REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Public Utilities Board
For The Year Ended 31st Dec 2009 - 2011

Kiribati National Audit Office
April 2014

KIRIBATI NATIONAL AUDIT OFFICE

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Audit Report

To the readers of Public Utilities Board financial statements for the years ended 31 December 2009 to 2011.

The Auditor-General, Mrs Matereta Raiman is the auditor of Public Utilities Board (PUB).

The audit covered the Board's compliance with the requirements of Part VII of the Public Finances (Control and Audit) 1981 and the PUB Ordinance 1977 that apply to the financial statements of PUB for the years ended 31 December 2009 - 2011.

Qualification

I am unable to satisfy myself as to the correctness of the Financial Statements of PUB for the years ended 31st Dec, 2009 to 2011 due to the following:

- Some Journal Vouchers for 2010 and 2011 were noted missing.
- Lack of supporting document for the following accounts:
  - Petty cash expense
  - Staff debts
- Debtors account could not be verified due to the following:
  - Poor reconciliation of debtors accounts.
  - Some Electricity debtor's cards in 2009 were missing.
  - Some Electricity Debtor's Cards were not updated.
  - Lack of supporting document for Trade Debtors and Staff Debtors.
  - Provision for Doubtful Debts did not incorporate outstanding Water Debtors of about 3m in 2011.
  - There were variances noted between Trade Debtors listing and Trial Balance of $306,710.46 and $626,947.67 for the years 2010 and 2011 respectively.

- Stock balance cannot be verified due to the following:
    - Stock records were poorly maintained.
    - No policy in place to monitor and control the purchasing of stock.
- Time sheets for Jan-Sept 2009 were missing.
- Daily deposits were not reviewed before depositing.
- Inadequacy of Creditors records.
- Audit fee outstanding of $12,700 for 2011 and prior years was not accounted for in the Financial Statement.
- Fixed Asset balance cannot be verified due to the following:
    - No written policy for disposal of fixed assets.
    - No physical counting of Fixed Assets.
    - Most of the supporting document for Fixed Assets Additions and Disposals were not available.

Adverse opinion

Because of **the significant effects of the matters** discussed in the qualification paragraph above, in my opinion, the financial statements of the Public Utilities Board **DO NOT** present fairly:

- the financial position of the company as at 31 December 2009 to 2011,
- the results of operations and,
- cash flows for the years then ended, in accordance with generally accepted accounting practise as applied in Kiribati:

The audit was completed on 30 April 2014, and was the date at which our opinion was expressed.

Basis of Opinion

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

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion. The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board 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, therefore we could not guarantee complete accuracy of the financial statements.

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

Responsibilities of the PUB's 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 PUB as at 31 December 2009 to 2011 and the results of its operations and cash flows for the year ended on that date. The Board of Directors responsibilities were clearly specified in the Public Finance (Control and Audit) Act 1981 and PUB Ordinance, 1977.

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 company.

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

Date: 30 April, 2014

PUBLIC UTILITIES BOARD

FINANCIAL STATEMENTS - REVISED

FOR THE YEAR ENDED 31 DECEMBER, 2011

PUBLICUTILITIES BOARD
BALANCE SHEET AS AT 31 DECEMBER, 2011

	Notes	Revised 2011	2011	2010
Current Assets				
Trade Debtors		7,698,697	7,698,697	6,409,270
Sundry Debtors		9,800	9,800	9,800
Staff Debts		240,377	240,377	285,046
Provision for Bad		-961,030	-961,030	-961,030
Cash at Bank	5	-747,098	-747,098	-766,276
IBD		88,618	88,618	86,888
Stock		976,223	976,223	1,142,371
Total		**7,305,587**	**7,305,587**	**6,206,069**
Current Liabilities				
Current Portion of L/T Loan	3	-35,894	-35,894	24,233
Trade Creditors		4,314,380	4,314,380	3,382,902
Sundry Creditors		-61,217	-61,217	-18,393
Total		**4,217,269**	**4,217,269**	**3,388,742**
Working Capital		**3,088,318**	**3,088,318**	**2,817,327**
Long Term Assets				
Buildings		1,234,340	1,234,340	1,234,340
Plants & Machineries		42,276,592	42,276,592	42,219,929
Furniture, Fittings & Equipment		462,085	462,085	452,089
Motor Vehicles		1,361,284	1,361,284	1,361,284
Accumulated Depreciation		-21,235,409	-21,235,409	-19,991,885
Total	2	**24,098,892**	**24,098,892**	**25,275,757**
Long Term Liabilities				
ADB Loan	3	3,997,485	3,997,485	3,920,670
ANZ Bank Loan	3	1,420,775	1,420,775	1,913,463
Total		**5,418,260**	**5,418,260**	**5,834,133**
NET WORTH		**21,768,950**	**21,768,950**	**22,258,951**
Proprietorship				
Capital Reserve	4	25,866,716	25,866,716	26,790,984
Equity Injection******	9	860,000		
Accumulated Profits/(Losses)	6	-4,957,766	-4,097,766	-4,532,033
Total		21,768,950	21,768,950	22,258,951

Confirmed: Chairman - Board of Directors

Chief Executive Officer

PUBLIC UTILITIES BOARD

PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31 DECEMBER, 2011

INCOME	Notes	Revised 2011	2011	2010
Electricity Sales		9,142,932	9,142,932	9,461,892
Water Sales		720,087	720,087	566,903
Government Subsidy	7	480,000	1,340,000	480,000
Other Income		121,459	121,459	130,168
Total		**10,464,478**	**11,324,478**	**10,638,963**
EXPENDITURE				
Fuel & Lubricant		7,851,958	7,851,958	7,610,119
Fuel - Motor Vehicles		76,348	76,348	81,323
New Connections & Installations		16,021	16,021	69,008
Postage, Printing & Stationeries		26,723	26,723	29,725
Operating & Other Supplies		60,578	60,578	59,712
KPF Contributions		91,852	91,852	92,950
Leave Grants & Passages		70,641	70,641	68,825
Salaries, Overtime & Allowances		1,660,822	1,660,822	1,575,586
Repairs & Maintenance		82,243	82,243	97,397
Depreciation		1,242,288	1,242,288	1,224,204
Overseas Travel & Training		4,385	4,385	9,591
Travelling & Transport		38,468	38,468	35,183
Telecom Charges		46,035	46,035	72,503
Chlorination		63,531	63,531	36,196
Insurance & Subscriptions		4,326	4,326	8,602
Advertising		10,732	10,732	4,359
Board Expenses		15,207	15,207	10,966
Audit Fees				7,500
Land Lease & Compensation		9,095	9,095	7,189
Bank Charges		197,133	197,133	165,814
Staff Subsidised Rent		29,503	29,503	24,970
Interest on L/T Loan		228,000	228,000	265,848
Other Expenses		6,263	6,263	11,385
Total		**11,832,152**	**11,832,152**	**11,568,955**
Operating Profit/(Loss)		**-1,367,674**	**-507,674**	**-929,992**
ABNORMAL ITEMS				
Prior Period Items (PPI)	8	17,673	17,673	-14,129
Amortisation - Aid Released		924,268	924,268	924,769
Net Profit/(Loss)		-425,733	434,267	-19,352

PUBLIC UTILITIES BOARD
CASH FLOW STATEMENT AT 31 DECEMBER, 2011

	Notes	Revised 2011	2011	2010
Cash Flows from Operating Activities				
Cash Receipts from Customers & Other Income		9,936,907	9,936,907	9,915,997
Cash Paid to Suppliers, Employees etc.		10,354,652	10,354,652	10,374,009
Cash Flows from Operating Activites	(a)	-417,745	-417,745	-458,012
Cash Flows from Financing Activities				
Government Subsidy		480,000	590,000	-480,000
Equity Injection		110,000		
		590,000	**590,000**	**-480,000**
Cash Flows from Investing Activities				
Purchase of Assets		-93,092	-93,092	-202,715
Loan Repayment & Interest		704,000	704,000	550,000
		610,908	**610,908**	**347,285**
Total Cash Flows		20,908	20,908	-132,715
Add Opening Balance of Cash & Cash equivalent		-679,388	-679,388	-546,673
Closing Balance of Cash & Cash equivalent		**-658,480**	**-658,480**	**-679,388**
Cash & Cash Equivalents				
Cash at Bank	5	-747,098	-747,098	-766,276
Power Project		0	0	0
IBD		88,618	88,618	86,888
Total		**-658,480**	**-658,480**	**-679,388**
(a) Reconciliation of Cash Flow from Operation				
Operating Loss for Year		-1,367,674	-507,674	-929,993
Add Depreciation		-1,242,288	-1,242,288	1,224,204
Interest on ADB Loan		-16,688	-16,688	-20,614
Government Subsidy		-480,000	-590,000	-480,000
Equity Injection		-110,000		
Prior Period Items		-28,359	-28,359	14,129
Increase (Decrease) in Trade Debtors		1,289,427	1,289,427	1,131,816
Increase (Decrease) in Sundry Debtors		0	0	-6,957
Increase (Decrease) in Staff Debts		-44,669	-44,669	-9,660
Increase (Decrease) in Stock		-166,148	-166,148	-75,136
Increase (Decrease) in Trade Creditors		931,478	931,478	-1,295,831
Increase (Decrease) in Sundry Creditors		-42,824	-42,824	-9,970
Increase (Decrease) in Equity Injection		860,000		
Cash Flows from Operating Activites		**-417,745**	**-417,745**	**-458,012**

PUBLIC UTILITIES BOARD
Notes to and Forming Part of the Accounts
Year Ended 31 December, 2009

(1) Statement of Accounting Policies
The accounts of the Board have been drawn up in accordance with generally accepted accounting principles and International Accounting Standards and the requirements of the law of the Republic of Kiribati. They have been prepared under the historical cost convention and the accrual basis of accounting has been used.

The accounting policies have been consistently applied unless otherwise stated. Set out below is a summary of the significant accounting policies adopted by the Board in the preparation of the accounts

(a) Depreciation of Fixed Assets
Fixed assets, including donated assets, are depreciated over their estimated useful lives using the straight line method.

(b) Stock
Stock is valued at the lower of cost and net relisable value and includes expenditure incurred in acquiring the stock and bringing it to the existing condition and location.

(c) Grants and Subsidies
Grants received for capital assets are recorded in the balance sheet as deferred income and amortised as income for subsequent periods at a rate of depreciation applied for the capital assets acquired under a grant

Subsidies received specifically for meeting operating costs are recorded in the income statement as operating revenue for the period

(d) Foreign Currency
A foreign currency transaction is recorded at its local currency (Australian dollar) equivalent at a rate in use when the transaction occurs. Gains and losses arising from foreign currency transactions are treated as gains or losses for the period when the transactions occur

(e) Long Term Debt
The current portion of long term debt is recorded as a current liability according to the repayment terms of the relevant loan agreement

(2) Schedule of Fixed Assets - 2011

			PLANTS & MACHINERIES						
		BUILDINGS	WATER	SEWERAGE	ELECTRICAL	TOTAL	FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
Cost	As at 1/01/11	715,840	6,014,319	2,171,919	23,959,047	32,145,285	452,089	1,361,284	34,674,498
Valuation		518,500	1,308,722	6,376,000	2,389,922	10,074,644			10,593,144
Total		1,234,340	7,323,041	8,547,919	26,348,969	42,219,929	452,089	1,361,284	45,267,642
Cost	Additions				56,663	56,663	9,996		66,659
	As at 31/12/11	1,234,340	7,323,041	8,547,919	26,405,632	42,276,592	462,085	1,361,284	45,334,301
Depreciation	As at 1/01/11	728,230	2,698,750	4,988,271	10,121,636	17,808,657	400,455	1,055,779	19,993,121
	Annual Charge	19,389	317,232	205,061	555,714	1,078,007	33,298	111,594	1,242,288
	As at 31/12/11	747,619	3,015,982	5,193,332	10,677,350	18,886,664	433,753	1,167,372	21,235,409
Net Book Value	As at 1/01/11	506,110	4,624,291	3,559,648	16,230,765	24,414,704	51,634	303,309	25,275,757
	As at 31/12/11	486,721	4,307,059	3,354,587	15,728,282	23,389,928	28,332	193,912	24,098,892

Notes to and Forming Part of the Accounts (Con'd)

(3) Asian Development Bank (ADB) & ANZ Bank (Kiribati) Limited Loans

(a) Loan No. 786 - Wartsila Generator
Principal advanced US700,000 @ 0.65 AUD $1,076,923.00
30 years @ interest 7.65% wef June 1990

	Current Liability	Long Term Liability		Total
		Principal	Interest	
Balance 1/01/11	-35,898	886,919	874,653	1,761,572
Adjustment	0	0	0	0
Balance 31/12/11	-35,898	886,919	874,653	1,761,572

Principal advanced SDR 666,970 @ 0.5546 AUD $1,202,547.00
40 years @ Interest 6.53% wef Sept 1992

	Current Liability	Long Term Liability		Total
		Principal	Interest	
Balance 1/01/11	60,130	1,112,355	1,046,741	2,159,096
Adjustment	60,127	60,127	16,688	76,815
Balance 31/12/11	3	1,172,482	1,063,429	2,235,911

Total ADB Loan - AUD $2,279,470.00

	Current Liability	Long Term Liability		Total
		Principal	Interest	
Balance 1/01/11	24,233	1,999,274	1,921,395	3,920,670
Adjustment	60,127	60,127	16,688	76,815
Balance 31/12/11	-35,894	2,059,401	1,938,083	3,997,485

© ANZ Bank (Kiribati) Limited Loan Account No. 791273
Principal AUD $2,339,000 @ Interest of 11.75% wef July, 2009

	Principal	Interest & Others	Repayment Principal	Total
Balance 1/01/11	1,913,463	211,312		2,124,775
Repayment		-211,312	-492,688	-704,000
Balance 31/12/11	1,913,463	0	-492,688	1,420,775

Notes to and Forming Part of the Accounts (Con'd)

	Revised 2011	2011	2010
(4) Capital Reserve			
Grant Reserve			
Balance 1/01/11	23,296,938	23,296,938	24,221,707
Amortised as Income	-924,268	-924,268	-924,769
Balance 31/12/11	**22,372,670**	**22,372,670**	**23,296,938**
Revaluation Reserve			
Balance 1/01/11	3,494,046	3,494,046	3,494,046
Balance 31/12/11	3,494,046	3,494,046	3,494,046
Total	**25,866,716**	**25,866,716**	**26,790,984**
(5) Cash at Bank			
Account No. 298142	-747,098	-747,098	-766,276
IBD	88,618	88,618	86,888
Total	**-658,480**	**-658,480**	**-679,388**
(6) Accumulated Loss			
Balance 1/01/11	-4,532,033	-4,532,033	-4,512,680
Net Profit/Loss (-) for the year	-425,733	434,267	-19,353
Balance 31/12/11	**-4,957,766**	**-4,097,766**	**-4,532,033**
(7) Government Subsidy			
Sewerage Operations	480,000	480,000	480,000
Power Supply	0	500,000	
Other Grants	0	360,000	
Total	**480,000**	**1,340,000**	**480,000**
(8) Prior Period Items/Adjustments			
Other Expenses	17,673	17,673	-14,129
(9) Equity Injection			
Equity Injection	860,000		

*****Subsidy treated as Equity Injection per letter received from Secretary MFED and copied also to KNAO dated 17/07/2013. MFED Ref: DF12/52.

PUBLIC UTILITIES BOARD
BALANCE SHEET AS AT 31 DECEMBER, 2010

	Notes	2010	2009
Current Assets			
Trade Debtors		6,409,270	5,277,454
Sundry Debtors		9,800	16,757
Staff Debts		285,046	294,706
Provision for Bad Debts		-961,030	-961,030
Cash at Bank	5	-766,276	-632,092
Power Project Account		0	18,603
IBD		86,888	66,816
Stock		1,142,371	1,217,507
Provision for Obsolete Stock		0	0
Prepayment		0	101,214
Total		6,206,069	5,399,935
Current Liabilities			
Current Portion of L/Term Loan	3	24,233	84,360
[illegible]			
Sundry Creditors		3,382,902	2,087,071
Total		3,388,742	2,143,068
Working Capital		2,817,327	3,256,867
Long Term Assets			
Buildings		1,234,340	1,234,340
Plants & Machinery		42,219,929	41,948,849
Furniture & Fittings		452,089	437,486
Motor Vehicles		1,361,284	1,151,370
Accumulated Depreciation		-19,991,885	-18,767,681
Total	2	25,275,757	26,004,364
Long Term Liabilities			
ADB Loan	3	3,920,670	3,839,929
ANZ (BOK) Loan	3	1,913,463	2,218,229
Total		5,834,133	6,058,158
Net Worth		22,258,951	23,203,073
Proprietorship			
Capital Reserve	4	26,790,984	27,715,753
Accumulated Profits/(Losses)	6	-4,532,033	-4,512,680
Total		22,258,951	23,203,073

Confirmed : Chairman, Board of Directors

Chief Executive Officer

PUBLIC UTILITIES BOARD
PROFIT AND LOSS ACCOUNT
FOR YEAR ENDED 31 DECEMBER, 2010

	Notes	2010	2009
INCOME			
Electricity Sales		9,461,892	9,513,722
Water Sales		566,903	577,308
Government Subsidy	7	480,000	792,802
Other Income		130,168	120,727
Total		10,638,963	11,004,559
EXPENDITURE			
Fuel & Lubricant		7,610,119	7,873,368
Fuel Vehicles		81,323	80,820
New Connections [illegible]		[illegible]	57,388
[illegible]		29,725	[illegible]
Postage, Printing & Stationeries		59,712	78,778
Operating & Other Supplies		92,950	89,207
KPF Contributions		68,825	83,138
Leave Grant & Passages		1,575,586	1,569,233
Wages, Overtime & Allowances		97,397	94,392
Repairs & Maintenance		1,224,204	1,174,748
Depreciation		9,591	9,027
Overseas Travel		35,183	48,531
Travelling & Transport		72,503	86,405
Telecom Charges		36,196	42,145
Chlorination		8,602	12,408
Insurance & Subscriptions		4,359	5,346
Advertising		10,966	17,833
Board Expenses		7,500	6,700
Audit Fees		7,189	5,914
Land Leases & Compensation		165,814	184,531
Bank Charges		24,970	27,032
Staff Subsidised Rent		265,848	153,770
Interest on L/T Loans			19,578
Redundancy		11,385	10,740
Other Expenses			
Total		11,568,955	11,750,220
Operating Profit/(Loss)		-929,993	-745,660
ABNORMAL ITEMS			
Prior Period Items	8	-14,129	-36,392
Amortisation - Aid Reserve		924,769	1,016,088
Net Profit/(Loss)		-19,353	234,036

PUBLIC UTILITIES BOARD
CASH FLOW STATEMENT
AS AT 31 DECEMBER, 2010

	Notes	2009	2010	Opening Balance	Closing Balance	2010
Cash Flows from Operating Acti ies						
Cash Receipts from Customers Other Income		9,916,087	10,604,859	6,453,625	7,142,487	9,915,997
Cash Paid to Suppliers, Employ s etc.		10,317,425	10,820,089	2,394,507	2,840,587	10,374,009
Cash Flows from Operating Acti es	(a)	-401,338				-458,012
Cash Flows from Financing Acti ies						
Government Subsidy		-385,710				-480,000
BOK Loan Proceeds		2,270,900				0
		1,885,190				-480,000
Cash Flows from Investing Acti es						
Purchase of Assets		-735,815				-202,715
Loan Repayment & Interest		-250,000				550,000
		-985,815				347,285
Total Cash Flows		498,036				-132,715
Add Opening Balance of Cash Cash equivalent		-1,044,709				-546,673
Closing Balance of Cash & Cas equivalent		-546,673				-679,388
Cash & Cash Equi ents						
Cash at Bank	5	-632,092				-766,276
Power Project		18,603				0
IBD		66,816				86,888
Total		-546,673				-679,388
(a) Reconciliation of Cash Flow dm Operation						
Operating Loss for Year		-745,660				-929,993
Add Depreciation		1,174,748				1,224,204
Interest on ADB Loan		24,541				-20,614
Government Subsidy		-792,802				-480,000
Prior Period Items		36,392				14,129
Increase (Decrease) in Trade I otors		-923,098				1,131,816
Increase (Decrease) in Sundry ebtors		16,598				-6,957
Increase (Decrease) in Staff I ots		103,663				-9,660
Increase (Decrease) in Stock		166,459				-75,136
Increase (Decrease) in Trade (editors		365,213				-1,295,831
Increase (Decrease) in Sundry reditors		6,394				-9,970
Increase (Decrease) in Prepay ent		101,214				0
Increase (Decrease) in Provisi for Obsolete Stock		65,000				0
Cash Flows from Operating Ac ites		-401,338				-458,012

(1) Statement of Accounting P cies
The accounts of the Board have ɜen drawn up in accordance with generally accepted accounting principles ɛ l International Accounting Standards and the requirements of the law of th Republic of Kiribati. They have been prepared under the historical cost convent ı and the accrual basis of accounting has been used.

The accounting policies have be consistently applied unless otherwise stated. Set out below is a summary of tl significant accounting policies adopted by the Board in the preparation of the ɛ ounts

(a) Depreciation of Fixed Asse
Fixed assets, including donated sets, are depreciated over their estimated useful lives using the straight line meth .

(b) Stock
Stock is valued at the lower of c and net relisable value and includes expenditure incurred in acquirin ıe stock and bringing it to the existing condition and location.

(c) Grants and Subsidies
Grants received for capital asse are recorded in the balance sheet as deferred income and amortised as incom or subsequent periods at a rate of depreciation applied for the capital assets ac ired under a grant

Subsidies received specifically 1 meeting operating costs are recorded in the income statement as operating ı enue for the period

(d) Foreign Currency
A foreign currency transaction is ɜcorded at its local currency (Australian dollar) equivalent at a rate in use when e transaction occurs. Gains and losses arising from foreign currency transactio are treated as gains or losses for the period when the transactions occur

(e) Long Term Debt
The current portion of long term ɜbt is recorded as a current liability according to the repayment terms of the re vant loan agreement

Notes to and Forming Part of th ccounts (Cont'd)

(2) Schedule of Fixed Assets -)10

		BUILDINGS	WATER	SEWERAGE	ELECTRICAL	TOTAL	FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
		PLANTS & MACHINERIES							
Cost	As at 1/01/	715,840	6,010,588	2,171,919	23,691,698	31,874,205	437,486	1,151,370	34,178,901
Valuation		518,500	1,308,722	6,376,000	2,389,922	10,074,644			10,593,144
Total Cost		1,234,340	7,319,310	8,547,919	26,081,620	41,948,849	437,486	1,151,370	44,772,045
	Additions		3,731		267,349	271,080	14,603	209,914	495,597
		1,234,340	7,323,041	8,547,919	26,348,969	42,219,929	452,089	1,361,284	45,267,642
Depreciation	As at 31/12/	1,234,340	7,323,041	8,547,919	26,348,969	42,219,929	452,089	1,361,284	45,267,642
	As at 1/01/1	708,841	2,381,518	4,783,210	9,574,682	16,739,410	364,069	955,361	18,767,681
	Annual Cha	19,389	317,232	205,061	543,522	1,065,815	36,386	102,614	1,224,204
	As at 31/12/	728,230	2,698,750	4,988,271	10,118,204	17,805,225	400,455	1,057,975	19,991,885
Net Book Value	As at 1/01/1	525,499	4,937,792	3,764,709	16,506,938	25,209,439	73,417	196,009	26,004,364
	As at 31/12/	506,110	4,624,291	3,559,648	16,230,765	24,414,704	51,634	303,309	25,275,757

Notes to and Forming Part of the ccounts (Cont'd)

(3) Asian Development Bank (B) & ANZ Bank (Kiribati) Limited Loans

(a) Loan No. 786 - Wartsila Gen ator
Principal advanced US700,000 0.65 AUD $1,076,923.00
30 years @ interest 7.65% wef ie 1990

	Current Liability	Long Term Liability Principal	Long Term Liability Interest	Total
Balance 1/ /10	-35,898	886,919	874,653	1,761,572
Adjustmen	0	0	0	0
Balance 3 2/10	-35,898	886,919	874,653	1,761,572

(b) Loan No. 922 - Power Distri tion Project
Principal advanced SDR 666,9 @ 0.5546 AUD $1,202,547.00
40 years @ Interest 6.53% wef pt 1992

	Current Liability	Long Term Liability Principal	Long Term Liability Interest	Total
Balance 1 1/10	120,257	1,052,228	1,026,127	2,078,355
Adjustme	60,127	60,127	20,614	80,741
Balance 3 12/10	60,130	1,112,355	1,046,741	2,159,096

Total ADB Loan - AUD $2,279, 0.00

	Current Liability	Long Term Liability Principal	Long Term Liability Interest	Total
Balance 1/10	84,360	1,939,147	1,900,781	3,839,929
Adjustme	60,127	60,127	20,614	80,741
Balance 12/10	24,233	1,999,274	1,921,395	3,920,670

© ANZ Bank (Kiribati) Limited an Account No. 791273
Principal AUD $2,339,000 @ rest of 11.75% wef July, 2009

	Principal	Interest & Others	Repayment Principal	Total
Balance /1/10	2,218,229	245,234		2,463,463
Repaym		-245,234	-304,766	-550,000
Balance /12/10	2,218,229	0	-304,766	1,913,463

Notes to and Forming Part ı he Accounts (Con'd)

		2010	2009
(4) Capital Reserve			
Grant	serve		
Balanc	1/01/10	24,221,707	25,237,795
Amorti	d as Income	-924,769	-1,016,088
Balanc	31/12/10	23,296,938	24,221,707
Revalı	ion Reserve		
Balanı	1/01/10	3,494,046	3,494,046
Balanı	31/12/10	3,494,046	3,494,046
Total		26,790,984	27,715,753
(5) Cash at Bank			
Accou	No. 298142	-766,276	-632,092
IBD		86,888	66,816
Powei	roject	0	18,603
Total		-679,388	-546,673
(6) Accumulated Loss			
Balanı	1/01/10	-4,512,680	-4,746,716
Net Pı	t/Loss (-) for the year	-19,353	234,036
Balan	31/12/10	-4,532,033	-4,512,680
(7) Government Subsidy			
Sewei	e Operations	480,000	480,000
Powei	upply		312,802
Total		480,000	792,802
(8) Prior Period Items/Adj	tments		
Other	penses	-14,129	-28,324
Provis	ı for Obsolete Stock		65,000
Electr	y Debtors		93,965
Staff [	ots		-167,033
		-14,129	-36,392

PUBLIC UTILITIES BOARD
BALANCE SHEET AS AT 31 DE :MBER, 2009

	Notes	2009	2008
Current Assets			
Trade Debtors		5,277,454	4,354,356
Sundry Debtors		16,757	477
Staff Debts		294,706	191,043
Provision for Bad D ts		-961,030	-961,030
Cash at Bank	5	-632,092	-1,128,816
Project Account		18,603	18,753
IBD		66,816	65,354
Stock		1,217,507	1,383,966
Provision for Obsol : Stock		0	-65,000
Prepayment		101,214	0
Total Current Ass		**5,399,935**	**3,859,103**
Current Liabilities			
Current Portion of l erm Loan - ADB	3	84,360	144,487
Trade Creditors		2,087,071	2,452,284
Sundry Creditors		-28,363	-34,757
Total Current Liat :ies		**2,143,068**	**2,562,014**
Working Capital		**3,256,867**	**1,297,089**
Long Term Assets			
Buildings		1,234,340	1,234,340
Plants & Machineri		41,948,849	41,461,702
Furniture & Fittings		437,486	396,434
Motor Vehicles		1,151,370	943,754
Accumulated Depr ation		-18,767,681	-17,592,933
Total Long Term / sets	2	**26,004,364**	**26,443,297**
Long Term Liabilities			
ADB Loan	3	3,839,929	3,755,261
ANZ Bank (Kiribati' :d Loan	3	2,218,229	0
Total Long Term l bilities		**6,058,158**	**3,755,261**
Net Worth		**23,203,073**	**23,985,125**
Proprietorship			
Capital Reserve	4	27,715,753	28,731,841
Accumulated Profi Losses)	6	-4,512,680	-4,746,716
Total Proprietorsl		**23,203,073**	**23,985,125**

Confirmed

Chairman - Board of Directors

Chief Executive Officer

PUBLIC UTILITIES B(,RD
PROFIT AND LOSS / COUNT
FOR YEAR ENDED 3)ECEMBER, 2009

	Notes	2009	2008
INCOME			
Electrici Sales		9,513,722	9,772,643
Water S :s		577,308	570,40[illegible]
Governr nt Subsidy	7	792,802	600,00[illegible]
Other In me		120,727	135,830
Total		**11,004,559**	**11,078,877**
EXPENDITURE			
Fuel & L ricant		7,873,368	7,875,948
Chlorina n		42,145	3,551
Fuel - V :cles		80,820	88,616
New Co ections & Installations		57,388	45,053
Postage 'rinting & Stationeries		19,187	20,346
Operati & Other Supplies		78,778	61,177
KPF Co ibutions		89,207	89,105
Leave (nt & Passages		83,138	95,049
Oversea Travel		9,027	16,084
Wages, /ertime & Allowances		1,569,233	1,987,241
Repairs Maintenance		94,392	56,400
Depreci on		1,174,748	1,224,444
Travelli & Transport		48,531	49,630
Telecor :harges		86,405	82,857
Insuran & Subscriptions		12,408	6,300
Public ! ices & Advertising		5,346	5,027
Board E)enses		17,833	17,974
Land Le :es & Compensation		5,914	6,247
Staff Hc :e Rent Subsidy		27,032	20,181
Audit F(; & Accountancy		6,700	
Bank C 'ges		184,531	286,694
Interest ı Loans		153,770	28,466
Redunc :cy		19,578	0
Other E enses		10,740	14,414
Total		**11,750,220**	**12,080,804**
Operating Profit/(Lo)		**-745,660**	**-1,001,927**
ABNORMAL ITEMS			
Prior P:)d Items	8	-36,392	-7,622
Amortis on - Aid Reserve		1,016,088	1,087,838
NET PROFIT/(LOSS		**234,036**	**78,289**

PUBLIC UTILITIES BOARD
CASH FLOW STATEMENT
AS AT 31 DECEMBER, 200

	Notes	2008	2009	Opening Balance	Closing Balance	2009
Cash Flows from Operating ivities						
Cash Receipts from Custom & Other Income		10,314,260	11,004,559	5,365,153	6,453,625	9,916,087
Cash Paid to Suppliers, Emp ees etc.		11,163,862	10,389,384	2,322,548	2,394,507	10,317,425
Cash Flows from Operating ivites	(a)	-849,602				-401,338
Cash Flows from Financing ivities						
Government Subsidy		719,180				-385,710
BOK Loan Proceeds						2,270,900
		719,180				1,885,190
Cash Flows from Investing vities						
Purchase of Assets		-34,426				-735,815
Loan Repayment & Interest		-34,426				-250,000
						-985,815
Total Cash Flows		-164,208				498,036
Add Opening Balance of Ca & Cash equivalent		-880,501				-1,044,709
Closing Balance of Cash & sh equivalent		-1,044,709				-546,673
Cash & Cash uivalents						
Cash at Bank	5	-1,128,816				-632,092
Power Project		18,753				18,603
IBD		65,354				66,816
Total		-1,044,709				-546,673
(a) Reconciliation of Cash F from Operation						
Operating Loss for Year		-1,001,927				-745,660
Add Depreciation		1,224,444				1,174,748
Interest on ADB Loan		28,466				24,541
Government Subsidy		-600,000				-792,802
Prior Period Items		7,622				36,392
Increase (Decrease) in Trac Debtors		157,870				-923,098
Increase (Decrease) in Sur y Debtors		-748,686				16,598
Increase (Decrease) in Sta Debts		25,015				103,663
Increase (Decrease) in Sto		233,677				166,459
Increase (Decrease) in Trac Creditors		-65,463				365,213
Increase (Decrease) in Sun Creditors		-110,620				6,394
Increase (Decrease) in Prep ment						101,214
Increase (Decrease) in Prov on for Obsolete Stock						65,000
Cash Flows from Operating ivites		-849,602				-401,338

PUBLIC UTILITIES BOARD
Notes to and Forming Part of tł Accounts
Year Ended 31 December, 2009

(1) Statement of Accounting Pc ies
The accounts of the Board have t n drawn up in accordance with generally accepted accounting principles ar International Accounting Standards and the requirements of the law of the epublic of Kiribati. They have been prepared under the historical cost conventi and the accrual basis of accounting has been used.

The accounting policies have bee consistently applied unless otherwise stated. Set out below is a summary of th gnificant accounting policies adopted by the Board in the preparation of the ac unts

(a) Depreciation of Fixed Assets
Fixed assets, including donated a ets, are depreciated over their estimated useful lives using the straight line metho

(b) Stock
Stock is valued at the lower of co and net relisable value and includes expenditure incurred in acquiring stock and bringing it to the existing condition and location.

(c) Grants and Subsidies
Grants received for capital assets e recorded in the balance sheet as deferred income and amortised as income subsequent periods at a rate of depreciation applied for the capital assets acq ed under a grant

Subsidies received specifically fo eeting operating costs are recorded in the income statement as operating re nue for the period

(d) Foreign Currency
A foreign currency transaction is corded at its local currency (Australian dollar) equivalent at a rate in use when t transaction occurs. Gains and losses arising from foreign currency transaction re treated as gains or losses for the period when the transactions occur

(e) Long Term Debt
The current portion of long term ot is recorded as a current liability according to the repayment terms of the rel ant loan agreement

Notes to and Forming Part of tl Accounts (Cont'd)

(2) Schedule of Fixed Assets - :)9

			PLANTS & MACHINERIES				FURNITURE	MOTOR	
		BUILDINGS	WATER	SEWERAGE	ELECTRICAL	TOTAL	& FITTINGS	VEHICLES	TOTAL
Cost	As at 1/01/09	715,840	6,010,588	2,171,919	23,204,551	31,387,058	396,434	943,754	33,443,086
Valuation		518,500	1,308,722	6,376,000	2,389,922	10,074,644			10,593,144
		1,234,340	7,319,310	8,547,919	25,594,473	41,461,702	396,434	943,754	44,036,230
Cost	Additions				487,147	487,147	41,052	207,616	735,815
		1,234,340	7,319,310	8,547,919	26,081,620	41,948,849	437,486	1,151,370	44,772,045
	As at 31/12/0	**1,234,340**	**7,319,310**	**8,547,919**	**26,081,620**	**41,948,849**	**437,486**	**1,151,370**	**44,772,045**
Depreciation	As at 1/01/09	689,151	2,058,865	4,565,632	9,097,729	15,722,226	337,342	844,214	17,592,933
	Annual Charg	19,690	322,653	217,578	476,953	1,017,184	26,727	111,147	1,174,748
	As at 31/12/0	**708,841**	**2,381,518**	**4,783,210**	**9,574,682**	**16,739,410**	**364,069**	**955,361**	**18,767,681**
Net Book Value	As at 1/01/09	545,189	5,260,445	3,982,287	16,496,744	25,739,476	59,092	99,540	26,443,297
	As at 31/12/0	**525,499**	**4,937,792**	**3,764,709**	**16,506,938**	**25,209,439**	**73,417**	**196,009**	**26,004,364**

Notes to and Forming Part of tl Accounts (Cont'd)

(3) Asian Development Bank (A 3) & ANZ Bank (Kiribati) Limited Loans

(a) Loan No. 786 - Wartsila Gene or
Principal advanced US700,000 @ .65 AUD $1,076,923.00
30 years @ interest 7.65% wef Ju : 1990

	Current Liability	Long Term Liability Principal	Long Term Liability Interest	Total
Balance 1/01/	-35,898	886,919	874,653	1,761,572
Adjustment	0	0	0	0
Balance 31/1: 9	**-35,898**	**886,919**	**874,653**	**1,761,572**

(b) Loan No. 922 - Power Distribu ɪn Project
Principal advanced SDR 666,970 ; 0.5546 AUD $1,202,547.00
40 years @ Interest 6.53% wef S t 1992

	Current Liability	Long Term Liability Principal	Long Term Liability Interest	Total
Balance 1/01.	180,384	992,101	1,001,587	1,993,688
Adjustment	60,127	60,127	24,541	84,668
Balance 31/1 ɪ9	**240,511**	**1,052,228**	**1,026,127**	**2,078,356**

Total ADB Loan - AUD $2,279,47)0

	Current Liability	Long Term Liability Principal	Long Term Liability Interest	Total
Balance 1/01	144,487	1,879,020	1,876,241	3,755,261
Adjustment	60,127	60,127	24,541	84,668
Balance 31/1)9	**84,360**	**1,939,147**	**1,900,781**	**3,839,929**

© ANZ Bank (Kiribati) Limited Lo Account No. 791273
Principal AUD $2,339,000 @ Inte st of 11.75% wef July, 2009

	Principal	Interest & Others	Repayment Principal	Total
Balance 10/0)9	2,339,000	129,229		2,468,229
Repayment		-129,229	-120,771	-250,000
Balance 31/1)9	**2,339,000**	**0**	**-120,771**	**2,218,229**

Notes to and Forming Part of the Accounts (Con'd)

		2009	2008
(4) Capital Reserve			
	Grant Reserve		
	Balance 1/01/09	25,237,795	,325,633
	Amortised as Income	-1,016,088	,087,838
	Balance 31/12/09	**24,221,707**	**,237,795**
	Revaluation Reserve		
	Balance 1/01/09	3,494,046	,494,046
	Balance 31/12/09	**3,494,046**	**,494,046**
	Total	**27,715,753**	**,731,841**
(5) Cash at Bank			
	Account No. 298142	-632,092	,128,816
	IBD	66,816	65,354
	Power Project	18,603	18,753
	Total	**-546,673**	**,044,709**
(6) Accumulated Loss			
	Balance 1/01/09	-4,746,716	-,825,005
	Net Profit/Loss (-) for the year	234,036	78,289
	Balance 31/12/09	**-4,512,680**	**,746,716**
(7) Government Subsidy			
	Sewerage Operations	480,000	480,000
	Power Supply	312,802	120,000
	Total	**792,802**	**600,000**
(8) Prior Period Items/Adjustments			
	Other Expenses	-28,324	**-7,622**
	Provision for Obsolete Stock	65,000	
	Electricity Debtors	93,965	
	Staff Debts	-167,033	
		-36,392	