REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Kiribati Solar Energy Company Limited For the Years ended 31st December 2010-2013

Kiribati National Audit Office
September 2016

KIRIBATI NATIONAL AUDIT OFFICE

P.O BOX 63
Bairiki, Tarawa
Kiribati

Tel: (686)21118
Fax: (686)21250
Email: infor@knao.gov.ki

Audit for an impact for the public

Independent Auditor's Report

To the readers of Kiribati Solar Energy Company Ltd financial statements For the years ending 31 December 2010 to 2013

Report on the Financial Statements

The Auditor-General, Mrs Matereta B Raiman, is the auditor of Kiribati Solar Energy Co. Ltd (KSEC).

I have audited the accompanying financial statements of Kiribati Solar Energy Co. Ltd., which comprised of:

- the Statements of Financial Position as at 31 December, 2010 to 2013,
- Statement of Financial Performance,
- a Cash Flow statement and
- a summary of significant accounting policies and other explanatory information.

The audit covered the Company's compliance with the requirements of Part VII of the Public Finances (Control and Audit) Ordinance 1976 (amendments 1981) and the Company's Ordinance, 1979 that apply to the financial statements of KSEC for the years ended 31 December 2010 to 2013.

Report on Legal and Regulatory Requirements

In reference to the Company's Ordinance, 1979, KSEC is required to submit their Financial Statements for audit within six months after balance date. KNAO received KSECs financial statements for the years 2010 to 2013 after the time required thus indicated KSECs non-compliance to the Company's Ordinance.

Basis for Disclaimer Opinion:

We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and we were unable to determine whether proper books of account had been kept due to the following:

- Cashflow Statements for the years 2010 and 2011 were not provided.

- Fixed Asset Register for the years 2010 to 2013 was not available and the physical counting of Fixed Assets was not done for those respective years.

- Audit found significant variances between the General Ledger figures, Trial Balance figures and the Financial Statements for the years 2010 to 2013.

- The Cash Payment Journal provided for 2010 and 2011 were not properly maintained as significant numbers of cheques were not posted. Posting was not systematically done.

- Cash payment Book for 2011 was noted incomplete as transactions posted were for January to October payments only. Management was unable to provide the remaining records of latter months as the officer in charge of the company's accounting package was dismissed and there was no one in the office capable in operating the system thereafter. This had therefore confirmed the inaccuracy of the balances reported for Total Expenditures amounted $510k and $540k and so was the Net Profits for the years 2010 and 2011 respectively.

- A Payment Voucher #115/12 was cancelled on the Cash Payment Journal but the PV was not cancelled and neither was the cheque butt. This indicated that cash was actually paid but not accounted for in the books hence raising concerns as to whether the payment was proper or not.

- The absence of deposit books also hindered this office from verifying actual cash collections that had been received and deposited to KSEC's bank account for the years 2010 & 2011. Plus the absence of 2010 bank statements, there was limited chances in identifying missing deposits.

Disclaimer Opinion

Because of the significance of the matters described in the basis for disclaimer of opinion above, I am unable to form an opinion as to whether the financial statements of KSEC for the years ended 31 December, 2010 to 2013 give a true and fair view in conformity with the generally accepted accounting principles as practiced in Kiribati.

The audit was completed on 14/9/16, and was the date at which our opinion was expressed.

In addition, we outline the responsibilities of the Management, Board of Directors and the Auditor, and explain our independence.

Management and Board Directors Responsibility

KSEC's management and Board Directors are responsible for preparing the financial statements in accordance with generally accepted accounting practice and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report on KSECs compliance

Along with the responsibilities noted above, Management is also responsible for having accounting data and records available for audit once the Financial Statements are submitted however KSEC failed to provide MYOB data and other required accounting documents hence causing the delay in finalising the audit report.

Auditor's Responsibility

In accordance with Part VII of the Public Finance (Control and Audit) 1976 (amendments 1981), auditors are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you.

Independence

When carrying out the audit we followed the independence requirement stipulated under Section 114 (4) of the Kiribati Constitution 1979 and the International Standards of Auditing.

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

....

Mrs. Matereta. B. Raiman
Auditor General
Kiribati National Audit Office

Date: 14 - Sept 2016

Kiribati Solar Energy Company Ltd

Balance Sheet Statement as at 31 December, 2010

		Notes	2010	2009
	CURRENT ASSETS			
	Cash at Bank	4	37,901.74	2,131.81
	Debtors	5	267,677.38	173,265.41
	Staff Imprest, Advances & Debts		41,519.44	37,508.54
	Stock		33,270.93	84,347.47
	Advance Payment		57,408.91	37,027.00
	TOTAL CURRENT ASSETS		**437,778.40**	**334,280.23**
Less	**CURRENT LIABILITIES**			
	Project Funds Unexpended			0.00
	Accrual Expenses, A/c Payable (Creditors)	6	**218,693.93**	**220,599.58**
	WORKING CAPITAL		**219,084.47**	**113,680.65**
Add	**LONG TERM ASSETS PURCHASED BY KSEC**			
	Equipment, Furnitures & Fittings, Motorbike Computers, Modules, Batteries, Controllers etc	9	**49,097.66**	**48,536.95**
Add	**LONG TERM ASSETS DONATED BY DONORS**			
	Eqipment, Furnitures & Fittings, Motobike Computers, Modules, Batteries, Controllers etc	10	**1,434,497.58**	**1,680,403.64**
Less	**LONG TERM LIABILITIES**			
	Loan - DBK		**0.00**	**0.00**
	NET WORTH		**1,702,679.71**	**1,842,621.24**
	SHAREHOLDERS'S INTEREST			
	Paid Up Capital	7	500.00	500.00
	Capital Reserve	8	1,837,363.28	1,932,243.45
	Retained Profits/(Losses)	9	-135,183.57	-90,122.21
			1,702,679.71	**1,842,621.24**

....

Tavita Airam

(KSEC Officer-In-Charge)

for CEO

Date: 12/08/13

....

Rameka Takirua

(KSECL Board Director)

for Chairman

Date: 12/8/13

Kiribati Solar Energy Company Limited
Profit & Loss Statement
Year Ended 31 December, 2010

		Notes	2010	2009
	Sales - Direct Sales		96,993.50	175,029.70
	Sales - Manufacturing		4,877.50	7,671.45
	Total Sales Income		**101,871.00**	**182,701.15**
Less	**Cost of Sales**		**84,526.25**	**133,678.71**
	Gross Profit		**17,344.75**	**49,022.44**
Add	Utility Service Fees		197,797.00	215,304.00
	Installation Fees		1,050.00	1,194.00
	PV System Maintenance		163.10	4,628.70
	Installation of Sold Items		2,432.97	785.76
	Reconnection Fees		205.00	629.00
	Services on Sold Items		387.20	565.00
	Consulting Services		0.00	0.00
	Currency Gain/loss		256.40	0.00
	Total Other Income		**202,291.67**	**223,106.46**
	Total Income		**219,636.42**	**272,128.90**
Less	**Operating Expenses**			
	Basic Pay		140,308.36	133,095.85
	Overtime		1,858.15	314.00
	Temporary		0.00	11,372.14
	Reliving of Staff		507.07	807.24
	Remuneration of IT Wages		13,000.51	19,883.17
	Fees Collection (Utility)		8,947.31	13,975.03
	3% Direct Sales		12.00	390.50
	Wages of Local Labour		1,560.25	3,115.29
	Company Allowances		3,427.93	3,466.35
	Commutation Leave		0.00	0.00
	Leave Grants		7,275.00	6,975.00
	KPF (Employer)		11,017.68	11,454.19
	House Rent Subsidy		3,145.00	5,017.23
	Bus Fares		3,565.83	5,211.65
	Leave Grants		0.00	0.00
	Local Fund Training		0.00	0.00
	Overseas Fund Training		0.00	0.00
	Travelling - Local		9,642.35	17,216.11
	Travelling - International		1,156.05	8,658.00
	Visits to Outer Islands		9,403.00	23,422.11
	Depreciation of Company's Assets	10	10,617.29	9,334.22
	Depreciation of Donated Assets	10	245,906.06	261,590.41

Office Supplies	4,766.15	5,821.70
Electricity	8,470.60	7,315.70
Fuel & Oil	5,349.41	11,174.17
Telephones	5,268.87	14,210.11
Advertising & Promotion	545.20	574.00
Licences & Consulting Fees	612.00	1,052.00
Service/Audit Fees	0.00	2,500.00
Other Services & Supplies	0.00	0.00
Cost of Transferring PV Systems	0.00	0.00
R&M - PV Systems	3,098.30	2,467.50
R&M - Headquarters	949.80	2,794.45
R&M - Computers & LAN	1,627.00	1,562.10
R&M - Office Equipment	159.00	0.00
R&M - Others	0.00	0.00
Telmo & Postal	498.66	1,207.20
Entertainment	704.30	3,903.65
Board Meetings	7,225.95	10,836.75
Staff Amenities & Welfare	229.90	300.80
SSG Allowances	0.00	190.00
Battery Water	0.00	114.00
Provision for Battery Replacement	0.00	0.00
Total Expenses	**510,854.98**	**601,322.62**
Operating Profit/(Loss)	**-291,218.56**	**-329,193.72**
Other Income		
Freight Refund	0.00	0.00
Exp. EU Project	0.00	0.00
Interest on IBDs	422.23	33.84
Discount on Withdrawing Deposits	440.35	388.06
Donated Inventory (Used Panal & SOPAC)	0.00	29,582.94
Total Other Income	**862.58**	**30,004.84**
Income Depreciation - Donated Assets		
Assets EU Projects	245,906.06	261,590.41
Total Income	**245,906.06**	**261,590.41**
Other Expenses		
Bank Fees	1,117.35	2,843.75
Prior Period Items	0.00	8,285.00
Disposal of Assets	0.00	5,727.39
Total Other Expenses	**1,117.35**	**16,856.14**
Net Profit/(Loss)	**-45,567.27**	**-54,454.61**

1. The Company

The Company was incorporated on 17 September 1987 with the primary objective of exploiting the solar resources of the Republic of Kiribati.

2. Principal Accounting Policies

The financial statements are prepared under the historical cost converntion and in accordance with the International Accounting Standards. The following is a summary of the more important policies used by the Company:

(a) Depreciation

Depreciation is calculated to write off the cost of long term assets on straight line basis over their expected useful lives. The rates of depreciation used which are consistent with the previous years are:

Vechicles	20%
Tools and Equipment	10%
Building	10%
Furniture & Fittings	10-20%
Panals	4%
Batteries	10%
Controllers	10%
Cabling	20%
Intangible	10%

(b) Foreign Currencies

Assets and liabilities expressed in foreign currencies are converted into Australian dollars at the rate of exchange ruling at the end of the financial year.

c) Stock

Stock is stated at the lower of cost and net realisable value.

3. Sales

Net sales of inventory during the year

	2010	2009
4. Cash at Bank		
General Cheque Account	33,617.24	946.23
Bank (IBD 850251-40)	1,559.39	1,171.00
Bank (IBD 850251-41)	1,089.48	1,089.48
Utility account	1,214.73	-1,496.30
Island savings account	420.90	420.90
EU # 8.ACP.KI.04	0.00	0.00
	37,901.74	**2,131.31**

	2010	2009
5. Accounts Receivable		
Acc.Receivable: Utility	231,064.39	142,817.92
Acc.Receivable: D.Sales	36,612.99	30,447.49
	267,677.38	**173,265.41**

6. Accounts Payable, Security Deposit & Revenue received in advance, etc

KPF clearing	17,551.70	8,075.98
Paye clearing	6,402.95	3,240.93
Sayee clearing	12.58	12.58
House loan clearing	0.00	715.00
House subsidy clearing	4,294.54	1,258.65
Life insurance clearing	1,858.48	458.38
Leave grant clearing	0.00	91.34
Net Pay Clearing	0.00	122.14
BOK loan Clearing	-341.58	-1,456.58
Debt deducted	0.00	217.10
Mobile deduction	455.00	605.00
Payroll deduction: canteen	33.90	
DBK loan clearing	2,456.00	795.50
PAYE Collected Company	1,044.93	1,044.93
PAYE Collected Project	1,561.94	1,561.94
Security deposit	47,689.50	46,849.50
Account payable(suppliers)	34,800.80	57,491.28
Revenue received in advance	100,873.18	99,515.91
	218,693.92	**220,599.58**

7. Share Capital

Issued & fully paid		
Ordinary shares of $1 each	**500.00**	**500.00**

8. Capital Reserve

Government	224,467.89	73,442.00
JICA project 1992	19,273.93	19,273.93
EU project No. 7.ACP.RPR.175	124,562.54	124,562.54
EU Project No.8 ACP.KI.04	1,416,558.92	1,662,464.98
Provision for battery replacement	52,500.00	52,500.00
	1,837,363.28	**1,932,243.45**

9. Retained Profits/(Losses)

Balance at 1 January	-90,122.21	-35,667.60
Profit/loss for the year	-45,567.27	-54,454.61
Adjustment	505.91	
Balance at 31 December	**-135,183.57**	**-90,122.21**

9. Long Term Assets Purchased by KSEC

	Modules at cost	Batteries at cost	Controller at cost	Cable & other at Cost	Software	Building	Vehicles	Equipment Tools	Fitting Furniture	Total
Cost of Valuation										
Balance at 01/01/10	2821.36	68926.67	14182.22	0.00	660.00	27718.36	9773.00	24957.49	6488.40	155527.50
Additions							10000.00	1813.00		11813.00
Balance 31/12/10	2821.36	68926.67	14182.22	0.00	660.00	27718.36	19773.00	26770.49	6488.40	167340.50
Accu.Depreciation										
Balance 1/01/10	1767.12	48422.15	4896.09		132.00	17138.94	9311.65	19305.94	6336.68	107310.56
Charge 2010	141.07	4731.66	1078.16		132.00	1385.92	2120.55	889.95	137.98	10617.28
Balance 31/12/10	1908.19	53153.81	5974.25		264.00	18524.86	11432.20	20195.89	6474.66	117927.84
NBV 31/12/10	913.17	15772.86	8207.97	0.00	396.00	9193.50	8340.80	6574.60	13.74	49412.66
NBV 31/12/09	**1054.24**	**20504.52**	**9286.13**	**0.00**	**528.00**	**10579.42**	**461.35**	**5651.56**	**151.72**	**48216.94**

10. Long Term Assets Donated

	Modules at cost	Batteries at cost	Controller at cost	Cable & other at Cost	Software	Building	Vehicles	Equipment tools	Fittings Furniture	Total
Cost of Valuation										
Balance at 01/01/10	1401630.67	1090845.02	264335.36	220904.37	48743.97	120637.52	62596.65	66677.97	9625.29	3285996.82
Additions										0.00
Balance 31/12/10	1401630.67	1090845.02	264335.36	220904.37	48743.97	120637.52	62596.65	66677.97	9625.29	3285996.82
Accu.Depreciation										
Balance 1/01/10	413262.95	612940.62	175118.98	167146.42	28910.54	105681.57	52511.83	44237.64	5782.68	1605593.22
Charge 2010	56065.23	100130.17	29053.06	37442.40	4430.68	5848.57	5831.33	6307.80	796.83	245906.06
Balance 31/12/10	469328.17	713070.78	204172.04	204588.82	33341.22	111530.13	58343.16	50545.43	6579.52	1851499.28

Kiribati Solar Energy Company Ltd
Balance Sheet Statement as at 31 December 2011

	Notes		2011		2010
CURRENT ASSETS					
Cash at Bank	4	$	3,680.64	$	37,901.74
Debtors	5	$	4,286.32	$	267,677.38
Imprest, Salary Advances & Personnel Debt		$	4,268.43	$	41,519.44
Stock		$	15,902.89	$	33,270.93
Prepaid Expenses		$	32,699.70	$	57,408.91
TOTAL CURRENT ASSETS		**$**	**60,837.98**	**$**	**437,778.40**
CURRENT LIABILITIES					
Creditors, Security Deposit & Revenue Receive ir	6		**203,092.10**	**$**	**218,693.92**
WORKING CAPITAL		**-$**	**142,254.12**	**$**	**219,084.47**
LONG TERM ASSETS PURCHASED BY KSEC					
Furniture,Fitting, Motorbike					
Computer,Modules,Batteries,Controller etc	10	**$**	**31,519.41**	**$**	**49,097.66**
LONG TERM ASSETS DONATED BY DONORS					
Furniture,Fitting, Motorbike					
Computer,Modules,Batteries,Controller etc	11		**1,229,447.03**	**$**	**1,434,497.58**
LONG TERM LIABILITIES					
Loan - DBK			0.00		0.00
NET WORTH			**1,118,712.32**		**1,702,679.71**
SHAREHOLDER'S INTEREST					
Paid up capital	7	$	500.00	$	500.00
Capital Reserve	8		1,381,111.08	$	1,837,363.28
Retained Profit(loss)	9	-$	262,898.76	-$	135,183.57
			1,118,712.32	**$**	**1,702,679.71**

....
Tavita Airam
(KSECL Officer-In-Charge)
for CEO

Date: 12/08/13

....
Rameka Takirua
(KSECL Board Director)
for Chairman

Date: 12/08/13

Kiribati Solar Energy Company Ltd

Profit and Loss Statement For The Year Ended 31 December 2011

		Notes	2011	2010
	Sales - Direct Sales		$ 112,604.90	$ 96,993.50
	Sales - Manufacturing		$ 6,688.25	$ 4,877.50
	Total Sales Income		$ 119,293.15	$ 101,871.00
Less	Cost of Sales		$ 72,980.12	$ 84,526.25
	Gross Profit		$ 46,313.03	$ 17,344.75
Add	Sales - Utility			
	Utility Service Fees		157,128.00	197,797.00
	Installation Fees		1,440.00	1,050.00
	Maintenance Fees Outer Islands		163.10	163.10
	Installation of Sold Items		2,045.71	2,432.97
	Reconnection Fees		50.00	205.00
	Services on Sold Items		167.15	387.20
	Currency Gain/loss		568.63	256.4
	Total Other Income		$ 161,562.59	219,636.42
	Total Income		$ 207,875.62	$ 236,981.17
Less	Operating Expenses			
	Basic Pay (Salaries & Wages)		$126,420.93	140,308.36
	Overtime		$863.49	1,858.15
	Reliving Staff/Temporary		$249.93	507.07
	Island Solar Technicians (IST) Wages		$17,330.54	13,000.51
	IST Support & Logistics		$11,678.60	
	Fees Collection (Utility)		$0.00	8,947.31
	3% Direct Sales		$0.00	12.00
	R&M - Headquarters (Buildings & Furnitures)		$2,384.95	5834.10
	Casual Labour/Contracts		$0.00	1,560.25
	Company Allowances		$1,685.21	3,427.93
	Leave Grants		$4,968.75	7,275.00
	KPF (Employer)		$9,946.92	11,017.68
	House Rent Subsidy		$2,105.50	3,145.00
	Bus Fares		$3,535.65	3,565.83
	Travelling - Local		$2,168.40	19,045.35
	Travelling - International		$0.00	1,156.05
	Bad Debts	5	$110,926.39	0.00
	Depreciation of Company's Assets	9	$17,893.23	10,617.29
	Depreciation of Donated Assets	10	$205,050.52	245,906.06
	Office Equipment & Tools		$1,999.10	
	Electricity		$4,882.50	8,470.60
	Fuel & Oil		$3,875.16	5,349.41
	Telephones		$1,019.50	5,268.87
	Advertising & Promotion		1,452.54	545.20
	Licences & Consulting Fees		540.00	612.00

Kiribati Solar Energy Company Ltd
Profit and Loss Statement For The Year Ended 31 December 2011

	Notes	2011	2010
R&M - PV Systems		0.00	3,098.30
R&M - Computers & LAN		0.00	1,627.00
R&M - Office Equipment		0.00	159.00
Office Supplies & Sundry Expenses		4,507.21	4,766.15
Telmo & Postal		109.25	498.66
Entertainment		252.70	704.30
Board Meetings		3,605.60	7,225.95
Staff Amenities & Welfare		0.00	229.90
Battery Water (Distilled)		1,359.00	0.00
Total Expenses		**540,811.57**	**517,749.28**
Operating Profit/(Loss)		**-332,935.95**	**-298,112.86**
Other Income			
Interest on IBDs		0.00	422.23
Discount on Withdrawing Deposits		140.00	440.35
Staff Canteen		814.00	0.00
Others		800.00	0.00
Total Other Income		**1,754.00**	**862.58**
Income Depreciation - Donated Assets			
Assets EU Projects		205,050.52	245,906.06
Total Income Depreciation		**205,050.52**	**245,906.06**
Other Expenses			
Bank Fees		880.40	1,117.35
Advertising, Marketing & Promotion		703.36	
Total Other Expenses		**1,583.76**	**1,117.35**
Net Profit/(Loss)		**-127,715.19**	**-45,567.27**

1. The Company

The Company was incorporated on 17 September 1987 with the primary objective of exploiting the solar resources of the Republic of Kiribati.

2. Principal Accounting Policies

The financial statements are prepared under the historical cost converntion and in accordance with the International Accounting Standards. The following is a summary of the more important policies used by the Company:

(a) Depreciation

Depreciation is calculated to write off the cost of long term assets on straight line basis over their expected useful lives. The rates of depreciation used which are consistent with the previous years are:

Vechicles	20%
Tools and Equipment	10%
Building	10%
Furniture & Fittings	10-20%
Panals	4%
Batteries	10%
Controllers	10%
Cabling	20%
Intangible	10%

(b) Foreign Currencies

Assets and liabilities expressed in foreign currencies are converted into Australian dollars at the rate of exchange ruling at the end of the financial year.

c) Stock

Stock is stated at the lower of cost and net realisable value.

3. Sales

Net sales of inventory during the year

4. Cash at Bank

		2011		2010
General Cheque Account	-$	603.86	$	33,617.24
Bank (IBD 850251-40)	$	1,559.39	$	1,559.39
Bank (IBD 850251-41)	$	1,089.48	$	1,089.48
Utility account	$	1,214.73	$	1,214.73
Island savings account	$	420.90	$	420.90
EU # 8.ACP.KI.04	$	-	$	-
	$	**3,680.64**	**$**	**37,901.74**

		2011		2010

5. Accounts Receivable

		2011		2010
Acc.Receivable: Utility	$	90,138.00	$	231,064.39
Acc.Receivable: D.Sales	$	25,074.71	$	36,612.99
Less Bad Debts	-$	110,926.39	$	-
	$	**4,286.32**	$	**267,677.38**

6. Accounts Payable, Security Deposit & Revenue received in advance, etc

		2011		2010
KPF clearing	$	16,946.00	$	17,551.70
Paye clearing	$	10,017.30	$	6,402.95
Sayee clearing	$	-	$	12.58
House loan clearing	$	-	$	-
House subsidy clearing	$	4,248.83	$	4,294.54
Life insurance clearing	$	1,833.49	$	1,858.48
Leave grant clearing	$	4,406.25	$	-
Net Pay Clearing	$	-	$	-
BOK loan Clearing	$	1,032.03	-$	341.58
Debt deducted	$	-	$	-
Mobile deduction	$	455.00	$	455.00
Payroll deduction: canteen	$	644.00	$	33.90
DBK loan clearing	$	2,182.00	$	2,456.00
PAYE Collected Company	$	-	$	1,044.93
PAYE Collected Project	$	-	$	1,561.94
Security deposit	$	48,317.20	$	47,689.50
Account payable(suppliers)	$	38,200.00	$	34,800.80
Revenue received in advance	$	54,810.00	$	100,873.18
	$	**203,092.10**	**$**	**218,693.92**

7. Share Capital

		2011		2010
Issued & fully paid				
Ordinary shares of $1 each	**$**	**500.00**	**$**	**500.00**

8. Capital Reserve

		2011		2010
Government subsidy	$	-	$	224,467.89
JICA project 1992	$	-	$	19,273.93
EU project No. 7.ACP.RPR.175	$	-	$	124,562.54
EU Project No.8 ACP.KI.04	$	1,345,621.06	$	1,416,558.92
Provision for battery replacement	$	35,493.91	$	52,500.00
Prior Year Adjustment	-$	3.89		
	$	**1,381,111.08**	**$**	**1,837,363.28**

revd on 16/8/13
[illegible]

	2011	2010
9. Retained Profits/(Losses)		
Balance at 1 January	-$ **135,183.57**	-$ 89,616.30
Profit/loss for the year	-$ 127,715.19	-$ 45,567.27
Balance at 31 December	**-$ 262,898.76**	**-$ 135,183.57**

10. Long Term assets (Asset purchased by KSEC)

	Modules at cost	Batteries at cost	Controller at cost	Cable & other at Cost	Software	Building	Vehicles	Equipment Tools	Fitting Furniture	Total
Cost of Valuation										
Balance at 01/01/11	2821.36	68926.67	14182.22	0.00	660.00	27718.36	19773.00	26770.49	6488.40	167340.50
Additions										0.00
Balance 31/12/11	2821.36	68926.67	14182.22	0.00	660.00	27718.36	19773.00	26770.49	6488.40	167340.50
Accu.Depreciation										
Balance 01/01/11	1908.19	53153.81	5974.25		264.00	18524.86	11432.20	20195.89	6474.66	117927.86
Charge 2011	112.85	6892.67	1418.22		66.00	2771.84	3954.60	2677.05		17893.23
Balance 31/12/11	2021.04	60046.48	7392.47		330.00	21296.70	15386.80	22872.94	6474.66	135821.09
NBV 31/12/11	800.32	8880.19	6789.75	0.00	330.00	6421.66	4386.20	3897.55		31519.41
NBV 31/12/10	**913.17**	**15772.86**	**8207.97**	**0.00**	**396.00**	**9193.50**	**8340.80**	**6574.60**	**13.74**	**49412.64**
						13.74				

11. Long Term assets (Asset donated)

	Modules at cost	Batteries at cost	Controller at cost	Cable & other at Cost	Software	Building	Vehicles	Equipment tools	Fittings Furniture	Total
Cost of Valuation										
Balance at 01/01/11	1401630.67	1090845.02	264335.36	220904.37	48743.97	120637.52	62596.65	66677.97	9625.29	3285996.82
Additions										0.00
Balance 31/12/11	1401630.67	1090845.02	264335.36	220904.37	48743.97	120637.52	62596.65	66677.97	9625.29	3285996.82
Accu.Depreciation										
Balance 1/01/11	469328.17	713070.78	204172.04	204588.82	33341.22	111530.13	58343.16	50545.43	6579.52	1851499.27
Charge 2011	56065.23	109084.50	26433.54		4874.40			6667.80	1925.06	205050.52
Balance 31/12/11	525393.40	822155.28	230605.58	204588.82	38215.62	111530.13	58343.16	57213.23	8504.58	2056549.79
NBV 31/12/11	876237.27	268689.74	33729.78	16315.55	10528.35	9107.39	4253.49	9464.74	1120.71	1229447.03
NBV 31/12/10	**932302.50**	**377774.24**	**60163.32**	**16315.55**	**15402.75**	**9107.39**	**4253.49**	**16132.54**	**3045.77**	**1434497.55**

COMPANY INFORMATION

YEAR ENDED 31 DECEMBER 2012

Board of Directors	Atanteora Beiatau, Chair Dr Takeieta Kienene Rameka Takirua Andrew Tiikai Iosapata Namakin
Company Secretary	Tiante Tarakia, CEO
Registered Office	Kiribati Solar Office Betio Tarawa Republic of Kiribati
Principal Place of Business	Kiribati Solar Office Betio Tarawa Republic of Kiribati
Solicitors	Office of the Attorney General Bairiki Tarawa Republic of Kiribati
Bankers	ANZ Bank Kiribati Branch Bairiki Tarawa Republic of Kiribati
Auditors	Kiribati National Audit Office Bairiki Tarawa Republic of Kiribati

KIRIBATI SOLAR ENERGY COMPANY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2012

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheet of the company as at 31 December 2012, statement of changes in equity, statement of Cash Flow and related income statement for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:-

Atanteora Beiatau, Chair
Dr Takeieta Kienene
Rameka Takirua
Andrew Tiikai
Iosapata Namakin

Results

The operating loss for the year was $200,285 (2011 loss $332,765) after taking into account an income tax expense of $Nil (2011 income tax expense $Nil)

Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

Reserves

The directors recommend that Capital Reserve of $233,923 (2011: $205,051) be transferred to Comprehensive Income to offset the amortisation of Donated Assets for the year ended 31 December 2012

Principal Activity

The principal activity of the company is supply and service Solar Power in Kiribati and there has been no significant changes in these activities during the year.

Significant Changes in the State of Affairs

There has been no significant changes in the state of affairs of Kiribati Solar Energy Company Limited for the year ended 31 December 2012 (2011: Nil)

Events subsquent to the Balance Sheet

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in the subsequent financial period.

Rounding

The Amount contained in the financial report have been rounded off to the nearest dollars.

General

At the date of this report the directors are not aware of any circumstances not otherwise dealt with, which would render the account misleading.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Tarawa this 10 day of March 2015

Director: ....

Director: ....

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2012

In accordance with a resolution of the board of directors for Kiribati Solar Energy Company Limited, we state that in the opinion of the directors:

[i] the accompanying statement comprehensive income, changes in equity, statement of financial position, statement of cash flow together with the note thereto are drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2012

[ii] at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

[iii] all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated at Tarawa this 10 day of March 2015

....
Director

....
Director

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 $	2011 $
INCOME from continuing operations			
Sales - Direct		183,386	112,605
Sales - manufacturing		-	6,688
Sales - Utility		97,644	157,128
Service fees		14,839	6,189
Revenue		**295,869**	**282,610**
Cost of Sales	2	(245,721)	(72,980)
Gross Profit		**50,148**	**209,630**
Selling and Administration expenses	page 15	(224,192)	(336,464)
Finance Costs	page 15	(1,000)	(880)
Amortisation of Donated Assets		(233,923)	(205,051)
Loss before tax *from continuing operations*		**(408,967)**	**(332,765)**
Other Comprehensive Income			
Add: Government Subsidy (reimbursement of operations)		208,682	-
Net Other Comprehesive Income		(200,285)	(332,765)
Income tax expenses	3	-	-
Loss for the year *from continuing operations*		(200,285)	(332,765)
Transfer from Capital Reserve	page 7	233,923	205,051
		33,638	(127,714)
LESS: Prior Period Adjustments	4	(3,393)	-
TOTAL COMPREHENSIVE INCOME for the year, net of Tax		**$ 30,245**	**$ (127,714)**

The Income Statement is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	SHARE CAPITAL	RESERVE	RETAINED EARNINGS	TOTAL EQUITY
YEAR 2012		$	$	$	$
Balance at the beginning of the period		500	1,381,111	(262,899)	**1,118,712**
Profit for the year		-	-	30,245	**30,245**
Transfer from Reserves		-	(233,923)	-	**(233,923)**
Provision for Battery Replacement		-	39,157	-	**39,157**
Issue of share capital		-	-	-	-
Prior Period Adjustment		-	-	-	-
Balance at the end of the period		**500**	**1,186,345**	**(232,654)**	**954,191**
YEAR 2011		$	$	$	$
Balance at the beginning of the period		500	1,550,664	(135,185)	**1,415,979**
Loss for the year		-	-	(127,714)	**(127,714)**
Transfer from Reserves		-	(205,051)	-	**(205,051)**
Provision for Battery Replacement		-	35,494	-	**35,494**
Issue of share capital		-	-	-	-
Prior Period Adjustment		-	4	-	**4**
Balance at the end of the period		**$ 500**	**$ 1,381,111**	**$ (262,899)**	**$ 1,118,712**

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2012

	Notes	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Customer		231,914	473,689
Payments to suppliers		(358,981)	(129,974)
Payment to Employees		(123,799)	(126,421)
Receipts for Government subsidy used for operations		208,682	-
Net Cash Flows (used in) Operating Activities	14	(42,184)	217,294
CASH FLOWS FROM INVESTING ACTIVITIES			
Property,Plant & Equipment purchased		-	(314)
Net Cash Flows (used in) Investing Activities		-	(314)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer (from)/to Reserves		39,157	(251,201)
Deferred Income - Government Subsidy		47,417	-
Net Cash Flows from Financing Activities		86,574	(251,201)
Net increase/(decrease) in cash held		44,390	(34,221)
Cash at the beginning of the financial period		3,681	37,902
Cash at the end of the year	6	$ **48,071**	$ **3,681**
		-	-

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with accounting principles generally accepted in Kiribati, and unless stated otherwise are consistent with those applied in the prior year.

a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated.

b) Property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis at rates calculated to write off each asset over its estimated useful life. The rates in use are as follows:-

Building	10%
Plant and Equipment	4% -10%
Furniture & Fittings	10%
Motor Vehicles	20%

c) Income tax

The company does not follow the principals of tax effect accounting. Income tax is calculated on the basis of reported incomes only.

d) Audit

These financial statements are unaudited

e) Foreign Currency

Foreign currency transactions during the year are recorded using the rate of exchange prevailing at the date of the transactions. At balance sheet date amounts receivable and payable in foreign currencies are translated at the exchange rates prevailing on that date. Exchange differences are taken directly to the profit and loss statement.

f) Borrowing Costs

The borrowing costs that are directly attributable to the acquisition or construction of the capital assets are capitalised. Other borrowing costs are recognised as an expense in the year in which they are incurred.

g) Inventories

Stock on hand has been valued on the basis of lower of cost and net realizable value

2. COST OF SALES

	2012 $	2013 $
Opening Stock	15,903	33,271
Purcahses	257,075	42,934
Direct Costs	10,376	12,678
Cost of sales available for sale	283,354	88,883
Closing Stock	(37,633)	(15,903)
	245,721	**72,980**

3. INCOME TAX EXPENSE

The amount of income tax attributable to the final year differed from the prima facie amount payable on the operating profit. The difference is reconciled as follows:

	2012 $	2011 $
Operating profit before income tax	(408,967)	(332,765)
Prima facie income tax thereon at the rate of 30%	(122,690)	(99,830)
Future tax benefit not yet recognised	122,690	99,830
INCOME TAX EXPENSES	-	-

4. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments relates to expenses for accounting period 2009-2011

	$	$
Cables	734	-
IST wages	949	-
IST Boat hire fuel	157	-
Small Grant CM Ribono refund	216	-
Advertising & promotion (BPA)	587	-
USP street light	313	-
Court fees, etc - KSSL	752	-
Refund on system deposits	138	-
Other Income	(108)	-
BOK Staff loan clearing	595	-
Life Insurance clearing	30	-
DBK Staff loan	250	-
KPF staff loan	257	-
closing unoperated accounts	(1,542)	-
Other	65	-
	3,393	-

6. CASH AND CASH EQUIVALENTS

	$	$
Cheque Account A/C# 306211	37,840	(604)
Cheque Account A/C#504256	1,559	1,559
Cheque Account A/C#190590	1,090	1,090
Island Saving Account	-	421
Utility Account	-	1,215
Undeposited Funds	7,582	-
	48,071	**3,681**

7. TRADE AND OTHER RECEIVABLES

	$	$
Trade Debtors	25,075	25,075
Utility Debtors	152,307	90,137
LESS: Provision for Doubtful Debts	(110,926)	(110,926)
EDF10 Project	1,785	-
Staff Loans	2,905	2,905
	71,146	**7,191**

Trade and Utilitydebtors are non-interest bearing and the terms of payments is 30 - 90 days. EDF10 Project is non-interest bearing with no fixed term of repayment.Staff Loans are non- interest bearing and paid by a direct deduction from the payroll

	2012 $	2011 $
8. PREPAYMENTS AND OTHER ASSETS		
Prepayments	32,700	32,700
Imprest Account	4,369	1,363
	37,069	**34,063**

Imprest Account are non-bearing interest but should be retired once the trip is completed

9. PROPERTY, PLANT AND EQUIPMENT

	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2012	$	$	$	$	$
Balance at beginning of the year, net of accumulated Depreciation	6,421	20,698	14	4,386	**31,519**
Additions		-	-	-	-
Depreciations	(2,772)	(11,167)	(14)	(3,955)	**(17,908)**
Balance at the of the period. net of accumulated depreciation	3,649	9,531	-	431	**13,611**
Reconciliation as at 31 December 2012					
Cost	27,718	113,361	6,489	19,773	**167,341**
Accumulated Depreciation	(24,069)	(103,830)	(6,489)	(19,342)	**(153,730)**
Net Carrying Amount	**3,649**	**9,531**	-	**431**	**13,611**

	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2011	$	$	$	$	$
Balance at beginning of the year, net of accumulated Depreciation	9,193	31,865	663	8,341	**50,062**
Additions	-	-	-	-	-
Depreciations	(2,772)	(11,167)	(649)	(3,955)	**(18,543)**
Balance at the end of the year, net of accumulated depreciation	6,421	20,698	14	4,386	**31,519**
Reconciliation as at 31 December 2011					
Cost	27,718	113,361	6,489	19,773	**167,341**
Accumulated Depreciation	(21,297)	(92,663)	(6,475)	(15,387)	**(135,822)**
Net Carrying Amount	**6,421**	**20,698**	**14**	**4,386**	**31,519**

	2012 $	2011 $
9. PROPERTY, PLANT AND EQUIPMENT (continued)		
Net Book Value	**13,611**	**31,519**

	2012	2011
10. DONATED ASSETS	**$**	**$**
Balance at beginning of the year, net of accumulated amortisation	1,229,447	1,434,498
Addition	-	-
Amortisations	(233,923)	(205,051)
Balance at the end of the year, net of accumulated Amortisation	**995,524**	**1,229,447**
Reconciliation at end of the year		
Cost of valuation	3,285,997	3,285,997
Accumulated Depreciation	(2,290,472)	(2,056,550)
Net Carrying Amount	**995,525**	**1,229,447**

11. TRADE & OTHER PAYABLES	**$**	**$**
Trade Creditors	157,022	161,327
Payroll Liabilities:-		
PAYE Clearing	15,143	10,017
KPF Clearing	17,082	16,946
Leave Grant Clearing	375	4,406
Mobile Deduction	455	455
Life Insurance Clearing	1,834	1,834
Canteen payroll deduction	277	644
Housing Subsidy clearing	6,045	4,249
DBK Staff Loan Clearing	2,182	2,182
ANZ Staff Loan Clearing	1,032	1,032
	201,447	**203,092**

12. PROVISION AND DEFERRED INCOME	**$**	**$**
GOVERNMENT SUBSIDY		
Opening Balance	-	-
Amount received in February and October	256,100	-
Amount of Subsidy available for the year	256,100	-
Released to the Statement of profit and loss	(208,683)	-
Closing Balance for the year	**47,417**	**-**
Current Portion	47,417	-
Non-Current Portion	-	-
	47,417	**-**

The deferred income was from the Government Subsidy received in February & October 2012 for Business Improving Plan Implementation 2012 - 2013. The Government Subsidy was released for the following programs with the amount spend in 2012:-

Redundancy	11,611	
Payment to Creditors	15,363	
Direct Sales	48,316	
Maintenance Programme	83,393	
Subsidy received in February taken to Profit & loss	50,000	
Released to the Statement of profit and loss	**208,683**	**-**

	2012 $	2011 $
13. **SHARE CAPITAL**		
Authorised Capital		
500 ordinary shares of $1 each	**500**	**500**
Issued and Paid Up Capital		
500 ordinary shares of $1 each	**500**	**500**

	$	$
14. **NOTES TO STATEMENT OF CASH FLOWS**		
Reconciliation of operating profit/(loss) after income tax to the net cash flows from Operating Activities.		
Operating profit after income tax	30,245	(127,714)
Add non-cash items:		
Depreciation	17,908	17,893
Net cash provided by operating activities before changes	48,153	(109,821)
Change in assets and liabilities:		
(Increase) / decrease in Receivables	(63,956)	302,005
(Increase) / decrease in inventories	(21,730)	17,368
(Increase) / decrease in deposits and prepayments	(3,006)	23,346
Increase / (decrease) in accounts payable and accruals	(1,645)	(15,602)
Net cash flows from / (used in) Operating Activities	**$ (42,184)**	**$ 217,296**

15. **CAPITAL COMMITMENTS** at balance date	$NIL	$NIL
16. **CONTINGENT LIABILITIES** at balance date	$NIL	$NIL

KIRIBATI SOLAR ENERGY COMPANY LIMITED

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 $	2011 $
SELLING AND ADMINISTRATION EXPENSES		
Accounting & Auditing Fees	3,300	-
Advertising & Promotion	3,075	2,156
Allowance	1,418	1,685
Bad Debts	-	110,926
Battery Acids & Distilled water	2,520	1,359
Board Meetings	4,405	3,606
Business licence	205	540
Casual wages	915	250
Depreciation	17,908	17,893
Electricity	4,488	4,882
Entertainments	171	253
Freight paid	1,167	-
Housing rent subsidy	1,491	2,105
IST Support & Logistics	4,941	11,679
IST Wages & Allowances	8,396	17,331
KPF Contribution	9,391	9,947
Leave grant	4,594	4,969
Motor vehicle running	4,365	3,875
Overtime	3,480	863
Printing, Postage & Stationery	1,465	4,616
Redundancy	11,611	-
Repair and maintenance	490	2,385
Replacements - Office Equipments, tools, etc	1,332	1,999
Salaries & Wages	123,799	126,421
Telephone, fax and Internet	1,681	1,020
Travelling & Allowances - local	7,584	5,704
TOTAL SELLING AND ADMINISTRATION EXPENSES	**224,192**	**336,464**
FINANCE COSTS		
Bank Charges	1,000	880
TOTAL FINANCE COSTS	**1,000**	**880**

COMPANY INFORMATION
YEAR ENDED 31 DECEMBER 2013

Board of Directors	Atanteora Beiatau, Chair Dr Takeieta Kienene Rameka Takirua Andrew Tiikai Iosapata Namakin
Company Secretary	Tavita Airam, Officer in Charge
Registered Office	Kiribati Solar Energy Company Limited Betio Tarawa Republic of Kiribati
Principal Place of Business	Kiribati Solar Energy Company Limited Betio Tarawa Republic of Kiribati
Solicitors	Office of the Attorney General Bairiki Tarawa Republic of Kiribati
Bankers	ANZ Bank Kiribati Branch Bairiki Tarawa Republic of Kiribati
Auditors	Kiribati National Audit Office Bairiki Tarawa Republic of Kiribati
External Accountant	Eterika & Associates *Member Firm of HLB International* Bikenibeu Tarawa Republic of Kiribati

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheet of the company as at 31 December 2013, statement of changes in equity, statement of Cash Flow and related income statement for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:-

Atanteora Beiatau, Chair	Andrew Tiikai
Dr Takeieta Kienene	Iosapata Namakin
Kameka Takirua	

Results

The operating loss for the year was $169,728 (2012 loss $200,285) after taking into account an income tax expense $Nil (2012 income tax expense $Nil)

Dividends

No dividend has been paid or recommended to be paid by the directors for the year.

Reserves

The directors recommend that Capital Reserve of $180,117 (2012: $233,923) be transferred to Comprehensive Income to offset the amortisation of Donated Assets for the year ended 31 December 2013

Principal Activity

The principal activity of the company is supply and service Solar Power in Kiribati and there has been no significant changes in these activities during the year.

Significant Changes in the State of Affairs

There has been no significant changes in the state of affairs of Kiribati Solar Energy Company Limited for the year ended 31 December 2013 (2012: Nil)

Events subsquent to the Balance Sheet

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in the subsequent financial period.

Rounding

The Amount contained in the financial report have been rounded off to the nearest dollars.

General

At the date of this report the directors are not aware of any circumstances not otherwise dealt with, which would render the account misleading.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Tarawa this day of 2015

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

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT BY DIRECTORS
YEAR ENDED 31 DECEMBER 2013

In accordance with a resolution of the board of directors for Kiribati Solar Energy Company Limited, we state that in the opinion of the directors:

(i) the accompanying statement comprehensive income, changes in equity, statement of financial position, statement of cash flow together with the note thereto are drawn up so as to give a true and fair view of the results of the company for the year ended 31 December 2013

(ii) at the date of this statement there are reasonable grounds to believe the company will be able to pay its debts as and when they fall due; and

(iii) all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated at Tarawa this day of 2015

....
Director

....
Director

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 $	2012 $
INCOME from continuing operations			
Sales - Direct		125,021	183,386
Sales - Utility		24,307	97,644
Service fees		939	14,839
EDF10		11,441	-
Other Income		11,761	-
Revenue		**173,469**	**295,869**
Cost of Sales	2	(229,638)	(245,721)
Gross Profit		**(56,169)**	**50,148**
Selling and Administration expenses	page 15	(210,551)	(224,192)
Finance Costs	page 15	(1,658)	(1,000)
Amortisation of Donated Assets		(180,117)	(233,923)
Loss before tax *from continuing operations*		**(448,495)**	**(408,967)**
Other Comprehensive Income			
Add: Government Subsidy (reimbursement of operations)		278,767	208,682
Net Other Comprehesive Income		(169,728)	(200,285)
Income tax expenses	3	-	-
Loss for the year *from continuing operations*		(169,728)	(200,285)
Transfer from Capital Reserve	page 7	180,117	233,923
		10,389	33,638
LESS: Prior Period Adjustments	4	(1,103)	(3,393)
TOTAL COMPREHENSIVE INCOME for the year, net of Tax		**$ 9,286**	**$ 30,245**

The Income Statement is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	SHARE CAPITAL	RESERVE	RETAINED EARNINGS	TOTAL EQUITY
YEAR 2013		$	$	$	$
Balance at the beginning of the period		500	1,186,345	(232,654)	**954,191**
Profit for the year		-	-	9,286	**9,286**
Transfer from Reserves		-	(180,117)	-	**(180,117)**
Provision for Battery Replacement		-	-	-	-
Issue of share capital		-	-	-	-
Prior Period Adjustment		-	-	-	-
Balance at the end of the period		**500**	**1,006,228**	**(223,368)**	**783,360**
YEAR 2012		$	$	$	$
Balance at the beginning of the period		500	1,381,111	(262,899)	**1,118,712**
Loss for the year		-	-	30,245	**30,245**
Transfer from Reserves		-	(233,923)	-	**(233,923)**
Provision for Battery Replacement		-	39,157	-	**39,157**
Issue of share capital		-	-	-	-
Prior Period Adjustment		-	-	-	-
Balance at the end of the period		**$ 500**	**$ 1,186,345**	**$ (232,654)**	**$ 954,191**

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

…ATI SOLAR ENERGY COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	2013 $	2012 $
CURRENT ASSETS			
Cash and Other Cash Equivalents	6	55,461	48,071
Trade and Other receivables	7	67,148	71,146
Inventory		51,557	37,633
Prepayments and other assets	8	37,105	37,069
		211,271	**193,919**
NON-CURRENT ASSETS			
Property, Plant & Equipments	9	5,603	13,612
Intangible - Assets donated by Donors	10	815,407	995,524
		821,010	**1,009,136**
TOTAL ASSETS		**1,032,281**	**1,203,055**
CURRENT LIABILITIES			
Trade & Other Payables	11	200,838	201,447
Provision and Deferred Income - Current portion	12	48,083	47,417
		248,921	**248,864**
TOTAL LIABILITIES		**248,921**	**248,864**
NET ASSETS		**783,360**	**$ 954,191**
Represented by:			
SHAREHOLDERS' EQUITY			
Share capital	13	500	500
Reserve		1,006,228	1,186,345
Retained earnings		(223,368)	(232,654)
TOTAL SHAREHOLDERS' EQUITY		**$ 783,360**	**$ 954,191**

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

Signed on behalf of the board of directors in accordance with a resolution of the directors

Director: ....

Director: ....

KIRIBATI SOLAR ENERGY COMPANY LIMITED

STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2013

	Notes	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Customer		177,468	231,914
Payments to suppliers		(345,213)	(358,981)
Payment to Employees		(104,299)	(123,799)
Receipts for Government subsidy used for operations		278,767	208,682
Net Cash Flows (used in) Operating Activities	14	6,723	(42,184)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property,Plant & Equipment purchased		-	-
Net Cash Flows (used in) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer (from)/to Reserves		-	39,157
Deferred Income - Government Subsidy		667	47,417
Net Cash Flows from Financing Activities		667	86,574
Net increase/(decrease) in cash held		7,390	44,390
Cash at the beginning of the financial period		48,071	3,681
Cash at the end of the year	6	**$ 55,461**	**$ 48,071**

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 10 to 14.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the company is set out in this note. The policies adopted are in accordance with accounting principles generally accepted in Kiribati, and unless stated otherwise are consistent with those applied in the prior year.

a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated.

b) Property, plant and equipment

Property, plant and equipment are depreciated on a straight line basis at rates calculated to write off each asset over its estimated useful life. The rates in use are as follows:-

Building	10%
Plant and Equipment	4% -10%
Furniture & Fittings	10%
Motor Vehicles	20%

c) Income tax

The company does not follow the principals of tax effect accounting. Income tax is calculated on the basis of reported incomes only.

d) Audit

These financial statements are unaudited

e) Foreign Currency

Foreign currency transactions during the year are recorded using the rate of exchange prevailing at the date of the transactions. At balance sheet date amounts receivable and payable in foreign currencies are translated at the exchange rates prevailing on that date. Exchange differences are taken directly to the profit and loss statement.

f) Borrowing Costs

The borrowing costs that are directly attributable to the acquisition or construction of the capital assets are capitalised. Other borrowing costs are recognised as an expense in the year in which they are incurred.

g) Inventories

Stock on hand has been valued on the basis of lower of cost and net realizable value

2. COST OF SALES

	2013 $	2012 $
Opening Stock	37,633	15,903
Purcahses	243,562	257,075
Direct Costs	-	10,376
Cost of sales available for sale	281,195	283,354
Closing Stock	(51,557)	(37,633)
	229,638	**245,721**

	2013	2012
3. INCOME TAX EXPENSE	**$**	**$**

The amount of income tax attributable to the final year differed from the prima facie amount payable on the operating profit. The difference is reconciled as follows:

	2013 $	2012 $
Operating profit before income tax	(448,495)	(408,967)
Prima facie income tax thereon at the rate of 30%	(134,549)	(122,690)
Future tax benefit not yet recognised	134,549	122,690
INCOME TAX EXPENSES	-	-

4. PRIOR PERIOD ADJUSTMENTS	**$**	**$**
Prior period adjustments relates to expenses for accounting period 2009-2011		
Cables	-	734
IST wages	-	949
IST Boat hire fuel	-	157
Small Grant CM Ribono refund	-	216
Advertising & promotion (BPA)	-	587
USP street light	-	313
Court fees, etc - KSSL	-	752
Refund on system deposits	176	138
Electrical	39	-
Reversal of prior year payment	(708)	-
Other Income	-	(108)
BOK Staff loan clearing	-	595
Life Insurance clearing	-	30
DBK Staff loan	-	250
KPF staff loan	-	257
closing unoperated accounts	-	(1,542)
Wages on fees collection	1,140	-
Sitting all'ce for Chevalier HSSE committee	310	-
Other	146	65
	1,103	**3,393**

6. CASH AND CASH EQUIVALENTS	**$**	**$**
Cheque Account No.: 306211	31,041	37,840
Cheque Account No.:975410	21,771	-
IBD Account No.: 504256	1,559	1,559
IBD Account No.: 190590	1,090	1,090
Undeposited Funds	-	7,582
	55,461	**48,071**

7. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
Trade Debtors	25,075	25,075
Utility Debtors	142,648	152,307
LESS: Provision for Doubtful Debts	(110,926)	(110,926)
EDF10 Project	7,331	1,785
Staff Loans	2,849	2,905
IST Staff Advance	171	-
	67,148	**71,146**

Trade and Utilitydebtors are non-interest bearing and the terms of payments is 30 - 90 days. EDF10 Project is non- interest bearing with no fixed term of repayment.Staff Loans are non- interest bearing and paid by a direct deduction from the payroll

8. PREPAYMENTS AND OTHER ASSETS

	$	$
Prepayments	32,700	32,700
Imprest Account	4,405	4,369
	37,105	**37,069**

Imprest Account are non-bearing interest but should be retired once the trip is completed

9. PROPERTY, PLANT AND EQUIPMENT

	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2013	$	$	$	$	$
Balance at beginning of the year, net of accumulated Depreciation	3,649	9,531	-	431	**13,611**
Additions		-			-
Depreciations	(2,772)	(4,805)	-	(431)	**(8,008)**
Balance at the of the period. net of accumulated depreciation	877	4,726	-	-	5,603
Reconciliation as at 31 December 2013					
Cost	27,718	113,361	6,489	19,773	**167,341**
Accumulated Depreciation	(26,841)	(108,635)	(6,489)	(19,773)	**(161,738)**
Net Carrying Amount	**877**	**4,726**	-	-	5,603

9. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2012	$	$	$	$	$
Balance at beginning of the year, net of accumulated Depreciation	6,421	20,698	14	4,386	**31,519**
Additions		-	-	-	**-**
Depreciations	(2,772)	(11,167)	(14)	(3,955)	**(17,908)**
Balance at the end of the year, net of accumulated depreciation	3,649	9,531	-	431	**13,611**
Reconciliation as at 31 December 2012					
Cost	27,718	113,361	6,489	19,773	**167,341**
Accumulated Depreciation	(24,069)	(103,830)	(6,489)	(19,342)	**(153,730)**
Net Carrying Amount	**3,649**	**9,531**	-	**431**	**13,611**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	2013 $	2012 $
Net Book Value	**5,603**	**13,611**

10. DONATED ASSETS

	$	$
Balance at beginning of the year, net of accumulated amortisation	995,524	1,229,447
Addition	-	-
Amortisations	(180,117)	(233,923)
Balance at the end of the year, net of accumulated Amortisation	**815,407**	**995,524**
Reconciliation as at end of year		
Cost of valuation	3,285,997	3,285,997
Accumulated Depreciation	(2,470,590)	(2,290,473)
Net Carrying Amount	**815,407**	**995,524**

11. TRADE AND OTHER PAYABLES

	$	$
Trade Creditors	160,932	157,022
Payroll Liabilities:-		
PAYE Clearing	17,395	15,143
KPF Clearing	9,735	17,082
Leave Grant Clearing	375	375
Mobile Deduction	455	455
Life Insurance Clearing	1,833	1,834
Canteen payroll deduction	-	277
Housing Subsidy clearing	6,899	6,045
DBK Staff Loan Clearing	2,182	2,182
ANZ Staff Loan Clearing	1,032	1,032
	200,838	**201,447**

	2013	2012
12. PROVISION AND DEFERRED INCOME	$	$
GOVERNMENT SUBSIDY		
Opening Balance	47,417	-
Amount received in the current year	279,433	256,100
Amount of Subsidy available for the year	326,850	256,100
Released to the Statement of profit and loss	(278,767)	(208,683)
Closing Balance for the year	**48,083**	**47,417**
Current Portion	48,083	47,417
Non-Current Portion	-	-
	48,083	**47,417**

The deferred income was from the Government Subsidy for Business Improving Plan Implementation for the respective years was released for the following programs with the amount spend in during the year:-

	2013	2012
Redundancy	1,389	11,611
Island Visit	1,821	-
Payment to Creditors	637	15,363
Direct Sales	87,205	48,316
Maintenance Programme	187,715	83,393
Other	-	50,000
Released to the Statement of profit and loss	**278,767**	**208,683**

13. SHARE CAPITAL	$	$
Authorised Capital		
500 ordinary shares of $1 each	**500**	**500**
Issued and Paid Up Capital		
500 ordinary shares of $1 each	**500**	**500**

14. NOTES TO STATEMENT OF CASH FLOWS	$	$
Reconciliation of operating profit/(loss) after income tax to the net cash flows from Operating Activities.		
Operating profit after income tax	9,286	30,245
Add non-cash items:		
Depreciation	8,008	17,908
Net cash provided by operating activities before	17,294	48,153
Change in assets and liabilities:		
(Increase) / decrease in Receivables	3,998	(63,955)
(Increase) / decrease in inventories	(13,924)	(21,730)
(Increase) / decrease in deposits and prepayments	(36)	(3,006)
Increase / (decrease) in accounts payable and accruals	(609)	(1,645)
Net cash flows from / (used in) Operating Activities	$ **6,723**	$ **(42,183)**

15. **CAPITAL COMMITMENTS** at balance date	$NIL	$NIL
16. **CONTINGENT LIABILITIES** at balance date	$NIL	$NIL

KIRIBATI SOLAR ENERGY COMPANY LIMITED

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 $	2012 $
SELLING AND ADMINISTRATION EXPENSES		
Accounting & Auditing Fees	3,325	3,300
Advertising & Promotion	3,810	3,075
Allowance	3,548	1,418
Battery Acids & Distilled water	-	2,520
Board Meetings	5,144	4,405
Business licence	90	205
Casual wages	190	915
Depreciation	8,008	17,908
Electricity	5,079	4,488
Entertainments	1,240	171
Freight paid	6,114	1,167
General expenses - Bereavement	150	-
Hire - MV and Equipment	602	-
Housing rent subsidy	1,074	1,491
IST Support & Logistics	21,862	4,941
IST Wages & Allowances	8,244	8,396
KPF Contribution	7,970	9,391
Late fees paid	220	-
Leave grant	4,125	4,594
Legal fees	150	-
Motor vehicle running	8,078	4,365
Overtime	232	3,480
Printing, Postage & Stationery	2,997	1,465
Redundancy	-	11,611
Repair and maintenance	1,880	490
Replacements - Office Equipments, tools, etc	561	1,332
Salaries & Wages	104,299	123,799
Telephone, fax and Internet	2,802	1,681
Travelling and Accomodations	8,757	7,584
TOTAL SELLING AND ADMINISTRATION EXPENSES	**210,551**	**224,192**
FINANCE COSTS		
Bank Charges	1,658	1,000
TOTAL FINANCE COSTS	**1,658**	**1,000**