REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF

Te Atinimarawa Company Ltd Financial Statements
For the Period 1st October 2016 to 31st December 2017

Kiribati Audit Office
November 2018

KIRIBATI AUDIT OFFICE

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Audit for an impact for the public

INDEPENDENT AUDITOR'S REPORT

To The Readers Of
Te Atinimarawa Company Ltd Financial Statements
For The Period 1st October 2016 to 31st December 2017

The Auditor-General, Mrs Matereta Raiman is the auditor of Te Atinimarawa Company Ltd (TACL)

The audit covered the Company's compliance with the requirements of Part VII of the Public Finance (Control and Audit) Ordinance 1976 and Company Ordinance, 1979 that apply to the Financial Statements of Te Atinimarawa Co. Ltd for the period 1ST October 2016 to 31st Dec 2017

TACL Board of Directors and Management Responsibility.

The Board of Directors and Management are responsible for the preparation and fair presentation of the Financial Statements in accordance with Generally Accepted Accounting Practice in Kiribati, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

It is my responsibility to express an independent opinion on these Financial Statements and reporting that opinion to you as required under the Public Finance (Control and Audit) Ordinance 1976. The audit was conducted in accordance with the Generally Accepted Accounting practice in Kiribati and the International Standards of Supreme Audit Institutions.

Qualification Paragraph:

- Audit noted that TACL cannot justify the figures reported in its Cash Flow Statement especially the Cash Adjustment of $254,992.
- We could not verify the Cost of Sales balance since TACL was unable to provide the opening stock balance.

Qualified Opinion

In my opinion except for the effects of the matters referred to in the qualification paragraph as above, the Financial Statements present fairly, in all material respects, the Financial Position of TACL for the period 1st Oct 2016 to 31st Dec, 2017 and the results of its operations and its cash flows for the period then ended in accordance with Generally Accepted Accounting Practice in Kiribati.

The audit was completed on 26th November 2018, and was the date at which my opinion was expressed.

Report on other Legal and Regulatory Requirements

TACL lodged its Financial Statement on 26th Feb 2018 showing TACL's compliance to the requirements.

Independence

When carrying out the audit we followed the independence requirements stipulated under section 114 (4) of the Kiribati Constitution and the requirements of the International Standards of Supreme Audit Institutions.

Other than the audit, we have no relationship with or interest in TACL.

....

Date: 26/11/18

Mrs. Matereta. Raiman.
Auditor General

TE ATINIMARAWA COMPANY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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PA · SOE
This is for Oct 30 2016 to end of 2017.
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TE ATINIMARAWA COMPANY LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with a resolution of the Board of Directors, the Directors herewith submit the Statement of Financial Position as at 31 December 2017, Statement of Changes in Equity and Statement of Cash Flow and the 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:-

Dr Takuia Uakeia (Chairman)
Barate Teuriaria
Teimarawa Eterika
Maria-Teretia Kaiboia
Kabure Yeeting

Results

The net operating profit for the 15 months (October 2016 to December 2017 was $83,805 (2016 Loss was $139,646 and 2017 Profit was $223,451).

Dividends

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

Reserves

The directors recommend that no transfer be made to reserves at year end.

Donated Assets

The directors recommend to transfer the amount of donated assets to deferred Income in order to offet the depreciation expense on these assets.

Prior Period Adjustments

The directors recommend that all outstanding issues with the KAO (auditors) be transferred to Prior Period adjustments.

Principal Activity

The principal activities of the company during the year were that of selling out Mixed Aggregates. There were no significant changes in the nature of these activities during the financial year.

TE ATINIMARAWA COMPANY LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017 continued.

Reporting Period

The Financial period for the company is from January 2017 to December 2017

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 Betio this .... day of .... 2018.

Chairpersor: ....
Name:...Dr Takuia Uakeia

Director: ....
Name..BARATE TEURIARIA..........

TE ATINIMARAWA COMPANY LTD
STATEMENT BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

In accordance with a resolution of the Board of Directors for TACL, we state that in the opinion of the directors:

[i] the accompanying Statement of Financial Position as at 31 December 2017, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow together with the notes thereto of the company are drawn up so as to give a true and fair view of the results of the company for the year ended 31st December 2017.

[ii] at the date of this statement it is certain that the company will be able to pay its debts.

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

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

Dated at Betio this .... day of .... 2018.

....
Chairman Director

Dr Takuia Uakeia Name:....BARATE TEURIARIA

TE ATINIMARAWA COMPANY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Oct'16-Dec'17	2016
		$	$
INCOME			
Sales	2	$ 1,955,773	$1,987,802
Cost of Sales			
Total Cost of Sales		$105,738	-
Gross Profit		**$ 1,850,035**	**$ 1,987,802**
LESS EXPENSES			
Staff and Other Related Expenses	3	$613,043	480,437
Selling and Distribution Expenses		$63,501	62,408
Fuel & Oil		$396,398	312,717
Vessel Tools, Repair & Maintenance		$138,136	110,712
Ration & Water		$50,051	16,360
Office & Vehicle Maintenance		$273,093	143,060
Depreciation on Fixed Assets		$694,178	535,683
Office and Admin exp		$126,147	111,341
TOTAL EXPENSES		$2,354,546	1,772,718
OPERATING PROFIT/(LOSS) before Income Tax		**$ (504,511)**	**$215,084**
ADD NON OPERATING ITEMS			
European Union Fund Released			
Deferred Income		$588,316	-
		$83,805	$215,084
Income tax expense	4		(75,279)
NET OPERATING PROFIT/(LOSS) after Income Tax		$83,805	$139,805

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 8 to 13.

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TE ATINIMARAWA COMPANY LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

YEAR 2017	Notes	Oct'16-Dec'17 $	2016 $
EU/GOVERNMENT AID		6,833,980	6,833,980
LESS Transfer to Deferred Capital Income		-6,268,906	-
		565,074	6,833,980
RETAINED EARNING			
LESS Transfer to Deferred Capital Income		267,092	127,287
NET OPERATING PROFIT/(LOSS) after Income Tax		223,451	139,805
Less: Prior period adjustments on opening balances		327,435	-
		817,978	267,092
TOTAL SHAREHOLDERS' FUND		**$ 1,383,052**	**$ 7,101,072**

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 8 to 13.

TE ATINIMARAWA COMPANY LTD
STATEMENT OF FINANCIAL POSISTION
AS AT 31 DECEMBER 2017

	Notes	Oct'16-Dec'17	2016
		$	$
CURRENT ASSETS			
Cash and Other Cash Equivalents	5	$414,466	$856,212
Trade and Other Receivables	6	$437,856	136,957
Inventory	7	$114,980	
Prepayments and other deposits	8		
		$967,302	$993,169
CURRENT LIABILITIES			
Bank Overdraft			
Trade & Other Payables	10	$6,032	($9,071)
Provisonal taxes	11	(699)	-
		5,333	(9,071)
WORKING CAPITAL		$961,969	$1,002,240
NON-CURRENT ASSETS			
Property, Plant & Equipments	9	$5,716,442	$6,098,832
		5,716,442	6,098,832
NON-CURRENT LIABILITIES			
Deferred Capital Income	12	$5,295,359	-
Total Deferred Capital Income			
Total Deferred Capital Income		$5,295,359	
NET ASSETS		1,383,052	7,101,072
TOTAL SHAREHOLDERS' EQUITY		$ 1,383,052	$ 7,101,072

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

Dated at Betio this .... day of .... 2018.

Chairman............................ Director: ....

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of

TE ATINIMARAWA COMPANY LTD
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Oct'16-Dec'17	2016
		$	$
Cash Flow from operating activities			
Cash received from customers		$1,380,959	$1,987,802
Cash paid to suppliers and employees		$2,354,546	($1,772,718)
		($973,587)	$215,084
Interest Expense			
	(a)	($973,587)	**$215,084**
Cash Flow from Investing activities			
Acquisition of long term assets		$313,758	(102,684)
		(313,758)	(102,684)
Cash Flow from Financing activities			
GoK & EU Aids		$588,316	1,464,364
ANZ Bank Comm		$2,291	$14,677.14
		$590,607	1,479,041
Net Cash Flow		($696,739)	1,591,441
Opening Cash and Cash Equivalents.		856,212	333,843
Add Cash Adjustment		254,992	(1,069,072)
Closing Cash and Cash Equivalents		$414,465	856,212

(a) Reconciliation of Net Cash from Operating Activities to Net Profit during the period:-

	Oct'16-Dec'17	2016
Net Profit/(Loss) for the period	83,805	139,805
Plus Depreciation for the year	$694,178	535,683
	777,982	675,488
Plus Changes in Balance Sheet Accounts		
Decrease/(Increase) in Cash	441,746	(529,466)
Decrease/(Increase) in Inventory	114,981	-
Decrease/(Increase) in Debtors	(300,898)	24,009
Decrease/(Increase) in Creditors		45,053
Adjustment to Retained Earnings		
Other Adjustments	-172024	
	83,805	215,084

TE ATINIMARAWA COMPANY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Te Atinimarawa Co Limited is a Public Company established under the Kiribati Companies Ordinance and funded by the European Union and Kiribati Government,

a) **Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with the historical cost accounting except for certain assets which were taken over from Government of Kiribati at Valuation, and do not take into account changing money values or current valuations of non-current assets unless otherwise stated. This account is compiled inaccordance with International Accounting Standards which are applicable in Kiribati.

b) **Property, plant and equipment**

Property, plant and equipment are depreciated on a straight line basis at rates

Vehicle	20% pa
Plant & Equipment	20% pa
Furniture & Fittings	20% pa
Buildings	5% pa
Vessel	10% pa
Boat Channel	5% pa

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) **Inventories**

Stock had been entered into the system this year.

e) **Comparative figures**

When necessary comparative figures have been adjusted to conform with changes in presentation in the current period.

f) Audit

These financial statements are unaudited.

2 INCOME

SALES	Oct'16-Dec'17 $	2016 $
TotalUngraded Mixed aggregates-Sand/Mud	$967,582	1475826
Total Crusher Sales	$550,784	-
Total Other Income	$437,407	511976
Total Income	1,955,773	1,987,802

3 STAFF SALARIES & EMOLUMENTS

Included in operating expenses are:	Oct'16-Dec'17 $	2016 $
Staff Salaries & Wages	$380,449	$303,718
KPF Contribution	$30,437	$20,118
Leave Grant	$46,911	$42,710
Other Staff Emoluments	$155,245	$113,891
	$613,043	$480,437

4 INCOME TAX EXPENSE

	Oct'16-Dec'17 $	2016 $
Net profit (loss) before income tax	$83,805	$215,084
Income tax expense for the year	-	($75,279)
	83,805	139,805

5. CASH AND CASH EQUIVALENTS	Oct'16-Dec'17	2016
		$
Petty Cash/Cash Float	$450	$607
Bank Account	$411,071	$815,359
Undeposited Funds	$2,945	$40,246
	$414,466	**$856,212**

6. TRADE AND OTHER RECEIVABLES	Oct'16-Dec'17	2016
	$	$
KSEC/Kiribati Housing Corporation	490	4,735
ESAT Project/CCL New Zealand	48,668	8,187
Police/High Court	-	3,145
MELAD	-	90
MYSA/Office of Te Beretitenti	4,500	337
Min of Health & Medical Services(MHMS)	-	1,896
AG's office/Min of Education	2,467	13,110
Ministry of Infrastructure and Sustainable Energy	20,340	1,035
Maiana Island	102,351	91,954
Tarakia Uakeang	519	519
Simon Liddell (CCL from NZ)	84,200	
Temreke		$700
Ministry of Fisheries & Marine Resources Develp	30,214	
Tom Awira	10,945	10,945
Kaure Babo	304	304
Sundry Debtors	6,760	-
Staff Debtors	2,273	-
Gov't share to Dai Nippon Construction	$123,826	-
	437,857	136,957

7. INVENTORIES

Item Name	Oct'16-Dec'17 $	2016 $
Unprocess Mixed Aggregate Mud	7,444	-
Unprocess Mixed Aggregate Sand	15,999	-
Oversize Gravel	5,386	-
Crusher Fine Sand	4,512	-
Crusher Kairebwe	13,855	-
Crusher Atama	43,571	-
Cusher mixed sand & kairebwe	24,213	-
	114,980	-

8. PREPAYMENTS & OTHER DEPOSITS

	2,016 $
PREPAYMENTS & OTHER DEPOSITS	-

9. PROPERTY, PLANT AND EQUIPMENT

	Oct'16-Dec'17	2016 $
Buildings-Board approved evaluation of	266,547	266,546
Less accumulated depreciation	($44,423)	($31,097)
	222,124	235,449
Motor Vehicles	$846,483	$863,586
Additional	$311,325	-
Less accumulated depreciation	($322,497)	($118,390)
	835,311	745,196
Marine Vessel	$3,261,113	$3,261,114
Less accumulated depreciation	($575,174)	($242,357)
	$2,685,939	$3,018,757

	Oct'16-Dec'17	2016
	$	$
Boat Channel	$2,360,443	$2,360,443
Less accumulated depreciation	($412,981)	($294,959)
	$1,947,462	$2,065,484
Plant and Equipment	$22,874	$22,874
Additional	$2,433	
Disposal		
Less accumulated depreciation	($10,538)	($5,637)
	14,769	17,237
Furniture & Fittings at cost	$24,753	$24,753
Less accumulated depreciation	($13,916)	($8,044)
	$10,837	$16,709
Net written down value	**$5,716,442**	**$6,098,832**

10. TRADE & OTHER PAYABLES	**Oct'16-Dec'17**	**2016**
	$	$
PAYE		$32
Salary Advance		($8,552)
KPF Loan		$35
KPF Payable	888	($40)
BOK Deposit		($199)
DBK Payable		$101
Canteen Payable	1	($479)
KIC contribution		$30
Payroll Accruals Payable	5143	
	6,032	(9,072)

	Oct'16-Dec'17	2016
11. PROVISIONAL TAXES	$	$
Witholding tax	($698)	-
		-

	Oct'16-Dec'17	2016
12. Deferred Capital Income		
GoK/EU Aids	$	$
GoK Subsidy Grant Received	$2,283,080	-
GoK Subsidy Amortised	($245,503)	-
	$2,037,577	-
EU Subsidy Grant Received	$3,985,826	-
EU Subsidy Amortised	($728,044)	-
	$3,257,782	-
	$5,295,359	-

	Oct'16-Dec'17	2016
13. SHARE CAPITAL	$	$
Authorised Capital	-	-
Issued and Paid Up Capital	-	-

	Oct'16-Dec'17	2016
14 CAPITAL COMMITMENTS		
Conmpany just started - no commitments paid.		

	Oct'16-Dec'17	2016
15. CONTINGENT LIABILITIES		

As for the previous year, there were no contingent liabilities at balance date.