45	-$566.50	-$2,368.95
Plus Outstanding claims (Cu	$0.00	$0.00	$0.00	$0.00	$0.00	$1,000.00	$1,000.00
Less Outstanding claims (Pr	$0.00	$0.00	$0.00	$0.00	$0.00	-$1,200.00	-$1,200.00
(B)	**$0.00**	**$0.00**	**$0.00**	**-$1,653.00**	**-$99.45**	**$733.50**	**-$1,018.95**

Operating Expenses.

	2008
Salaries & Wages	$13,761.00
Bonus & Allowances	$1,605.37
Leave Grant	$750.00
Bank charges	$924.85
Entertainment exp	$1,427.00
Housing exp	$227.95
Motor running cost	$5,133.70
Office sundries exp	$227.55
Printing & Stationery exp	$1,156.85
Depreciation	$3,413.37
Promotional exp	$101.70
Repairs & Maintenance	$2,237.35
Telecom exp	$2,623.85
Travelling local	$2,584.35
	$36,174.89

4 Prior Period Items $ -

5. Receivables

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

6 Payables

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

$31,022.61

8 Provisions

Prov for outstanding claim	$21,238.00
Prov for Unearned Premium	$10,107.17
	$31,345.17

9 **Accrued Expense** **$0.00**

10 Property, Plant & Equip	Rate	Original cost	Additions	Total Cost	Acc depr 2007	Depr 2008	Acc Depr 2008	NBV 2008
ASSET								
Building	2.50%	$ 27,700.85		$ 27,700.85	$ 1,476.32	$ 692.52	$ 2,168.84	$ 25,532.01
Furniture & Fittings	10%	$ 4,215.30	$ 609.99	$ 4,825.29	$ 828.35	$ 482.53	$ 1,310.88	$ 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	$ 4,590.28	$ 1,773.51	$ 6,363.79	$ 2,503.76
Office Improvement	10%	$ 4,649.04		$ 4,649.04	$ 1,859.20	$ 464.90	$ 2,324.10	$ 2,324.94
Total		**$ 60,401.71**	**$ 609.99**	**$ 61,011.70**	**$ 23,723.12**	**$ 3,413.46**	**$ 27,136.58**	**$ 33,875.12**

Kiribati Insurance Corporation (Xmas Life Fund)
Statement of Financial Performance
For the Year Ended 31 December 2008

	NOTE	2008
Net Premium Income	2	$14,748.20
Other Income	3	$10,001.54
Total INCOME		**$24,749.74**
OUTGO:		
Claims Paid	4	$8,684.50
Expenses Paid & Charges	5	$5,744.50
Total OUTGO		**$14,429.00**
Excess of Income over Outgo		**$10,320.74**

Kiribati Insurance Corporation (Xmas Life Fund)
Statement of Financial Position
As at 31 December 2008.

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

Chairman .... Director ....

The accompanying notes form the integral part of these financial statements

Kiribati Insurance Corporation - (Xmas Life Fund
Statement of Cash Flow
For the year ended 31st December 2008.

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

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

	2008
Cash at Bank	$10,522.27
Term deposit (IBD) Accounts	$108,690.34
	$119,212.61

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

Net profit	**$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	-$977.46
Increase/ Decrease in Accrued Revenue	-$20.00
Increase/ Decrease in Account Payables	$3,709.03
Increase/ Decrease in Reinsurance Payables	
Increase/ Decrease in Provisions	
Increase/ Decrease in Accrued Expenses	$1,105.00
Net cash flow from operating acvities	**$14,137.31**

Kiribati Insurance Corporation (Xmas Life Fund)
Notes to the Financial Statements
For the year ended 31 December 2008.

	2008
Note 2	
Premium Income:	
Gross Premium	$49,471.20
Less Refunds	-$34,723.00
	$14,748.20
Note 3	
Other Income:	
Interest IBDs	$7,535.38
Commission Received	$310.76
Other Income	$2,155.40
	$10,001.54
Note 4	
Claims paid:	
Surrendered	$8,680.81
Maturity	$0.00
Death	-$0.00
Bonus	$3.69
	$8,684.50
Note 5	
Expenses Paid & Charged:	
Bank charges	$337.40
Contribution to General Fund	$6,157.10
Outstanding Premium	-$750,00
Printing & Stationery	
	$5,744.50
Note 6	
Cash Assets;	
Cash at Bank	$10,522.27
Term Deposit (IBD)	$108,690.34
Term Deposit (IBD) At Call	**$119,212.61**
Note 7	
Receivables;	
Suspense account	$1,368.06
General Fund Account	$1,000.00
	$2,368.06

Note 8

Accrued Revenue	**$20.00**

Note 9

Payables;

Accrued exp	$1,105.00
Sundry Payable	$35.23
Witholding Tax	$4,706.44
	$5,846.67

Note 10

Capital Reserve

Balance at 1 Jan 2008	$54,010.43
Net Profit & (Loss)	$61,743.57
Balance at 31 Dec 2008	$115,754.00

P.O.Box 63
Bairiki Tarawa
Republic of Kiribati
Telephone: (686) 21335
Email: audit@tskl.net.ki

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 2007

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

Qualification – limitation of scope

In our opinion, there was a severe 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.
- No documentation available to confirm revenue balances in the financial performance statement.
- Variances explanation for the Statement of financial performance and position could not be provided.
- 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.
- Expenditure could not be fully verified due to missing documentation relating to $35,383 of total expenditure
- 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.

- Audit was unable to identify fixed assets as the supplier's name is written instead of the assets name in the fixed asset register.
- Could not confirm the life premium balance due to the lack of a reconciliation performed between the Underwriting department and the Account department.
- No reconciliation being done for the debtors control account and individual accounts.
- 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 2007.

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.

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 2007 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

AUDITED ACCOUNTS

YEAR: 2007

Kiribati Insurance Corporation
Consolidated Statement of Financial Performance
For General and Life Accounts
For the Year ended 31st December 2007.

	General			Life			
	Tarawa	Xmas	Total	Tarawa	Xmas	Total	Consoildation
Net Premium Income/ Profit on Premiun	$609,309.17	$34,501.60	$643,810.77	$833,122.00	$33,614.00	$866,736.00	$1,510,546.77
Less Operating Expenses	-$490,547.08	-$40,541.91	-$531,088.99	-$491,678.00	-$8,020.00	-$499,698.00	-$1,030,786.99
Prior Priod Items	$0.00		$0.00			$0.00	$0.00
Other Income	$55,339.46	$21,263.27	$76,602.73			$0.00	$76,602.73
Net Profit (Loss)	**$174,101.55**	**$15,222.96**	**$189,324.51**	**$341,444.00**	**$25,594.00**	**$367,038.00**	**$556,362.51**

Kiribati Insurance Corporation
Consolidated Statement of Financial Position
For General and Life Accounts
For the Year ended 31st December 2007.

	General			Life			
	Tarawa	Xmas	Total	Tarawa	Xmas	Total	Consoildation
Total Current Assets	$2,581,039.82	$5,307.09	$2,586,346.91	$4,090,991.00	$182,225.00	$4,273,216.00	$6,859,562.91
Less Current Liabilities	-$1,292,066.40	-$64,169.72	-$1,356,236.12	-$195,282.00	-$1,033.00	-$196,315.00	-$1,552,551.12
Working Capital	$1,288,973.42	-$58,862.63	$1,230,110.79	$3,895,709.00	$181,192.00	$4,076,901.00	$5,307,011.79
Property, Plant & Equipment	$117,822.24	$32,775.14	$150,597.38			$0.00	$150,597.38
	$1,406,795.66	**-$26,087.49**	**$1,380,708.17**	**$3,895,709.00**	**$181,192.00**	**$4,076,901.00**	**$5,457,609.17**
represented by : Capital Reserve	**$1,406,795.66**	**-$26,087.49**	**$1,380,708.17**	**$3,895,709.00**	**$181,192.00**	**$4,076,901.00**	**$5,457,609.17**

Kiribati Insurance Corporation
Consolidated Statement of Cash Flow
For General and Life Accounts
For the Year ended 31st December 2007.

Net Cash flow from Operating Activiti	$139,626.98	$23,404.73	$163,031.71	$283,633.60	$25,235.82	$308,869.42	$471,901.13
Net Cash flow from Investing Activitie	-$29,618.45	$515.30	-$29,103.15	$0.00	$0.00	$0.00	-$29,103.15
Net Cash flow from Financing Activiti	$0.00	$0.00	$0.00	$4,318.71	$79,768.88	$84,087.59	$84,087.59
Net Change in Cash and Cash Equiva	$110,008.53	$23,920.03	$133,928.56	$287,952.31	$105,004.70	$392,957.01	$526,885.57
Plus Opening balance of Cash & Cash	$1,458,495.60	$4,624.54	$1,463,120.14	$3,807,356.90	$74,430.05	$3,881,786.95	$5,344,907.09
Closing balance of Cash & Cash Equi	$1,568,504.13	$28,544.57	$1,597,048.70	$4,095,309.21	$179,434.75	$4,274,743.96	$5,871,792.66

Kiribati Insurance Corporation (TRW Life Account)
Statement of Financial Performance
For the two Years Ended 31 December 2007

	Note	2007	2006
INCOME:		$	$
Net Premium Income	2	676,221	620,149
Other Income	3	156,901	168,719
Total INCOME		833,122	788,868
OUTGO:			
Claims Paid	4	448,536	344,688
Expenses Paid & Charges	5	43,142	84,206
Total OUTGO		491,678	428,894
Excess of Income Over Outgo		341,444	359,974

Kiribati Insurance Corporation (TRW Life account)
Statement of Financial Position
As at 31 December 2007

	Note	2007	2006
Current Assets:		$	$
Cash & Cash Equivalent	6	4,090,991	3,807,357
Receivables	7	-	-
Total Current Assets		4,090,991	3,807,357
Less Current Liability:			
Payables	9	195,281	253,092
Total Current Liability		195,281	253,092
Working Capital		3,895,709	3,554,265
Represented by:			
Equity:			
Capital Reserves	10	3,895,709	3,554,265

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

[Chairman]

[Director]

Kiribati Insurance Corporation
Notes to the Financial Statements - TRW Life fund
For the twoYears ended 31st December, 2007

Note 2	2007	2006
Premium Income:		
Premium Revenue	787,225.68	697,881.88
less Returns Premiums	(111,005.12)	(77,733.34)
	676,220.56	**620,148.54**

Note 3		
Other Income:		
Interest on IBD	135,423.72	156,132.28
Commission Revenue	12,345.99	6,766.42
Other Income	3,635.41	2,037.90
Sundry Revenue	5,496.22	3,782.70
	156,901.34	**168,719.30**

Note 4		
Claims Paid:		
Surrendered Claims	219,909.67	211,799.18
Maturity Claims	208,554.41	114,348.00
Death claims	15,998.00	14,077.00
Bonus Claims	4,073.59	4,463.71
	448,535.67	**344,687.89**

Note 5		
Expenses Paid & Charges:		
Acturial fees		
SundryExpenses/Admin		
Bank Charges	1,348.80	478.40
Contribution to General Fund	40,000.00	83,727.41
Commission Expenses	(1.00)	
Life Promotion	1,350.00	
Printing & Stationery	444.10	
Prior Period items charges		
	43,141.90	**84,205.81**

Note 6		
Cash Assets:		
Cash at Bank	324,737.04	276,527.16
IBD Accounts	3,635,093.89	3,406,876.08
At - Call Account	131,159.57	123,953.66
	4,090,990.50	**3,807,356.90**

Note 7

Receivables:

Note 8

Accrued Revenue:

Interest on IBD Accounts

Interest on At - Call Accounts

Note 9

Payables:

Suspense	(51,603.29)	17,474.29
Sundry Payables		
General Fund Payables	201,888.24	204,735.24
Witholding Tax	44,996.28	30,882.43
	195,281.23	**253,091.96**

Note 10

Balance as at 1st Jan, 2007	2,374,691.26	2,374,691.26
Plus retained Net loss	1,179,573.68	819,599.54
Plus excess of Income over Outgo	341,444.33	359,974.14
Balance as at 31st December, 2007	**3,895,709.27**	**3,554,264.94**

Kiribati Insurance Corporation - (Tarawa Life Fund)
Statement of Cash Flow
For the year ended 31st December 2007

	Note	2007	2006
Cashflow from Operating activities			
Receipts from Customers		$944,127.02	$43,199.32
Payment to Sùppliers & Employees		-$660,493.42	-$37,019.97
Cash flow from Operating acvities	(b)	$283,633.60	$6,179.35
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		$4,318.71	
Payments to Equity Owners		$0.00	
Cash flow from Financing Acvities.		$4,318.71	
Net Change in Cash and Cash Equivalents		$287,952.31	$6,179.35
Plus Opening Balance of Casn and Cash Equivalents		$3,807,356.90	$68,250.70
Closing Balance of Cash and Cash Equivalents		$4,095,309.21	$74,430.05

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

	2007	2006
Cash at Bank	$329,055.75	$43,275.09
Term Deposit At Call	$131,159.57	
Term deposit (IBD) Accounts	$3,635,093.89	$31,154.96
	$4,095,309.21	$76,436.05

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

	2007	2006
Net profit	$341,444.33	$6,179.35
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	-$57,810.73	
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	$283,633.60	$6,179.35

ribati Insurance Corporation
atement of Financial Performance
r the year ended 31 December 2007

	Note	2007	2006
ofit on Premiums Revenue	2	609,309.17	937,377.00
ss Operatin Expenses	3	(490,547.08)	(614,001.00)
ior Period Items	4	-	(11,472.00)
estment Income		55,339.46	56,789.00
ain/(Loss) on Disposal of Fixed Assets		-	
t Profit/(Loss)		**174,101.55**	**368,693.00**

ribati Insurance Corporation
atement of Financial Position
at 31 December 2007

	Note	2007	2006
rrent Assets			
sh & Cash Equivalent	(a)	1,568,504.13	1,458,495.60
ceivables	5	1,012,535.69	874,966.24
crued Revenue		0.00	0.00
Total Current Assets		**2,581,039.82**	**2,333,461.84**
ss Current Liabilities			
yables	6	758,314.99	737,355.37
insurance Payables	7	32,283.28	32,283.28
ovisions	8	486,393.00	486,393.00
crued Expense	9	15,075.13	15,075.13
Total Liabilities		**1,292,066.40**	**1,271,106.78**
orking Capital		**1,288,973.42**	**1,062,355.06**
s Non-Current Assets			
operty, Plant & Equipment	**10**	**117,822.24**	**170,339.05**
et Assets		**1,406,795.66**	**1,232,694.11**
present by			
uity			
pital Reserves		1,048,177.62	1,048,177.62
tained Profits		358,618.04	184,516.49
tal Equity		**1,406,795.66**	**1,232,694.11**

airman: ....   Director: ....

The accompanying notes form an integral of these financial statement

Kiribati Insurance Corporation
Statement of Financial Performance
for the year ended 31 December 2007

	Note	2007	2006
Profit on Premiums Revenue	2	609,309.17	937,377.00
Less Operating Expenses	3	-490,547.08	-614,001.00
Prior Period Items	4		-11,472.00
Investment Income		55,339.46	56,789.00
Gain/(Loss) on Disposal of Fixed Assets			
Net Profit/(Loss)		174,101.55	368,693.00

Kiribati Insurance Corporation
Statement of Financial Position
as at 31 December 2007

	Note	2007	2006
Current Assets			
Cash & Cash Equivalent	(a)	1,568,504.13	1,458,495.60
Receivables	5	1,012,535.69	874,966.24
Accrued Revenue		0.00	0.00
Total Current Assets		**2,581,039.82**	**2,333,461.84**
Less Current Liabilities			
Payables	6	758,314.99	737,355.37
Reinsurance Payables	7	32,283.28	32,283.28
Provisions	8	486,393.00	486,393.00
Accrued Expenses	9	15,075.13	15,075.13
Total Liabilities		**1,292,066.40**	**1,271,106.78**
Working Capital		**1,288,973.42**	**1,062,355.06**
Plus Non-Current Assets			
Property, Plant & Equipment	10	117,822.24	170,339.05
Net Assets		1,406,795.66	1,232,694.11
Represented by			
Equity			
Capital Reserves		1,048,177.62	1,048,177.62
Retained Profits		358,618.04	184,516.49
Total Equity		1,406,795.66	1,232,694.11

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Kiribati Insurance Corporation
Statement of Cashflow
for the year ended 31 December 2007

	Note	2007	2006
Cashflow from Operating activities			
Receipts from Customers		527,079.18	754,453.00
Payments to Suppliers & Employees		-387,452.20	-653,484.00
Cashflow from Operating activities	(b)	**139,626.98**	**100,969.00**
Cashflow from Investing Activities			
Receipts from Non-Current Assets			
Payments for Non-Current Assets		-29,618.45	-36,272.00
Cashflow from Investing Activities		**-29,618.45**	**-36,272.00**
Cashflow from Financing Activities			
Receipts from Equity financing			
Payments to Equity Owners			
Cashflow from Financing Activities		**0.00**	**0.00**
Net Change in Cash and Cash Equilavents		110,008.53	64,697.00
Plus Opening Balance of Cash and Cash		1,458,495.60	1,276,868.00
Closing Balance of Cash and Cash	(a)	**1,568,504.13**	**1,341,565.00**

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

	2007	2006
Petty Cash	195.00	200.00
Cash at Bank	253,274.91	176,954.00
Undeposited Funds	-14,096.64	
IBD Accounts	1,325,905.26	1,278,120.00
At Call Accounts	3,225.60	3,221.00
	1,568,504.13	**1,458,495.00**

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

	2007	2006
Net Profit	174,101.55	368,693.00
Add Back Non Cashflow expenses		
Depreciation	82,135.26	17,397.73
Provision Doubtful Debts		
Gain from sale of assets		
Changes in Balance Sheet items		
-Increase/Decrease in Debtors & Prepayments	-137,569.45	-230,567.00
-Increase/Decrease in Accrued Revenue	0.00	
Increase/-Decrease in Account Payables	20,959.62	
Increase/-Decrease in Reinsurance Payables	0.00	
Increase/-Decrease in Provisions	0.00	-39,483.00
Increase/-Decrease in Accrued Expenses	0.00	-15,072.00
Net Cash flow from operating activities	**139,626.98**	**100,968.73**

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Kiribati Insurance Corporation
Notes to the Financial Statements
for the year ended 31 December 2007

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 foo 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
Office Renovation	2.5% p.a

1.3 Provisions for Unearned Premiums
Provisions for unearned premiums is estimated at 40% of the Net Wrttien 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

3 Operating Expenses

Depreciation Expense	82,135.26	17,397.73
Donation	2,050.00	2,650.00
Entertainment	6,581.40	3,178.72
Housing Expense	4,292.17	6,850.04
Membership Fees	300.00	0.00
Office Expenses:Advertising	3,348.80	2,754.90
Office Expenses:Electricity	19,568.50	19,094.76
Office Expenses:KPF Expense	13,437.28	15,360.86
Office Expenses:Office Rent	10,000.00	6,000.00
Office Expenses:Office Sundries	496.35	1,473.40
Office Expenses:Postage	277.80	346.80
Office Expenses:Printing & Stationery	7,933.26	5,045.27
Office Expenses:Rent & Accomodation	0.00	840.00
Office Expenses:Repairs & Maintenance	2,853.70	1,358.95
Office Expenses:Subsidy Rent	418.64	0.00
Office Expenses:Telecom Charges	10,907.68	23,605.06
Office Expenses:TUC Rates	660.00	600.00
Professional Fees	6,700.00	33,661.51
Promotional Exps	12,433.36	16,716.00
Promotional Exps:Silver Jubile	-228.40	48,548.00
Staff Expense:Bonus & Allowances	9,493.96	15,392.37
Staff Expense:Leave Expense:Leave Grant	10,750.00	11,599.32
Staff Expense:Overtime	11,473.22	7,588.45
Staff Expense:Staff Uniform	0.00	861.00
Staff Expense:Wages & Salary	181,454.56	199,179.38
Staff Loan repayment	1,854.50	649.50
Subscription Fees	0.00	300.00
Trainning	52,026.50	54,026.10
Trainning(Clothing Allowance)	0.00	980.15
Travelling & Transport:M/V Running Cost	13,890.80	17,856.20
Travelling & Transport:Travel Local	25,037.74	14,911.79
Travelling & Transport:Travel Overseas	0.00	3,018.30
Xmas General account	400.00	72.95
	490,547.08	531,917.51

4 Prior Period Items

5 Receivables

Debtors Control	989,340.00	989340.00
Provision for Doubtful Debts	-480,627.91	-480627.91
Life Fund account - TRW	126,438.66	114869.16
Xmas General Fund	13,460.24	13677.79
Staff Account Receivable	654.60	0.00
Sundry Debtors	-9,368.80	-3485.70
Imprest	2,568.35	6797.75
Suspense account	-11,627.24	-11627.24
Staff Salary Advance	4,287.67	4553.92
Accounts Receivable	377,410.12	241468.47
	1,012,535.69	874966.24

6 Payables

Debtors Suspense	598,628.28	598,628.28
Life Fund account - Xmas	14,780.37	14,780.37
Payroll Liabilities:BOK Payable	-4,836.01	-4,759.63
Payroll Liabilities:DBK Payable	832.00	884.00
Payroll Liabilities:General Insurance	100.00	0.00
Payroll Liabilities:House Rent Payable	-5,361.60	-5,826.54
Payroll Liabilities:KHC Loan Payable	-412.72	-412.72
Payroll Liabilities:KPF Staff Contribution	4,181.79	5,610.78
Payroll Liabilities:Life Premium Payable	2,611.50	4,803.91
Payroll Liabilities:Sundry Payable	927.39	6,061.20
Payroll Liabilities:Tax Payable	3,167.62	-2,241.63
Payroll Liabilities:TKL payable	-83.00	-83.00
Payroll Liabilities:TSKL payable	-510.00	0.00
Reinsurance Liability:R/I Tax Clearing	144,289.37	119,910.35
	758,314.99	**737,355.37**

7 Reinsurance Payables

Reinsurance Liability:Facultative	1,399.08	1,399.08
Reinsurance Liability:Quota Share	2,166.13	2,166.13
Reinsurance Liability:Surplus	28,718.07	28,718.07
	32,283.28	**32,283.28**

8 Provisions

Provision for outstanding Claim	232,212.00	232,212.00
Provision for Unearned Premium	254,181.00	254,181.00
	486,393.00	**486,393.00**

Kiribati Insurance Corporation (General Account - Xmas)
Statement of Financial Performance
For the year ended 31st December 2007.

	NOTE	2007	2006
Profit on Premium Revenue	2	$34,501.60	$7,234.77
Less Operating Expenses	3	-$40,541.91	-$50,926.56
Prior Period Items	4		$0.00
Other Income		$21,263.27	$25,063.42
Net Profit/(Loss)		**$15,222.96**	**-$18,628.37**

Kiribati Insurance Corporation
Statement of Financial Position
As at 31st December 2007.

	NOTE	2007	2006
Current Assets			
Cash & Cash Equivalent	(a)	$28,544.57	$4,624.54
Receivables	5	-$23,237.48	-$21,975.91
Total Current Assets		**$5,307.09**	**-$17,351.37**
Less Current Liabilities			
Payables	6	$31,024.06	$28,908.55
Reinsurance Payables	7		$0.00
Provisions	8	$33,145.66	$28,340.97
Accrued Expenses	9		$0.00
Total Liabilities		**$64,169.72**	**$57,249.52**
Working Capital		-$58,862.63	-$74,600.89
Plus Non-Current Assets			
Property, Plant & Equipment	10	**$32,775.14**	**$33,290.45**
Net Assets		**-$26,087.49**	**-$41,310.44**
Represented by:			
Equity			
Capital Reserves		$136,342.38	$136,342.38
Retained Profits		-$162,429.87	-$177,652.83
Total Equity		**-$26,087.49**	**-$41,310.45**

Chairman ....   **Director** ....

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

Kiribati Insurance Corporation
Statement of Cash Flow
For the year ended 31st December 2007.

	Note	2007	2006
Cashflow from Operating activities			
Receipts from Customers		$65,656.78	$50,138.51
Payment to Suppliers & Employees		-$42,252.05	-$60,712.27
Cash flow from Operating acvities	(b)	**$23,404.73**	-$10,573.76
Cash flow from Investing acvities			
Receipts from Non-Current Assets		$3,352.46	$2,873.53
Payments from Non-Current Assets		-$2,837.16	-$1,301.89
Cash flow from Investing acvities		$515.30	$1,571.64
Cashflow from Financing Acvities			
Receipt from Equity Financing			$0.00
Payments to Equity Owners			
Cash flow from Financing Acvities.		$0.00	$0.00
Net Change in Cash and Cash Equivalents		$23,920.03	-$9,002.12
Plus Opening Balance of Casn and Cash Equivalents		$4,624.54	$13,626.66
Closing Balance of Cash and Cash Equivalents		**$28,544.57**	$4,624.54

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

	$2,007.00	$2,006.00
Petty Cash	$200.00	$100.00
Cash at Bank	$28,344.57	$4,524.54
	$28,544.57	$4,624.54

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

Net profit	**$15,222.96**	**-$18,628.37**
Add back Non cash flow expenses		
Depreciation	$3,352.46	$10,120.96
Provision for Doubtful debts		
Gain from sale of assets		
Changes in Balance sheet items		
Increase/Decrease in Debtors & Prepayments	$1,261.57	$6,217.66
Increase/ Decrease in Accrued Revenue		
Increase/ Decrease in Account Payables	$3,567.74	-$8,284.01
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	$23,404.73	-$10,573.76

2 Profit on Premiums Revenue

	WC	AV	FI	MA	GA	MV	2007
Gross Premiums			$30,269.15				$30,269.15
Less Reinsurance							$0.00
Net Written Premiums	$0.00	$0.00	$30,269.15	$0.00	$0.00	$0.00	$30,269.15
Plus Commission							
Less Provisions for Unearne	$0.00	$0.00	-$12,107.66	$0.00	$0.00	$0.00	-$12,107.66
Plus Last Year's Prov for Uneared Premiums			$1,064.82	$3,041.36	$261.44	$2,935.35	$7,302.97
(A)	**$0.00**	**$0.00**	**$19,226.31**	**$3,041.36**	**$261.44**	**$2,935.35**	**$25,464.46**
Claim Recoveries				$4,759.63	$1,965.16	$6,138.00	**$12,862.79**
Less claims paid					-$3,825.65		-$3,825.65
Plus Outstanding claims (Current)							$0.00
Less Outstanding claims (Previous)							$0.00
(B)	**$0.00**	**$0.00**	**$0.00**	**$4,759.63**	**-$1,860.49**	**$6,138.00**	**$9,037.14**
Profit/(Loss) (A) + (B)	**$0.00**	**$0.00**	**$19,226.31**	**$7,800.99**	**-$1,599.05**	**$9,073.35**	**$34,501.60**

3 Operating Expenses.

	2007	2006
Salaries & Wages	$19,272.00	$26,095.24
Bonus & Allowance	$881.34	$872.30
Leave Commutation	$1,866.87	$1,488.00
Leave grant	$1,500.00	$1,500.00
KPF Exp	$922.86	$1,722.24
Bank Charge	$161.40	$72.30
Depreciation exp	$3,352.46	$10,120.96
Electricity		$257.40
Entertainment	$900.40	$235.00
Motor vehicle running cost	$2,594.19	$1,553.40
Travel local	$40.00	
Printing & Stationery	$294.20	$380.25
Donation	$150.00	
Office sundries	$136.40	
Island council rate	$200.00	
Promotional exp	$1,210.00	$687.40
Housing exp	$315.50	
Repairs & Maintenance	$3,691.41	$1,732.15
Telecom exp	$3,052.88	$4,209.92
\	**$40,541.91**	**$50,926.56**

4 Prior Period Items	**$ -**	0

5. Receivables

Account Receivable control	$9,828.99	$10,542.99
General Funds Account - TRW	-$20,775.00	-$20,775.00
Sundry Receivable	-$8,663.19	-$7,682.29
Imprest account	$300.00	
Salary advance	$133.33	
Suspense Account	-$4,061.61	-$4,061.61
	-$23,237.48	**-$21,975.91**

6 Payables

DBK Payable	$40.00	$40.00
KPF Payable	-$115.50	-$632.38
PAYE Payable	-$353.39	$41.79
Sundry Payable	$1,330.00	-$240.00
KIC HQ Reinsurance	$29,564.14	$29,564.14
Staff House rent payable	$423.81	
Staff Life Insurance Payable	$135.00	$135.00
	$31,024.06	**$28,908.55**

7. Reinsurance Payables	**$0.00**	**$0.00**

8 Provisions

Prov for outstanding claim	$21,038.00	$21,038.00
Prov for Unearned Premium	$12,107.66	$7,302.97
	$33,145.66	**$28,340.97**

9 Accrued Expense		**$0.00**

10 Property, Plant & ASSET	Rate	Original cost	Additions	Total Cost	Acc depr 2006	Depr 2007	Acc Depr 2007	NBV 2007	NBV 2006
Building	2.5%	$ 27,700.76		$27,700.76	$ 1,799.76	$ 692.52	$ 2,492.28	$ 25,208.48	$25,901.00
Furniture & Fittings	10.0%	$ 3,479.90	$ 735.40	$ 4,215.30	$ 910.99	$ 421.53	$ 1,332.52	$ 2,882.78	$2,568.91
Motor Vehicles	33.3%	$ 14,968.97		$ 14,968.97	$ 14,968.97		$ 14,968.97	$ -	$0.00
Office Equipment	20.0%	$ 6,765.79	$ 2,101.76	$ 8,867.55	$ 4,735.10	$ 1,773.51	$ 6,508.61	$ 2,358.94	$2,030.69
Office Improvement	10.0%	$ 4,649.04		$ 4,649.04	$ 1,859.20	$ 464.90	$ 2,324.10	$ 2,324.94	$2,789.84
Total		**$ 57,564.46**	**$ 2,837.16**	**$ 60,401.62**	**$ 24,274.02**	**$ 3,352.46**	**$ 27,626.48**	**$ 32,775.14**	**$33,290.44**

Kiribati Insurance Corporation (Xmas Life Account)
Statement of Financial Performance
For Year Ended 31 December 2007

	Note	2007	2006
INCOME:		$	$
Net Premium Income	2	32,993	34,492
Other Income	3	620	1,347
Total INCOME		**33,614**	**35,839**
OUTGO:			
Claims Paid	4	1,861	8,017
Expenses Paid & Charges	5	6,159	21,643
Total OUTGO		**8,020**	**29,660**
Excess of Income Over Outgo		**25,594**	**6,179**

Kiribati Insurance Corporation (Xmas Life account)
Statement of Financial Position
As at 31 December 2007

	Note	2007	2006
Current Assets:		$	$
Cash & Cash Equivalent	6	179,435	74,430
Receivables	7	2,790	1,399
Total Current Assets		**182,224**	**75,829**
Less Current Liability:			
Payables	9	1,033	
Total Current Liability		**1,033**	**-**
Working Capital		**181,192**	**75,829**
Represented by:			
Equity:			
Capital Reserves	10	**181,192**	**75,829**

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

Kiribati Insurance Corporation - (Xmas Life Fund
Statement of Cash Flow
For the year ended 31st December 2007

	Note	2007	2006
Cashflow from Operating activities			
Receipts from Customers		$45,045.15	$43,199.32
Payment to Suppliers & Employees		-$19,809.33	-$37,019.97
Cash flow from Operating acvities	(b)	**$25,235.82**	$6,179.35
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		$79,768.88	$0.00
Payments to Equity Owners		$0.00	$0.00
Cash flow from Financing Acvities.		**$79,768.88**	$0.00
Net Change in Cash and Cash Equivalents		**$105,004.70**	$6,179.35
Plus Opening Balance of Casn and Cash Equivalents		**$74,430.05**	$68,250.70
Closing Balance of Cash and Cash Equivalents		**$179,434.75**	$74,430.05

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

	2007	2006
Cash at Bank	$57,124.83	$43,275.09
Term deposit (IBD) Accounts	$122,309.92	$31,154.96
	$179,434.75	$76,436.05

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

	2007	2006
Net profit	**$25,593.78**	$6,179.35
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	-$1,390.60	
Increase/ Decrease in Account Payables	$1,032.64	
Increase/ Decrease in Reinsurance Payables		
Increase/ Decrease in Provisions		
Increase/ Decrease in Accrued Expenses		
Net cash flow from operating acvities	**$25,235.82**	$6,179.35

Kiribati Insurance Corporation
Notes to the Financial Statements
For Year ended 31st December, 2007

Note 2	2007
Premium Income:	
Premium Revenue	45,815.35
less Returns Premiums	(12,822.17)
	32,993.18
Note 3	
Other Income:	
Interest on IBD	
Commission Revenue	65.40
Sundry Revenue/Other Income	555.00
	620.40
Note 4	
Claims Paid:	
Surrendered Claims	1,860.92
Maturity Claims	
Death claims	
Bonus Claims	
	1,860.92
Note 5	
Expenses Paid & Charges:	
Acturial fees	
SundryExpenses/Admin	
Bank Charges	165.80
Outstanding Premium	(90.10)
Contribution to General Fund	6,088.83
Commission Expenses	(5.65)
Prior Period items charges	
	6,158.88
Note 6	
Cash Assets:	
Cash at Bank	57,124.83
IBD Accounts	122,309.92
At - Call Account	
	179,434.75
Note 7	
Receivables:	
Suspense Accounts	2,789.60
	2,789.60

Note 8

Accrued Revenue:

Interest on IBD Accounts	
Interest on At - Call Accounts	
	-

Note 9

Payables:

Sundry Payables	
Witholding Tax	1,032.64
	1,032.64

Note 10

Balance as at 1st Jan, 2007	103,939.83
Plus retained Net loss	51,658.10
Plus excess of Income over Outgo	25,593.78
Balance as at 31st December, 2007	**181,191.71**