

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF



Betio Shipyard Ltd
For the year ended 31st August 2014 to 2017

Kiribati Audit Office
April 2021

KIRIBATI AUDIT OFFICE



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Audit for an impact for the public

**INDEPENDENT AUDITOR'S REPORT
Betio Shipyard Ltd Financial Statements
For the years ended 31st August 2014 to 2017**

I have audited the Financial Statements of **Betio Shipyard Ltd (BSL)** for the years ended 31st August 2014 to 31st August 2017 in accordance with sec 114 (2) of the Constitution, Part VII, Sec 42(4) of the Public Finances (Control and Audit) 1981, Sec 22(1) of the Kiribati Audit Act, 2017. The Financial Statements comprise of the following:

- Statement of Financial Performance
- Statement of Financial Position
- Statement of Cash Flow
- Notes to the Accounts

Disclaimer of Opinion:

I do not express an opinion on the accompanying financial statements of BSL. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion:

The following issues formed the basis of our disclaimer opinion:

- There were significant variances found when matching of the General Ledger balances to the Financial Statements for the years 2014 to 2017, thus raised doubts as to the accuracy of the Financial Statements for those years.
- In addition, we were also unable to substantiate Financial Statement balances due to the following missing records:
 - Stock records for 2014-2017
 - Bank Reconciliations for 2014-2017
 - Payment Vouchers for 2014
 - Debtors listing for 2014

- Payment Vouchers for Sept 2015 to May 2016
- Cheque butts from 1/1/2014 to 01/04/2014
- Cheque butts from 01/01/2015 to 29/05/2016
- Deposit books for the years 2014 to 2017
- Most of the Board minutes for 2014 to 2017 were missing.
- Fixed Asset register for the years 2014-2017

I have conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are described in the Auditor's Responsibilities paragraph of my report.

Board of Directors and Management's responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor General's responsibilities for the audit of the financial statements of the Company

My responsibility is to conduct an audit of the BSL's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAI) and 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 and Kiribati Audit Act, 2017.

However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kiribati and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Communication with those charged with governance

I communicate with the Board of Directors and Managements regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

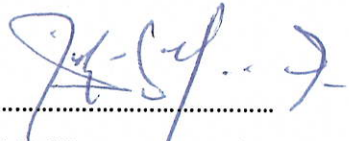
Reports on Legal and other regulatory requirements.

BSL Financial Reports for the years ended 31st August, 2014 to 2017 were submitted 2nd September, 2020. This had therefore indicated failure of Management and Board to submit Financial Statements on time and in accordance with requirements specified under Sec.20 of the SOE Act, 2013.

Independence

Section 114 (4) of the Kiribati Constitution stipulates that the Auditor General shall not be subject to the direction or control of any other person or authority.

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



Eriati Taumwa Manaima
Auditor General

Date: 15/4/21

BETIO SHIPYARD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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BETIO SHIPYARD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with a resolution of the board of directors, the directors herewith submit the statement of Financial position of the company as at 31 August 2014, 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:-

Mitateti Mote	Vice Chairman
Faitetele Mika	Director
Betem Ueri	Director

Results

The operating loss for the year was \$100,077 (2013 Loss \$16,268) after taking into account an income tax expense of \$Nil (2013 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 there will no transfer in Capital Reserve for the year

Principal Activity

The principal activity of the company is to repair steel ships and fabrication of wooden and steel boats 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 Betio Shipyards Limited for the year ended 31 August 2014 (2013: Nil)

Events subsequent 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 for and on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Tarawa this 31st day of August 2020

Director: 

Director: 

BETIO SHIPYARD LIMITED

STATEMENT BY DIRECTORS


FOR THE YEAR ENDED 31 AUGUST 2014

In accordance with a resolution of the board of directors for Betio Shipyards 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 August 2014
- [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.

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

Dated at Tarawa this 31st day of August 2020


.....
Director
.....
Director

(This is the section for Kiribati National Audit Report)

FOR THE YEAR ENDED 31 AUGUST 2014

INDEPENDENT AUDIT REPORT FOR THE YEAR ENDED 31 AUGUST 2014

Scope

We have audited the Financial Statements of Betio Shipyard Limited for the year ended 31 December 2015 as set out on pages 5 to 13. The company's directors are responsible for the preparation and presentation of the Financial Statements and the information they contain. We have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Generally Accepted Accounting Standards in Kiribati to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the Financial Statements are presented fairly in accordance with Generally Accepted Accounting Standards and statutory requirements in Kiribati so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations, changes in equity and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion,

- a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and
- b) the accompanying Financial Statements which have been prepared in accordance with Generally Accepted Accounting Standards in Kiribati:
 - i) are in agreement with the books of account;
 - ii) to the best of our information and according to the explanations given to us:
 - a) give a true and fair view of the state of affairs of the company as at 31 December 2015 and of the results, cash flows and changes in equity of the company for the year ended on that date;
 - b) give the information required by the Companies Ordinance 1979 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

BETIO SHIPYARD LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 AUGUST 2014**

	Notes	2014 \$	2013 \$
INCOME from continuing operations			
Revenue		162,565	935,810
Total Revenue		162,565	935,810
Cost of Sales	2	(109,144)	(755,776)
Gross Profit		53,421	180,034
Administration expenses	3	(28,302)	(53,785)
Depreciation	12	(31,534)	(31,534)
Marketing & Promotion	4	(137)	(878)
Personel Costs	5	(122,341)	(142,713)
Operating profit/(loss)		(128,893)	(48,876)
Finance Costs	6	(609)	(1,017)
Profit/(Loss) from continuing operations		(129,502)	(49,893)
Other Comprehensive Income			
Miscellaneous		29,425	33,625
Operating Loss before Tax		(100,077)	(16,268)
Income tax expenses	7	-	-
Operating loss for the year		(100,077)	(16,268)
LESS: Prior Period Adjustments		-	(20,800)
TOTAL COMPREHENSIVE LOSS for the year, net of Tax		\$ (100,077)	\$ (37,068)

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2014

Notes	SHARE CAPITAL	GOVERMT GRANT	RESERVE	RETAINED EARNINGS	TOTAL EQUITY
YEAR 2014	\$		\$	\$	\$
Balance at the beginning of the period	500	578,200	1,097,157	(1,026,401)	649,456
Profit for the year	-	-	-	(100,077)	(100,077)
Transfer from Reserves	-	-	-	-	-
Government Grant	-	295,848	-	-	295,848
Issue of share capital	-	-	-	-	-
Prior Period Adjustments	-	-	-	(359,585)	(359,585)
Increase in Valuation of Assets	-	-	-	-	-
Balance at the end of the period	500	874,048	1,097,157	(1,486,063)	485,642
YEAR 2013	\$		\$	\$	\$
Balance at the beginning of the period	500	578,200	1,097,157	(989,333)	686,524
Profit for the year	-	-	-	(37,068)	(37,068)
Transfer from Reserves	-	-	-	-	-
Government Grant	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Balance at the end of the period	\$ 500	\$ 578,200	\$ 1,097,157	\$ (1,026,401)	\$ 649,456

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2014

	Notes	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Other Cash Equivalents	8	1,407	67,090
Trade and Other receivables	9	766,331	993,677
Inventory	10	25,427	25,257
Prepayments and other assets	11	14,747	13,964
		807,912	1,099,988
NON-CURRENT ASSETS			
Property, Plant & Equipments	12	899,556	931,090
		899,556	931,090
TOTAL ASSETS		1,707,468	2,031,078
CURRENT LIABILITIES			
Trade & Other Payables	13	506,650	666,446
		506,650	666,446
NON-CURRENT LIABILITIES			
ADB Loan	14	715,176	715,176
		715,176	715,176
TOTAL LIABILITIES		1,221,826	1,381,622
NET ASSETS		485,642	\$ 649,456
<i>Represented by:</i>			
SHAREHOLDERS' EQUITY			
Share capital	15	500	500
Reserve		1,097,157	1,097,157
Government Grant		874,048	578,200
Retained earnings		(1,486,063)	(1,026,401)
TOTAL SHAREHOLDERS' EQUITY		\$ 485,642	\$ 649,456

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 15.

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

Director: 

Director: 

BETIO SHIPYARD LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 AUGUST 2014**

	Notes	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Customer		419,336	
Payments to suppliers		(298,332)	
Payment to Employees		(122,341)	
Finance costs		(609)	
Net Cash Flows (used in) Operating Activities	16	<u>(1,946)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant & Equipment purchased		-	
Net Cash Flows (used in) Investing Activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Government Subsidy		295,848	-
Changes in Equity		(359,585)	
Net Cash Flows from Financing Activities		<u>(63,737)</u>	<u>-</u>
Net increase/(decrease) in cash held		(65,683)	
Cash at the beginning of the financial period		67,090	
Cash at the end of the year	8	<u><u>\$ 1,407</u></u>	<u><u>\$ -</u></u>

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 15.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

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.

1.1) General

The Betio Shipyards Limited was incorporated under the Companies Ordinance in 1950. The company is fully owned by Government of Kiribati. As stated in the articles in its articles of association, the function of the company are to repair steel ships and fabrication of wooden and steel boats.

1.2) Basis of preparation of the financial statements

The financial statements have been prepared in accordance International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), with the historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for properties and certain office properties (classified as property, plants and equipment) that have been measured at fair value. The financial statement are presented in Australian Dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period and where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

1.3) 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	1%
Plant and Equipment	20%
Office equipment	25%
Furniture & Fittings	20%
Slipway	2%
Motor Vehicles	20%

1.4) Income tax

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

1.5) 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.

1.6) 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.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.7) Inventories

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

1.8) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured, regardless of when the payment is received and when specific criteria have been met for each of the company's activities as described below. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities.

i) *Sale of Goods and Services*

Revenue from Direct sales is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement, costs can be measured reliably, and receipt of the future economic benefits is probable.

ii) *Government Subsidy*

Government subsidy is recognised where there is reasonable assurance that the subsidy will be received and all attached conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

iii) *Miscellaneous Income*

Miscellaneous income is a group is small income derived from small works from the workshop and is it recognised where there is reasonable assurance that the income will be received

1.19) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include Bank Overdrafts that form an integral part of the business's cash management.

1.20) Allowance for Doubtful Debts

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts, either individually or collectively, at year end or based on government policy. Bad debts are written off during the period when they are identified.

The company periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts.

All other trade and other receivables that do not have an individually assessed allowance are assessed collectively for impairment. Collectively assessed allowances are maintained to reduce the carrying amount of portfolios of similar trade and other receivables to their estimated recoverable amounts at balance date.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.21) Foreign Currency Translation

i) *Transaction and balances*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statements of profit or loss in the period in which they arise.

	2014 \$	2013 \$
2. COST OF SALES		
Opening Stock	25,257	29,732
Purchases, KPA Charges, freight, etc	109,314	751,301
Cost of sales available for sale	134,571	781,033
Closing Stock	(25,427)	(25,257)
	109,144	755,776
3. ADMINISTRATIVE EXPENSES		
Accounting fee	950	-
Audit fees	2,500	-
Directors fees	260	4,530
Electricity and water	5,091	9,745
General expenses	306	3,293
Housing rent subsidy	3,444	3,666
Late fees paid	985	909
Motor vehicle running	330	790
Office and petty expenses	4,336	9,881
Registration fees	4,966	8,270
Repairs and maintenance	2,222	4,158
Telephone, fax, mobile and Internet	528	590
Travelling and allowances - local	2,384	7,953
	28,302	53,785
4. MARKETING & PROMOTION		
Advertising and promotion	49	189
Entertainments	88	689
	137	878

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2014

	2014	2013	
	\$	\$	
5. PERSONNEL COSTS	\$	\$	
Staff allowances	7,194	2,466	
KPF Contribution	12,805	17,097	
Leave Grant	2,150	8,425	
Overtime	618	6,028	
Salary and wages	99,574	108,652	
Staff Training	-	45	
	<u>122,341</u>	<u>142,713</u>	
6. FINANCE COSTS	\$	\$	
Bank Charges	609	1,017	
	<u>609</u>	<u>1,017</u>	
7. 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:			
	\$	\$	
Operating profit before income tax	(129,502)	(49,893)	
Prima facie income tax thereon at the rate of 30%	(38,851)	(14,968)	
Future tax benefit not yet recognised	-	-	
Tax loss recouped 7.1	38,851	14,968	
INCOME TAX EXPENSES	<u>-</u>	<u>-</u>	
7.1 Tax loss from previous years(Section 37 Income Tax Ordinance)			
Year	LOSS	Recouped	Balance
Year 2011	184,729		184,729
Year 2013	37,068	-	37,068
Year 2013	100,077	-	100,077
	<u>321,874</u>	<u>-</u>	<u>321,874</u>
Future benefit from tax losses not yet recognised is			<u>\$ 96,562</u>
8. CASH AND CASH EQUIVALENTS	\$	\$	
Cheque Current Account	1,307	66,990	
Petty Cash	100	100	
	<u>1,407</u>	<u>67,090</u>	

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2014

	2014 \$	2013 \$
9. INVENTORIES	\$	\$
Headquarter	24,913	24,913
Batriki Branch	-	-
Christmas Branch	21,592	21,592
Boat Building	2,792	-
General Engineering Stock	4,147	-
WIP Boat Building	12,956	20,267
WIP General Engineering	15,274	24,732
	<u>81,674</u>	<u>91,504</u>
Less Prov. For Obsolescence	(41,247)	(41,247)
Job deposits	(15,000)	(25,000)
	<u>25,427</u>	<u>25,257</u>
10. TRADE AND OTHER RECEIVABLES		
KSSL	334,167	384,167
Ministries and etc	628,795	806,116
Freight	-	-
LESS: Provision for Doubtful Debts	(199,343)	(199,343)
Staff Loans	561	586
Tax Arrears	2,151	2,151
	<u>766,331</u>	<u>993,677</u>
Trade and sundry debtors are non-interest bearing and the terms of payments is 30 - 90 days. Staff Loans are non-interest bearing and paid by a direct deduction from the payroll		
11. PREPAYMENTS AND OTHER ASSETS	\$	\$
Freight levy	7,555	6,859
Handling Charges	6,345	6,258
Handling Charges Christmas Is.	-	-
Imprest Account	847	847
	<u>14,747</u>	<u>13,964</u>

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

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2014

	2014				2013
	\$				\$
12. PROPERTY, PLANT AND EQUIPMENT					
	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2014	\$	\$	\$	\$	\$
Balance at beginning of the year, net of accumulated Depreciation	872,811	57,221	1,058	-	931,090
Additions	-	-	-	-	-
Valuation	-	-	-	-	-
Depreciations	(19,691)	(11,843)	-	-	(31,534)
Balance at the end of the period, net of accumulated depreciation	853,120	45,378	1,058	-	899,556
Reconciliation as at 31 December 2014					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,304,361)	(13,837)	(31,439)	(242,560)	(2,592,197)
Net Carrying Amount	853,120	45,378	1,058	-	899,556
	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2013	\$	\$	\$	\$	\$
Balance at beginning of the year, net of accumulated Depreciation	892,502	69,064	1,058	-	962,624
Additions	-	-	-	-	-
Depreciations	(19,691)	(11,843)	-	-	(31,534)
Balance at the end of the year, net of accumulated depreciation	872,811	57,221	1,058	-	931,090
Reconciliation as at 31 December 2013					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,284,670)	(1,994)	(31,439)	(242,560)	(2,560,663)
Net Carrying Amount	872,811	57,221	1,058	-	931,090
Net Book Value				899,556	931,090
13. TRADE AND OTHER PAYABLES				\$	\$
Trade Creditors				237,325	276,152
Payroll Liabilities				263,875	388,294
Income Tax Payable				-	-
Security Deposits (Bond from Moel)				2,000	2,000
Audit fees payable				2,500	-
Accounting fees Eterika & Associates				950	-
				506,650	666,446

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2014

	2014 \$	2013 \$
14. ADB LOAN	\$	\$
Balance at beginning of the year	715,176	715,176
Revaluation adjustments SOE Committee Advice	-	-
Balance at the end of the year	<u>715,176</u>	<u>715,176</u>
15. SHARE CAPITAL	\$	\$
<u>Authorised Capital</u>		
500 ordinary shares of \$1 each	<u>500</u>	<u>500</u>
<u>Issued and Paid Up Capital</u>		
500 ordinary shares of \$1 each	<u>500</u>	<u>500</u>
16. 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	(100,077)	-
<i>Add non-cash items:</i>		
Depreciation	31,534	-
Prior period items	-	-
Net cash provided by operating activities before	<u>(68,543)</u>	<u>-</u>
<i>Change in assets and liabilities:</i>		
(Increase) / decrease in Receivables	227,346	-
(Increase) / decrease in inventories	(170)	-
(Increase) / decrease in deposits and prepayments	(783)	-
Increase / (decrease) in Govt subsidy for operations	-	-
Increase / (decrease) in accounts payable and accruals	(159,796)	-
Net cash flows from / (used in) Operating Activities	<u>\$ (1,946)</u>	<u>\$ -</u>
17. CAPITAL COMMITMENTS at balance date	\$NIL	\$NIL
18. CONTINGENT LIABILITIES at balance date	\$NIL	\$NIL

BETIO SHIPYARD LIMITED
SCHEDULE OF FIXED ASSETS AND DEPRECIATION

FOR THE YEAR ENDED 31 AUGUST 2014

PARTICULARS	DATE	INITIAL 01.09.13 (\$)	COST ADD (\$)	SOLD	DEPRECIATION		ANNUAL (\$)	ADJUSTMT	RECOUP	TOTAL 31.08.14 (\$)	WDV 31.08.14 (\$)	WDV 01.09.13 (\$)
					TOTAL 31.08.14 (\$)	TOTAL 01.09.13 (\$)						
BUILDING												
Building		2,201,073	-	-	2,201,073	1,399,783	1%SL	19,691	-	1,419,474	781,599	801,290
Slipway		884,887	-	-	884,887	884,887	2%SL	-	-	884,887	-	-
Seawall		71,521	-	-	71,521	-	2%SL	-	-	-	71,521	71,521
		<u>3,157,481</u>	<u>-</u>	<u>-</u>	<u>3,157,481</u>	<u>2,284,670</u>		<u>19,691</u>	<u>-</u>	<u>2,304,361</u>	<u>853,120</u>	<u>872,811</u>
PLANT AND EQUIPMENT												
Equipment & Tools		59,215	-	-	59,215	1,994	20%SL	11,843	-	13,837	45,378	57,221
		<u>59,215</u>	<u>-</u>	<u>-</u>	<u>59,215</u>	<u>1,994</u>		<u>11,843</u>	<u>-</u>	<u>13,837</u>	<u>45,378</u>	<u>57,221</u>
FURNITURE & FITTINGS												
Furniture & Fittings		32,497	-	-	32,497	31,439	20%SL	-	-	31,439	1,058	1,058
		<u>32,497</u>	<u>-</u>	<u>-</u>	<u>32,497</u>	<u>31,439</u>		<u>-</u>	<u>-</u>	<u>31,439</u>	<u>1,058</u>	<u>1,058</u>
MOTOR VEHICLES												
Vehicles		242,560	-	-	242,560	242,560	20%SL	-	-	242,560	-	-
		<u>242,560</u>	<u>-</u>	<u>-</u>	<u>242,560</u>	<u>242,560</u>		<u>-</u>	<u>-</u>	<u>242,560</u>	<u>-</u>	<u>-</u>
GRAND TOTAL		<u>3,491,753</u>	<u>-</u>	<u>-</u>	<u>3,491,753</u>	<u>2,560,663</u>		<u>31,534</u>	<u>-</u>	<u>2,592,197</u>	<u>899,556</u>	<u>931,090</u>

BETIO SHIPYARD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015



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BETIO SHIPYARD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2015

In accordance with a resolution of the board of directors, the directors herewith submit the statement of Financial position of the company as at 31 August 2015, 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:-

Mitateti Mote	Vice Chairman
Faitele Mika	Director
Betem Ueri	Director

Results

The operating loss for the year was \$92,184 (2014 Loss \$100,077) after taking into account an income tax expense of \$Nil (2014 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 there will no transfer in Capital Reserve for the year

Principal Activity

The principal activity of the company is to repair steel ships and fabrication of wooden and steel boats 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 Betio Shipyard Limited for the year ended 31 August 2015 (2014: Nil)

Events subsequent 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 for and on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Tarawa this 31st day of August 2020

Director: 

Director: 

BETIO SHIPYARD LIMITED

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2015

In accordance with a resolution of the board of directors for Betio Shipyards 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 August 2015
- [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.

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

Dated at Tarawa this 31st day of August 2020


.....
Director
.....
Director

(This is the section for Kiribati National Audit Report)

FOR THE YEAR ENDED 31 AUGUST 2015

INDEPENDENT AUDIT REPORT FOR THE YEAR ENDED 31 AUGUST 2015

Scope

We have audited the Financial Statements of Betio Shipyard Limited for the year ended 31 August 2015 as set out on pages 5 to 13. The company's directors are responsible for the preparation and presentation of the Financial Statements and the information they contain. We have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Generally Accepted Accounting Standards in Kiribati to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the Financial Statements are presented fairly in accordance with Generally Accepted Accounting Standards and statutory requirements in Kiribati so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations, changes in equity and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion,

- a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and
- b) the accompanying Financial Statements which have been prepared in accordance with Generally Accepted Accounting Standards in Kiribati:
 - i) are in agreement with the books of account;
 - ii) to the best of our information and according to the explanations given to us:
 - a) give a true and fair view of the state of affairs of the company as at 31 December 2015 and of the results, cash flows and changes in equity of the company for the year ended on that date;
 - b) give the information required by the Companies Ordinance 1979 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

BETIO SHIPYARD LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 AUGUST 2015**

	Notes	2015 \$	2014 \$
INCOME from continuing operations			
Revenue		72,015	162,565
Total Revenue		72,015	162,565
Cost of Sales	2	(60,254)	(109,144)
Gross Profit		11,761	53,421
Administration expenses	3	(10,056)	(28,302)
Depreciation	12	(31,534)	(31,534)
Marketing & Promotion	4	(40)	(137)
Personel Costs	5	(55,096)	(122,341)
Operating profit/(loss)		(84,965)	(128,893)
Finance Costs	6	(7,219)	(609)
Profit/(Loss) from continuing operations		(92,184)	(129,502)
Other Comprehensive Income			
Miscellaneous		-	29,425
Operating Loss before tax		(92,184)	(100,077)
Income tax expenses	7	-	-
		(92,184)	(100,077)
LESS: Prior Period Adjustments		-	-
TOTAL COMPREHENSIVE LOSS for the year, net of Tax		\$ (92,184)	\$ (100,077)

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	SHARE CAPITAL	GOVERNMENT GRANT	RESERVE	RETAINED EARNINGS	TOTAL EQUITY
YEAR 2015		\$	\$	\$	\$	\$
Balance at the beginning of the period		500	874,048	1,097,157	(1,486,063)	485,642
Profit for the year		-	-	-	(92,184)	(92,184)
Transfer from Reserves		-	-	-	-	-
Government Grant		-	240,175	-	-	240,175
Adjustments		-	-	-	215,455	215,455
Issue of share capital		-	-	-	-	-
Balance at the end of the period		500	1,114,223	1,097,157	(1,362,792)	849,088
YEAR 2014		\$	\$	\$	\$	\$
Balance at the beginning of the period		500	578,200	1,097,157	(1,026,401)	649,456
Profit for the year		-	-	-	(100,077)	(100,077)
Transfer from Reserves		-	-	-	-	-
Government Grant		-	295,848	-	-	295,848
Prior period adjustments		-	-	-	(359,585)	(359,585)
Issue of share capital		-	-	-	-	-
Balance at the end of the period		\$ 500	\$ 874,048	\$ 1,097,157	\$ (1,486,063)	\$ 485,642

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2015

	Notes	2015 \$	2014 \$
CURRENT ASSETS			
Cash and Other Cash Equivalents	8	316	1,407
Trade and Other receivables	9	1,025,035	766,331
Inventory	10	175,530	25,427
Prepayments and other assets	11	14,051	14,747
		<u>1,214,932</u>	<u>807,912</u>
NON-CURRENT ASSETS			
Property, Plant & Equipments	12	940,028	899,556
		<u>940,028</u>	<u>899,556</u>
TOTAL ASSETS		<u>2,154,960</u>	<u>1,707,468</u>
CURRENT LIABILITIES			
Trade & Other Payables	13	590,696	506,650
		<u>590,696</u>	<u>506,650</u>
NON-CURRENT LIABILITIES			
ADB Loan	14	715,176	715,176
		<u>715,176</u>	<u>715,176</u>
TOTAL LIABILITIES		<u>1,305,872</u>	<u>1,221,826</u>
NET ASSETS		<u>849,088</u>	<u>\$ 485,642</u>
<i>Represented by:</i>			
SHAREHOLDERS' EQUITY			
Share capital	15	500	500
Reserve		1,097,157	1,097,157
Government Grant		1,114,223	874,048
Retained earnings		(1,362,792)	(1,486,063)
TOTAL SHAREHOLDERS' EQUITY		<u>\$ 849,088</u>	<u>\$ 485,642</u>

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 15.

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

Director: 

Director: 

BETIO SHIPYARD LIMITED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Customer		72,015	419,336
Payments to suppliers		(178,960)	(298,332)
Payment to Employees		(55,096)	(122,341)
Finance costs		(7,219)	(609)
Net Cash Flows (used in) Operating Activities	16	<u>(169,260)</u>	<u>(1,946)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant & Equipment purchased		(72,006)	-
Net Cash Flows (used in) Investing Activities		<u>(72,006)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Government Subsidy		240,175	295,848
Changes in Equity			(359,585)
Net Cash Flows from Financing Activities		<u>240,175</u>	<u>(63,737)</u>
Net increase/(decrease) in cash held		(1,091)	(65,683)
Cash at the beginning of the financial period		1,407	67,090
Cash at the end of the year	8	<u>\$ 316</u>	<u>\$ 1,407</u>

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 15.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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.

1.1) General

The Betio Shipyards Limited was incorporated under the Companies Ordinance in 1950. The company is fully owned by Government of Kiribati. As stated in the articles of association, the function of the company are to repair steel ships and fabrication of wooden and steel boats.

1.2) Basis of preparation of the financial statements

The financial statements have been prepared in accordance International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), with the historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for properties and certain office properties (classified as property, plants and equipment) that have been measured at fair value. The financial statement are presented in Australian Dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period and where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

1.3) 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	1%
Plant and Equipment	20%
Office equipment	25%
Furniture & Fittings	20%
Slipway	2%
Motor Vehicles	20%

1.4) Income tax

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

1.5) 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.

1.6) 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.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.7) Inventories

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

1.8) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured, regardless of when the payment is received and when specific criteria have been met for each of the company's activities as described below. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities.

i) *Sale of Goods and Services*

Revenue from Direct sales is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement, costs can be measured reliably, and receipt of the future economic benefits is probable.

ii) *Government Subsidy*

Government subsidy is recognised where there is reasonable assurance that the subsidy will be received and all attached conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

iii) *Miscellaneous Income*

Miscellaneous income is a group of small income derived from small works from the workshop and is recognised where there is reasonable assurance that the income will be received

1.19) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include Bank Overdrafts that form an integral part of the business's cash management.

1.20) Allowance for Doubtful Debts

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts, either individually or collectively, at year end or based on government policy. Bad debts are written off during the period when they are identified.

The company periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts.

All other trade and other receivables that do not have an individually assessed allowance are assessed collectively for impairment. Collectively assessed allowances are maintained to reduce the carrying amount of portfolios of similar trade and other receivables to their estimated recoverable amounts at balance date.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.21) Foreign Currency Translation

i) *Transaction and balances*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statements of profit or loss in the period in which they arise.

2. COST OF SALES

Opening Stock
Purchases, KPA Charges, Cartage Inward, etc
Cost of sales available for sale
Closing Stock

2015	2014
\$	\$
25,427	25,257
210,357	109,314
235,784	134,571
(175,530)	(25,427)
60,254	109,144

3. ADMINISTRATIVE EXPENSES

Accounting fee
Audit fees
Directors fees
Electricity and water
General expenses
Housing rent subsidy
Late fees paid
Legal fees
Motor vehicle running
Office and petty expenses
Registration fees
Repairs and maintenance
Telephone, fax, mobile and Internet
Travelling and allowances - local

950	950
2,500	2,500
665	260
1,514	5,091
74	306
1,425	3,444
-	985
54	-
448	330
1,176	4,336
-	4,966
-	2,222
794	528
456	2,384
10,056	28,302

4. MARKETING & PROMOTION

Advertising and promotion
Entertainments

\$	\$
40	49
-	88
40	137

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

FOR THE YEAR ENDED 31 AUGUST 2015

	2015	2014	
	\$	\$	
5. PERSONNEL COSTS			
Staff allowances	2,332	7,194	
KPF Contribution	6,680	12,805	
Leave Grant	3,465	2,150	
Overtime	2,319	618	
Salary and wages	40,300	99,574	
	55,096	122,341	
6. FINANCE COSTS			
Bank Charges	391	609	
Interest and penalty	6,828		
	7,219	609	
7. 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:			
	\$	\$	
Operating profit before income tax	(92,184)	(129,502)	
Prima facie income tax thereon at the rate of 30%	(27,655)	(38,851)	
Future tax benefit not yet recognised	-	-	
Tax loss recouped	27,655	38,851	
INCOME TAX EXPENSES	-	-	
7.1 Tax loss from previous years(Section 37 Income Tax Act.)			
Year	LOSS	Recouped	Balance
Year 2013	37,068	-	37,068
Year 2014	100,077	-	100,077
Year 2015	92,184	-	92,184
	229,329	-	229,329
			\$ 68,799
Future benefit from tax losses not yet recognised is			
8. CASH AND CASH EQUIVALENTS			
Cheque Current Account	256	1,307	
Petty Cash	60	100	
	316	1,407	

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

	2015 \$	2014 \$
9. INVENTORIES	\$	\$
Headquarter	18,337	24,913
Bairiki Branch	-	-
Christmas Branch	6,883	21,592
Boat Building	45,140	2,792
General Engineering Stock	127,099	4,147
WIP Boat Building	12,868	12,956
WIP General Engineering	6,449	15,274
	<u>216,776</u>	<u>81,674</u>
Less Prov. For Obsolescence	(41,246)	(41,247)
Job deposits	-	(15,000)
	<u>175,530</u>	<u>25,427</u>

10. TRADE AND OTHER RECEIVABLES

KSSL	390,703	334,167
Ministries and etc	830,963	628,795
LESS: Provision for Doubtful Debts	(199,343)	(199,343)
Staff Loans	561	561
Tax Arrears	2,151	2,151
	<u>1,025,035</u>	<u>766,331</u>

Trade and sundry debtors are non-interest bearing and the terms of payments is 30 - 90 days. Staff Loans are non-interest bearing and paid by a direct deduction from the payroll

11. PREPAYMENTS AND OTHER ASSETS

	\$	\$
Freight levy	6,859	7,555
Handling Charges	6,345	6,345
Handling Charges Christmas Is.	-	-
Imprest Account	847	847
	<u>14,051</u>	<u>14,747</u>

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

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

	2015				2014
	\$				\$
12. PROPERTY, PLANT AND EQUIPMENT					
	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
	\$	\$	\$	\$	\$
Year 2015					
Balance at beginning of the year, net of accumulated Depreciation	853,120	45,378	1,058	-	899,556
Additions	-	-	-	-	(31,534)
Depreciations	(3,408)	(28,126)	-	-	72,006
Adjustments	72,006	-	-	-	
Balance at the end of the period, net of accumulated depreciation	921,718	17,252	1,058	-	940,028
Reconciliation as at 31 December 2014					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,235,763)	(41,963)	(31,439)	(242,560)	(2,551,725)
Net Carrying Amount	921,718	17,252	1,058	-	940,028
	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
	\$	\$	\$	\$	\$
Year 2014					
Balance at beginning of the year, net of accumulated Depreciation	872,811	57,221	1,058	-	931,090
Additions	-	-	-	-	(31,534)
Depreciations	(19,691)	(11,843)	-	-	
Balance at the end of the year, net of accumulated depreciation	853,120	45,378	1,058	-	899,556
Reconciliation as at 31 December 2014					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,304,361)	(13,837)	(31,439)	(242,560)	(2,592,197)
Net Carrying Amount	853,120	45,378	1,058	-	899,556
Net Book Value				940,028	899,556
				\$	\$
13. TRADE AND OTHER PAYABLES					
Trade Creditors				264,778	237,325
Sundry Creditors				61,208	-
Deposits from Customers				20,685	-
Payroll Liabilities				221,918	263,875
Income Tax Payable				3,085	-
Security Deposits (Bond from Moel)				2,000	2,000
Audit fees payable				5,000	2,500
Accounting fees Eterika & Associates				1,900	950
VAT Liabilities				10,122	-
				590,696	506,650

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

	2015 \$	2014 \$
14. ADB LOAN	\$	\$
Balance at beginning of the year	715,176	715,176
Revaluation adjustments SOE Committee Advice	-	-
Balance at the end of the year	<u>715,176</u>	<u>715,176</u>
15. SHARE CAPITAL	\$	\$
<u>Authorised Capital</u>		
500 ordinary shares of \$1 each	<u>500</u>	<u>500</u>
<u>Issued and Paid Up Capital</u>		
500 ordinary shares of \$1 each	<u>500</u>	<u>500</u>
16. 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	(92,184)	(100,077)
<i>Add non-cash items:</i>		
Depreciation	31,534	31,534
Prior period items	-	(359,585)
Adjustments in Capital	215,455	-
Net cash provided by operating activities before	<u>154,805</u>	<u>(428,128)</u>
<i>Change in assets and liabilities:</i>		
(Increase) / decrease in Receivables	(258,704)	227,346
(Increase) / decrease in inventories	(150,103)	(170)
(Increase) / decrease in deposits and prepayments	696	(783)
Increase / (decrease) in Govt subsidy for operations	-	-
Increase / (decrease) in accounts payable and accruals	84,046	(159,796)
Net cash flows from / (used in) Operating Activities	<u>\$ (169,260)</u>	<u>\$ (361,531)</u>
	-	(359,585)
17. CAPITAL COMMITMENTS at balance date	\$NIL	\$NIL
18. CONTINGENT LIABILITIES at balance date	\$NIL	\$NIL

BETIO SHIPYARD LIMITED
SCHEDULE OF FIXED ASSETS AND DEPRECIATION

FOR THE YEAR ENDED 31 AUGUST 2015											
PARTICULARS		INITIAL		COST		TOTAL		DEPRECIATION		TOTAL	
		DATE		ADD		31.08.15		01.09.14		31.08.15	
		(\$)		(\$)		(\$)		(\$)		(\$)	

BETIO SHIPYARD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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BETIO SHIPYARD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with a resolution of the board of directors, the directors herewith submit the statement of Financial position of the company as at 31 August 2016, 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:-

Mitateti Mote	Vice Chairman
Faitele Mika	Director
Betem Ueri	Director

Results

The operating loss for the year was \$16,208 (2015 Loss \$92,184) after taking into account an income tax expense of \$Nil (2015 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 there will no transfer in Capital Reserve for the year

Principal Activity

The principal activity of the company is to repair steel ships and fabrication of wooden and steel boats 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 Betio Shipyards Limited for the year ended 31 August 2016 (2015: Nil)

Events subsequent 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 for and on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Tarawa this 31st day of August 2020

Director: 

Director: 

BETIO SHIPYARD LIMITED

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with a resolution of the board of directors for Betio Shipyards 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 August 2016
- [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.

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

Dated at Tarawa this 31st day of August 2020


.....
Director


.....
Director

(This is the section for Kiribati National Audit Report)

FOR THE YEAR ENDED 31 AUGUST 2016

**INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

Scope

We have audited the Financial Statements of Betio Shipyard Limited for the year ended 31 August 2016 as set out on pages 5 to 13. The company's directors are responsible for the preparation and presentation of the Financial Statements and the information they contain. We have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Generally Accepted Accounting Standards in Kiribati to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the Financial Statements are presented fairly in accordance with Generally Accepted Accounting Standards and statutory requirements in Kiribati so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations, changes in equity and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion,

- a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and
- b) the accompanying Financial Statements which have been prepared in accordance with Generally Accepted Accounting Standards in Kiribati:
 - i) are in agreement with the books of account;
 - ii) to the best of our information and according to the explanations given to us:
 - a) give a true and fair view of the state of affairs of the company as at 31 December 2015 and of the results, cash flows and changes in equity of the company for the year ended on that date;
 - b) give the information required by the Companies Ordinance 1979 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

BETIO SHIPYARD LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 \$	2015 \$
INCOME from continuing operations			
Revenue		25,247	72,015
Total Revenue		25,247	72,015
Cost of Sales	2	-	(60,254)
Gross Profit		25,247	11,761
Administration expenses	3	(6,110)	(10,056)
Depreciation	12	(20,660)	(31,534)
Marketing & Promotion	4	-	(40)
Personel Costs	5	(14,350)	(55,096)
Operating profit/(loss)		(15,873)	(84,965)
Finance Costs	6	(335)	(7,219)
Profit/(Loss) from continuing operations		(16,208)	(92,184)
Other Comprehensive Income			
Miscellaneous		-	-
Operating Loss before tax		(16,208)	(92,184)
Income tax expenses	7	-	-
		(16,208)	(92,184)
LESS: Prior Period Adjustments		-	-
TOTAL COMPREHENSIVE LOSS for the year, net of Tax		\$ (16,208)	\$ (92,184)

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2016

Notes	SHARE CAPITAL	GOVERMT GRANT	RESERVE	RETAINED EARNINGS	TOTAL EQUITY
YEAR 2016	\$	\$	\$	\$	\$
Balance at the beginning of the period	500	1,114,223	1,097,157	(1,362,792)	849,088
Profit for the year	-	-	-	(16,208)	(16,208)
Transfer from Reserves	-	-	-	-	-
Government Grant	-	344,592	-	-	344,592
Adjustments	-	-	-	(58,143)	(58,143)
Issue of share capital	-	-	-	-	-
Balance at the end of the period	500	1,458,815	1,097,157	(1,437,143)	1,119,329
YEAR 2015	\$	\$	\$	\$	\$
Balance at the beginning of the period	500	874,048	1,097,157	(1,486,063)	485,642
Profit for the year	-	-	-	(92,184)	(92,184)
Transfer from Reserves	-	-	-	-	-
Government Grant	-	240,175	-	-	240,175
Issue of share capital	-	-	-	215,455	215,455
Balance at the end of the period	\$ 500	\$ 1,114,223	\$ 1,097,157	\$ (1,362,792)	\$ 849,088

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 15.

BETIO SHIPYARD LIMITED


STATEMENT OF FINANCIAL POSITION


AS AT 31 AUGUST 2016

	Notes	2016 \$	2015 \$
CURRENT ASSETS			
Cash and Other Cash Equivalents	8	7,865	316
Trade and Other receivables	9	1,025,035	1,025,035
Inventory	10	125,530	175,530
Prepayments and other assets	11	14,145	14,051
		1,172,575	1,214,932
NON-CURRENT ASSETS			
Property, Plant & Equipments	12	919,368	940,028
		919,368	940,028
TOTAL ASSETS		2,091,943	2,154,960
CURRENT LIABILITIES			
Trade & Other Payables	13	257,438	590,696
		257,438	590,696
NON-CURRENT LIABILITIES			
ADB Loan	14	715,176	715,176
		715,176	715,176
TOTAL LIABILITIES		972,614	1,305,872
NET ASSETS		1,119,329	\$ 849,088
<i>Represented by:</i>			
SHAREHOLDERS' EQUITY			
Share capital	15	500	500
Reserve		1,097,157	1,097,157
Government Grant		1,458,815	1,114,223
Retained earnings		(1,437,143)	(1,362,792)
TOTAL SHAREHOLDERS' EQUITY		\$ 1,119,329	\$ 849,088

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 15.

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

Director: 

Director: 

BETIO SHIPYARD LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Customer		25,247	72,015
Payments to suppliers		(347,605)	(178,960)
Payment to Employees		(14,350)	(55,096)
Finance costs		(335)	(7,219)
Net Cash Flows (used in) Operating Activities	16	<u>(337,043)</u>	<u>(169,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant & Equipment purchased		-	(72,006)
Net Cash Flows (used in) Investing Activities		<u>-</u>	<u>(72,006)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Government Subsidy		344,592	240,175
Net Cash Flows from Financing Activities		<u>344,592</u>	<u>240,175</u>
Net increase/(decrease) in cash held		7,549	(1,091)
Cash at the beginning of the financial period		316	1,407
Cash at the end of the year	8	<u>\$ 7,865</u>	<u>\$ 316</u>

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 15.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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.

1.1) General

The Betio Shipyards Limited was incorporated under the Companies Ordinance in 1950. The company is fully owned by Government of Kiribati. As stated in the articles of association, the function of the company are to repair steel ships and fabrication of wooden and steel boats.

1.2) Basis of preparation of the financial statements

The financial statements have been prepared in accordance International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), with the historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for properties and certain office properties (classified as property, plants and equipment) that have been measured at fair value. The financial statement are presented in Australian Dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period and where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

1.3) 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	1%
Plant and Equipment	20%
Office equipment	25%
Furniture & Fittings	20%
Slipway	2%
Motor Vehicles	20%

1.4) Income tax

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

1.5) 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.

1.6) 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.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.7) Inventories

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

1.8) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured, regardless of when the payment is received and when specific criteria have been met for each of the company's activities as described below. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities.

i) *Sale of Goods and Services*

Revenue from Direct sales is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement, costs can be measured reliably, and receipt of the future economic benefits is probable.

ii) *Government Subsidy*

Government subsidy is recognised where there is reasonable assurance that the subsidy will be received and all attached conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

iii) *Miscellaneous Income*

Miscellaneous income is a group is small income derived from small works from the workshop and is it recognised where there is reasonable assurance that the income will be received

1.19) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include Bank Overdrafts that form an integral part of the business's cash management.

1.20) Allowance for Doubtful Debts

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts, either individually or collectively, at year end or based on government policy. Bad debts are written off during the period when they are identified.

The company periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts.

All other trade and other receivables that do not have an individually assessed allowance are assessed collectively for impairment. Collectively assessed allowances are maintained to reduce the carrying amount of portfolios of similar trade and other receivables to their estimated recoverable amounts at balance date.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.21) Foreign Currency Translation

i) *Transaction and balances*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statements of profit or loss in the period in which they arise.

	2016 \$	2015 \$
2. COST OF SALES		
Opening Stock	175,530	25,427
Purchases, KPA Charges, Cartage Inward, etc	-	210,357
Obsolete in Stock	(50,000)	-
Cost of sales available for sale	125,530	235,784
Closing Stock	(125,530)	(175,530)
	-	60,254
3. ADMINISTRATIVE EXPENSES		
Accounting fee	950	950
Audit fees	2,500	2,500
Directors fees	1,492	665
Electricity and water	128	1,514
General expenses	-	74
Housing rent subsidy	180	1,425
Late fees paid	-	-
Legal fees	-	54
Motor vehicle running	1	448
Office and petty expenses	596	1,176
Registration fees	-	-
Repairs and maintenance	-	-
Telephone, fax, mobile and Internet	214	794
Travelling and allowances - local	49	456
	6,110	10,056
4. MARKETING & PROMOTION		
Advertising and promotion	-	40
	-	40

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

	2016 \$	2015 \$	
5. PERSONNEL COSTS	\$	\$	
Staff allowances	-	2,332	
KPF Contribution	1,027	6,680	
Leave Grant	700	3,465	
Overtime	-	2,319	
Salary and wages	12,623	40,300	
	<u>14,350</u>	<u>55,096</u>	
6. FINANCE COSTS	\$	\$	
Bank Charges	335	391	
Interest and penalty	-	6,828	
	<u>335</u>	<u>7,219</u>	
7. 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:			
	\$	\$	
Operating profit before income tax	(16,208)	(92,184)	
Prima facie income tax thereon at the rate of 30%	(4,862)	(27,655)	
Future tax benefit not yet recognised	-	-	
Tax loss recouped 7.1	4,862	27,655	
INCOME TAX EXPENSES	<u>-</u>	<u>-</u>	
7.1 Tax loss from previous years(Section 37 Income Tax Ordinance)			
Year	LOSS	Recouped	Balance
Year 2013	16,268	-	16,268
Year 2014	100,077	-	100,077
Year 2015	92,184	-	92,184
Year 2016	16,208	-	16,208
	<u>224,737</u>	<u>-</u>	<u>224,737</u>
Future benefit from tax losses not yet recognised is			<u>\$ 78,658</u>
8. CASH AND CASH EQUIVALENTS	\$	\$	
Cheque Current Account	7,815	256	
Petty Cash	50	60	
	<u>7,865</u>	<u>316</u>	

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

	2016 \$	2015 \$
9. INVENTORIES	\$	\$
Headquarter	18,337	18,337
Bairiki Branch		-
Christmas Branch	6,883	6,883
Boat Building	45,141	45,140
General Engineering Stock	127,099	127,099
WIP Boat Building	12,868	12,868
WIP General Engineering	6,449	6,449
	<u>216,777</u>	<u>216,776</u>
Less Prov. For Obsolescence	(91,246)	(41,246)
Job deposits	-	-
	<u>125,531</u>	<u>175,530</u>
10. TRADE AND OTHER RECEIVABLES		
KSSL	390,703	390,703
Ministries and etc	830,963	830,963
LESS: Provision for Doubtful Debts	(199,343)	(199,343)
Staff Loans	561	561
Tax Arrears	2,151	2,151
	<u>1,025,035</u>	<u>1,025,035</u>
Trade and sundry debtors are non-interest bearing and the terms of payments is 30 - 90 days. Staff Loans are non-interest bearing and paid by a direct deduction from the payroll		
11. PREPAYMENTS AND OTHER ASSETS	\$	\$
Freight levy	6,859	6,859
Handling Charges	6,345	6,345
Handling Charges Christmas Is.	-	-
Imprest Account	847	847
Prepayments	94	-
	<u>14,145</u>	<u>14,051</u>

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

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

	2016				2015
	\$				\$
12. PROPERTY, PLANT AND EQUIPMENT	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2016	\$	\$	\$	\$	\$
Balance at beginning of the year, net of accumulated Depreciation	921,718	17,252	1,058	-	940,028
Additions	-	-	-	-	-
Depreciations	(3,408)	(17,252)	-	-	(20,660)
Adjustments	-	-	-	-	-
Balance at the end of the period, net of accumulated depreciation	918,310	-	1,058	-	919,368
Reconciliation as at 31 December 2016					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,239,171)	(59,215)	(31,439)	(242,560)	(2,572,385)
Net Carrying Amount	918,310	-	1,058	-	919,368
	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2015	\$	\$	\$	\$	\$
Balance at beginning of the year, net of accumulated Depreciation	853,120	45,378	1,058	-	899,556
Additions	-	-	-	-	-
Depreciations	(3,408)	(28,126)	-	-	(31,534)
Adjustments	72,006	-	-	-	72,006
Balance at the end of the year, net of accumulated depreciation	921,718	17,252	1,058	-	940,028
Reconciliation as at 31 December 2015					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,235,763)	(41,963)	(31,439)	(242,560)	(2,551,725)
Net Carrying Amount	921,718	17,252	1,058	-	940,028
Net Book Value				919,368	940,028
13. TRADE AND OTHER PAYABLES				\$	\$
Trade Creditors				63,858	264,778
Sundry Creditors				14,116	61,208
Deposits from Customers				21,185	20,685
Payroll Liabilities				132,493	221,918
Income Tax Payable				3,085	3,085
Security Deposits (Bond from Moel)				2,000	2,000
Audit fees payable				7,500	5,000
Accounting fees Eterika & Associates				2,850	1,900
VAT Liabilities				10,351	10,122
				257,438	590,696

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2016

	2016 \$	2015 \$
14. ADB LOAN	\$	\$
Balance at beginning of the year	715,176	715,176
Revaluation adjustments SOE Committee Advice	-	-
Balance at the end of the year	<u>715,176</u>	<u>715,176</u>
15. SHARE CAPITAL	\$	\$
<u>Authorised Capital</u>		
500 ordinary shares of \$1 each	<u>500</u>	<u>500</u>
<u>Issued and Paid Up Capital</u>		
500 ordinary shares of \$1 each	<u>500</u>	<u>500</u>
16. 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	(16,208)	(92,184)
<i>Add non-cash items:</i>		
Depreciation	20,660	31,534
Prior period items	-	-
Adjustments in Capital	(58,143)	215,455
Net cash provided by operating activities before	<u>(53,691)</u>	<u>154,805</u>
<i>Change in assets and liabilities:</i>		
(Increase) / decrease in Receivables	-	(258,704)
(Increase) / decrease in inventories	50,000	(150,103)
(Increase) / decrease in deposits and prepayments	(94)	696
Increase / (decrease) in Govt subsidy for operations	-	-
Increase / (decrease) in accounts payable and accruals	(333,258)	84,046
Net cash flows from / (used in) Operating Activities	<u>\$ (337,043)</u>	<u>\$ (169,260)</u>
17. CAPITAL COMMITMENTS at balance date	\$NIL	\$NIL
18. CONTINGENT LIABILITIES at balance date	\$NIL	\$NIL

BETIO SHIPYARD LIMITED
SCHEDULE OF FIXED ASSETS AND DEPRECIATION

FOR THE YEAR ENDED 31 AUGUST 2016

PARTICULARS	DATE	INITIAL 01.09.15 (\$)	COST ADD (\$)	SOLD	DEPRECIATION		ANNUAL ADJUSTMT (\$)	RECOUP	TOTAL 31.08.16 (\$)	WDV 31.08.16 (\$)	WDV 01.09.15 (\$)
					TOTAL 31.08.16 (\$)	TOTAL 01.09.15 (\$)					
BUILDING											
Building		2,201,073	-	-	2,201,073	1,350,876	1%SL	-	1,354,284	846,789	850,197
Shipway		884,887	-	-	884,887	884,887	2%SL	-	884,887	-	-
Seawall		71,521	-	-	71,521	-	2%SL	-	-	71,521	71,521
		3,157,481	-	-	3,157,481	2,235,763		-	2,239,171	918,310	921,718
PLANT AND EQUIPMENT											
Equipment & Tools		59,215	-	-	59,215	41,963	20%SL	-	59,215	-	17,252
		59,215	-	-	59,215	41,963		-	59,215	-	17,252
FURNITURE & FITTINGS											
Furniture & Fittings		32,497	-	-	32,497	31,439	20%SL	-	31,439	1,058	1,058
		32,497	-	-	32,497	31,439		-	31,439	1,058	1,058
MOTOR VEHICLES											
Vehicles		242,560	-	-	242,560	242,560	20%SL	-	242,560	-	-
		242,560	-	-	242,560	242,560		-	242,560	-	-
GRAND TOTAL		3,491,753	-	-	3,491,753	2,551,725		20,660	2,572,385	919,368	940,028

BETIO SHIPYARD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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BETIO SHIPYARD LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with a resolution of the board of directors, the directors herewith submit the statement of Financial position of the company as at 31 August 2017, 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:-

Mitateti Mote	Vice Chairman
Faitele Mika	Director
Betem Ueri	Director

Results

The operating loss for the year was \$18,871 (2016 Loss \$16,208) after taking into account an income tax expense of \$Nil (2016 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 there will no transfer in Capital Reserve for the year

Principal Activity

The principal activity of the company is to repair steel ships and fabrication of wooden and steel boats 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 Betio Shipyard Limited for the year ended 31 August 2017 (2016: Nil)

Events subsequent 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 for and on behalf of the board of directors in accordance with a resolution of the directors.

Dated at Tarawa this 31st day of August 2020

Director: 

Director: 

BETIO SHIPYARD LIMITED

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with a resolution of the board of directors for Betio Shipyards 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 August 2017
- [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.

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

Dated at Tarawa this 31st day of August 2020


Director


Director

(This is the section for Kiribati National Audit Report)

FOR THE YEAR ENDED 31 AUGUST 2017

INDEPENDENT AUDIT REPORT FOR THE YEAR ENDED 31 AUGUST 2017

Scope

We have audited the Financial Statements of Betio Shipyard Limited for the year ended 31 August 2017 as set out on pages 5 to 13. The company's directors are responsible for the preparation and presentation of the Financial Statements and the information they contain. We have conducted an independent audit of these Financial Statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Generally Accepted Accounting Standards in Kiribati to provide reasonable assurance as to whether the Financial Statements are free of material misstatement. Our procedures included examination on a test basis of evidence supporting the amounts and other disclosures in the Financial Statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the Financial Statements are presented fairly in accordance with Generally Accepted Accounting Standards and statutory requirements in Kiribati so as to present a view which is consistent with our understanding of the company's financial position, the results of its operations, changes in equity and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion,

- a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and
- b) the accompanying Financial Statements which have been prepared in accordance with Generally Accepted Accounting Standards in Kiribati:
 - i) are in agreement with the books of account;
 - ii) to the best of our information and according to the explanations given to us:
 - a) give a true and fair view of the state of affairs of the company as at 31 December 2015 and of the results, cash flows and changes in equity of the company for the year ended on that date;
 - b) give the information required by the Companies Ordinance 1979 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

BETIO SHIPYARD LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 \$	2016 \$
INCOME from continuing operations			
Revenue		26,855	25,247
Total Revenue		26,855	25,247
Cost of Sales	2	-	-
Gross Profit		26,855	25,247
Administration expenses	3	(30,195)	(6,110)
Depreciation	12	(852)	(20,660)
Marketing & Promotion	4	(457)	-
Personel Costs	5	(13,865)	(14,350)
Operating profit/(loss)		(18,514)	(15,873)
Finance Costs	6	(357)	(335)
Profit/(Loss) from continuing operations		(18,871)	(16,208)
Other Comprehensive Income			
Miscellaneous		-	-
Operating Loss before tax		(18,871)	(16,208)
Income tax expenses	7	-	-
		(18,871)	(16,208)
LESS: Prior Period Adjustments		-	-
TOTAL COMPREHENSIVE LOSS for the year, net of Tax		\$ (18,871)	\$ (16,208)

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2017

Notes	SHARE CAPITAL	GOVERNMENT GRANT	RESERVE	RETAINED EARNINGS	TOTAL EQUITY
YEAR 2017	\$	\$	\$	\$	\$
Balance at the beginning of the period	500	1,458,815	1,097,157	(1,437,143)	1,119,329
Profit for the year	-	-	-	(18,871)	(18,871)
Transfer from Reserves	-	-	-	-	-
Government Grant	-	5,097	-	-	5,097
Adjustments	-	-	-	50,000	50,000
Prior Changes on ADBank Loan	-	-	-	415,527	415,527
Tax written off as per letter dated 03/09/2015	-	-	-	138,080	138,080
Issue of share capital	-	-	-	-	-
Balance at the end of the period	500	1,463,912	1,097,157	(852,407)	1,709,162
YEAR 2016	\$	\$	\$	\$	\$
Balance at the beginning of the period	500	1,114,223	1,097,157	(1,362,792)	849,088
Profit for the year	-	-	-	(16,208)	(16,208)
Transfer from Reserves	-	-	-	-	-
Government Grant	-	344,592	-	-	344,592
Prior Changes on ADBank Loan	-	-	-	-	-
Issue of share capital	-	-	-	(58,143)	(58,143)
Balance at the end of the period	\$ 500	\$ 1,458,815	\$ 1,097,157	\$ (1,437,143)	\$ 1,119,329

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 15.

BETIO SHIPYARD LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Other Cash Equivalents	8	5,379	7,865
Trade and Other receivables	9	1,023,009	1,025,035
Inventory	10	175,530	125,530
Prepayments and other assets	11	14,145	14,145
		1,218,063	1,172,575
NON-CURRENT ASSETS			
Property, Plant & Equipments	12	918,516	919,368
		918,516	919,368
TOTAL ASSETS		2,136,579	2,091,943
CURRENT LIABILITIES			
Trade & Other Payables	13	127,768	257,438
		127,768	257,438
NON-CURRENT LIABILITIES			
ADB Loan	14	299,649	715,176
		299,649	715,176
TOTAL LIABILITIES		427,417	972,614
NET ASSETS		1,709,162	\$ 1,119,329
<i>Represented by:</i>			
SHAREHOLDERS' EQUITY			
Share capital	15	500	500
Reserve		1,097,157	1,097,157
Government Grant		1,463,912	1,458,815
Retained earnings		(852,407)	(1,437,143)
TOTAL SHAREHOLDERS' EQUITY		\$ 1,709,162	\$ 1,119,329

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 15.

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

Director: 

Director: 

BETIO SHIPYARD LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Customer		28,881	25,247
Payments to suppliers		(22,242)	(347,605)
Payment to Employees		(13,865)	(14,350)
Finance costs		(357)	(335)
Net Cash Flows (used in) Operating Activities	16	<u>(7,583)</u>	<u>(337,043)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant & Equipment purchased		-	-
Net Cash Flows (used in) Investing Activities		<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Government Subsidy		5,097	344,592
Net Cash Flows from Financing Activities		<u>5,097</u>	<u>344,592</u>
Net increase/(decrease) in cash held		(2,486)	7,549
Cash at the beginning of the financial period		7,865	316
Cash at the end of the year	8	<u><u>\$ 5,379</u></u>	<u><u>\$ 7,865</u></u>

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 15.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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.

1.1) General

The Betio Shipyards Limited was incorporated under the Companies Ordinance in 1950. The company is fully owned by Government of Kiribati. As stated in the articles of association, the function of the company are to repair steel ships and fabrication of wooden and steel boats.

1.2) Basis of preparation of the financial statements

The financial statements have been prepared in accordance International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), with the historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated.

The financial statements have been prepared on a historical cost basis except for properties and certain office properties (classified as property, plants and equipment) that have been measured at fair value. The financial statement are presented in Australian Dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period and where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

1.3) 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	1%
Plant and Equipment	20%
Office equipment	25%
Furniture & Fittings	20%
Slipway	2%
Motor Vehicles	20%

1.4) Income tax

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

1.5) 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.

1.6) 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.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.7) Inventories

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

1.8) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and that the revenue can be reliably measured, regardless of when the payment is received and when specific criteria have been met for each of the company's activities as described below. Revenue is shown net of Value Added Tax (VAT), returns, rebates and discounts.

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities.

i) *Sale of Goods and Services*

Revenue from Direct sales is recognised when the significant risks and rewards of ownership are transferred to the buyer, there is no continuing managerial involvement, costs can be measured reliably, and receipt of the future economic benefits is probable.

ii) *Government Subsidy*

Government subsidy is recognised where there is reasonable assurance that the subsidy will be received and all attached conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

iii) *Miscellaneous Income*

Miscellaneous income is a group of small income derived from small works from the workshop and is recognised where there is reasonable assurance that the income will be received

1.19) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include Bank Overdrafts that form an integral part of the business's cash management.

1.20) Allowance for Doubtful Debts

The company establishes an allowance for any doubtful debts based on a review of all outstanding amounts, either individually or collectively, at year end or based on government policy. Bad debts are written off during the period when they are identified.

The company periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts.

All other trade and other receivables that do not have an individually assessed allowance are assessed collectively for impairment. Collectively assessed allowances are maintained to reduce the carrying amount of portfolios of similar trade and other receivables to their estimated recoverable amounts at balance date.

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

1.21) Foreign Currency Translation

i) *Transaction and balances*

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the statements of profit or loss in the period in which they arise.

	2017	2016
	\$	\$
2. COST OF SALES		
Opening Stock	125,530	175,530
Purchases, KPA Charges, Cartage Inward, etc	-	-
Obsolete in Stock/Reversal	50,000	(50,000)
Cost of sales available for sale	175,530	125,530
Closing Stock	(175,530)	(125,530)
	-	-
3. ADMINISTRATIVE EXPENSES		
Accounting fee	950	950
Audit fees	2,500	2,500
Directors fees	1,608	1,492
Electricity and water		128
General expenses	40	
Housing rent subsidy	180	180
Motor vehicle running		1
Office and petty expenses	502	596
Security Services	24,192	
Telephone, fax, mobile and Internet	142	214
Travelling and allowances - local	81	49
	30,195	6,110
4. MARKETING & PROMOTION		
Advertising and promotion	457	-
	457	-

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

FOR THE YEAR ENDED 31 AUGUST 2017

	2017 \$	2016 \$	
5. PERSONNEL COSTS	\$	\$	
Staff allowances		-	
KPF Contribution	919	1,027	
Leave Grant	700	700	
Overtime		-	
Salary and wages	12,246	12,623	
	<u>13,865</u>	<u>14,350</u>	
6. FINANCE COSTS	\$	\$	
Bank Charges	357	335	
Interest and penalty	-	-	
	<u>357</u>	<u>335</u>	
7. 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:			
	\$	\$	
Operating profit before income tax	(18,871)	(16,208)	
Prima facie income tax thereon at the rate of 30%	(5,661)	(4,862)	
Future tax benefit not yet recognised	-	-	
Tax loss recouped 7.1	5,661	4,862	
INCOME TAX EXPENSES	<u>-</u>	<u>-</u>	
7.1 Tax loss from previous years(Section 37 Income Tax Ordinance)			
Year	LOSS	Recouped	Balance
Year 2014	100,077	-	100,077
Year 2015	92,184	-	92,184
Year 2016	16,208	-	16,208
Year 2017	18,871	-	18,871
	<u>227,340</u>	<u>-</u>	<u>227,340</u>
Future benefit from tax losses not yet recognised is			<u>\$ 79,569</u>
8. CASH AND CASH EQUIVALENTS	\$	\$	
Cheque Current Account	5,329	7,815	
Petty Cash	50	50	
	<u>5,379</u>	<u>7,865</u>	

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

	2017 \$	2016 \$
9. INVENTORIES	\$	\$
Headquarter	18,337	18,337
Bairiki Branch		
Christmas Branch	6,882	6,883
Boat Building	45,141	45,141
General Engineering Stock	127,099	127,099
WIP Boat Building	12,868	12,868
WIP General Engineering	6,449	6,449
	<u>216,776</u>	<u>216,777</u>
Less Prov. For Obsolescence	(41,246)	(91,246)
Job deposits	-	-
	<u>175,530</u>	<u>125,531</u>
10. TRADE AND OTHER RECEIVABLES		
KSSL	390,703	390,703
Ministries and etc	828,937	830,963
LESS: Provision for Doubtful Debts	(199,343)	(199,343)
Staff Loans	561	561
Tax Arrears	2,151	2,151
	<u>1,023,009</u>	<u>1,025,035</u>
Trade and sundry debtors are non-interest bearing and the terms of payments is 30 - 90 days. Staff Loans are non-interest bearing and paid by a direct deduction from the payroll		
11. PREPAYMENTS AND OTHER ASSETS	\$	\$
Freight levy	6,859	6,859
Handling Charges	6,345	6,345
Imprest Account	847	847
Prepayments	94	94
	<u>14,145</u>	<u>14,145</u>

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

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

	2017				2016
	\$				\$
12. PROPERTY, PLANT AND EQUIPMENT	Building	Plant & Equipment	Furniture & Fittings	Motor Vehicle	Total
Year 2017	\$	\$	\$	\$	\$
Balance at beginning of the year, net of accumulated Depreciation	918,310	-	1,058	-	919,368
Additions	-	-	-	-	-
Depreciations	(852)	-	-	-	(852)
Adjustments	-	-	-	-	-
Balance at the end of the period, net of accumulated depreciation	917,458	-	1,058	-	918,516
Reconciliation as at 31 December 2017					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,240,023)	(59,215)	(31,439)	(242,560)	(2,573,237)
Net Carrying Amount	917,458	-	1,058	-	918,516
Year 2016	\$	\$	\$	\$	\$
Balance at beginning of the year, net of accumulated Depreciation	921,718	17,252	1,058	-	940,028
Additions	-	-	-	-	-
Depreciations	(3,408)	(17,252)	-	-	(20,660)
Adjustments	-	-	-	-	-
Balance at the end of the year, net of accumulated depreciation	918,310	-	1,058	-	919,368
Reconciliation as at 31 December 2016					
Cost	3,157,481	59,215	32,497	242,560	3,491,753
Accumulated Depreciation	(2,239,171)	(59,215)	(31,439)	(242,560)	(2,572,385)
Net Carrying Amount	918,310	-	1,058	-	919,368
Net Book Value				918,516	919,368
13. TRADE AND OTHER PAYABLES				\$	\$
Trade Creditors				74,224	63,858
Sundry Creditors				14,116	14,116
Deposits from Customers				15,803	21,185
Payroll Liabilities				7,808	132,493
Income Tax Payable				17	3,085
Security Deposits (Bond from Moel)				2,000	2,000
Audit fees payable				10,000	7,500
Accounting fees Eterika & Associates				3,800	2,850
VAT Liabilities				-	10,351
				127,768	257,438

BETIO SHIPYARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

	USD \$	Exchange Rate	2017 \$	2016 \$
14. ADB LOAN			\$	\$
Balance at beginning of the year			715,176	715,176
Revaluation adjustments SOE Committee Advice			(415,527)	-
Balance at the end of the year	226,834	0.7570	299,649	715,176
15. SHARE CAPITAL			\$	\$
<u>Authorised Capital</u>				
500 ordinary shares of \$1 each			500	500
<u>Issued and Paid Up Capital</u>				
500 ordinary shares of \$1 each			500	500
16. 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			(18,871)	(16,208)
<i>Add non-cash items:</i>				
Depreciation			852	20,660
Prior period items			-	-
Adjustments in Capital			188,080	(58,143)
Net cash provided by operating activities before			170,061	(53,691)
<i>Change in assets and liabilities:</i>				
(Increase) / decrease in Receivables			2,026	-
(Increase) / decrease in inventories			(50,000)	50,000
(Increase) / decrease in deposits and prepayments			-	(94)
Increase / (decrease) in Govt subsidy for operations			-	-
Increase / (decrease) in accounts payable and accruals			(129,670)	(333,258)
Net cash flows from / (used in) Operating Activities			\$ (7,583)	\$ (337,043)
17. CAPITAL COMMITMENTS at balance date			\$NIL	\$NIL
18. CONTINGENT LIABILITIES at balance date			\$NIL	\$NIL

BETIO SHIPYARD LIMITED

SCHEDULE OF FIXED ASSETS AND DEPRECIATION

FOR THE YEAR ENDED 31 AUGUST 2017

PARTICULARS	DATE	INITIAL 01.09.16 (\$)	COST ADD (\$)	SOLD (\$)	DEPRECIATION		ANNUAL (\$)	ADJUSTMT (\$)	RECOUP (\$)	TOTAL 31.08.17 (\$)	WDV 31.08.17 (\$)	WDV 01.09.16 (\$)
					TOTAL 31.08.17 (\$)	TOTAL 01.09.16 (\$)						
BUILDING												
Building		2,201,073	-	-	2,201,073	1,354,284	19%SL	852	-	1,355,136	845,937	846,789
Slipway		884,887	-	-	884,887	884,887	20%SL	-	-	884,887	-	-
Seawall		71,521	-	-	71,521	-	20%SL	-	-	-	71,521	71,521
		3,157,481	-	-	3,157,481	2,239,171		852	-	2,240,023	917,458	918,310
PLANT AND EQUIPMENT												
Equipment & Tools		59,215	-	-	59,215	59,215	20%SL	-	-	59,215	-	-
		59,215	-	-	59,215	59,215		-	-	59,215	-	-
FURNITURE & FITTINGS												
Furniture & Fittings		32,497	-	-	32,497	31,439	20%SL	-	-	31,439	1,058	1,058
		32,497	-	-	32,497	31,439		-	-	31,439	1,058	1,058
MOTOR VEHICLES												
Vehicles		242,560	-	-	242,560	242,560	20%SL	-	-	242,560	-	-
		242,560	-	-	242,560	242,560		-	-	242,560	-	-
GRAND TOTAL		3,491,753	-	-	3,491,753	2,572,385		852	-	2,573,237	918,516	919,368

Betio Shipyard Limited
List of additonal Transactions
Changes made in 2017 Account

				DR	CR
				\$	\$
1. Write off PAYE Tax as per letter dated 03/09/2015					
Dr	Staff PAYE Tax	2-1201		\$ 124,685.00	
	VAT Collected	2-9001		\$ 10,909.80	
	VAT Paid	2-9002			\$ 582.73
	Tax Refund Creditors	2-1104		\$ 3,067.93	
Cr	Prior period Adjustment - Tax Written off	3-7000	(New)		\$ 138,080.00
				\$ 138,662.73	\$ 138,662.73

(To write off staff PAYE as per letter dated 03/09/2015)

				\$	\$
2. Adjustment on ADB Loan					
Dr	ADB Loan	2-2004		\$ 415,527.00	
Cr	Prior Changes ADB Loan	3-7500	(New)		\$ 415,527.00
				\$ 415,527.00	\$ 415,527.00

(To adjust the balance of the ADB Loan of USD226,834 at the rate of 0.7570)

Foreign Exchange Rates

ANZ Bank (Kiribati) Limited
Markets Kiribati
Bairiki
Tarawa

Thursday, August 31, 2017
Email Address: kiribatimarkets@anz.com
Telephone: (686) 21095 Extn 206
Facsimile: (686) 21200

Exchange Rates Against Australian Dollars

BUYING						SELLING	
TT	CHQ	NOTES	COUNTRY	UNIT	CODE	NOTES	TT/DRAFT & TRAVEL CHQ ISSUANCE
0.8133	0.8199	0.8812	USA	Dollar	USD	0.7570	0.7570
0.6296	0.6356	0.6850	United Kingdom	Pound	GBP	0.5842	0.5842
1.0279	N/A	N/A	Canada	Dollar	CAD	N/A	0.9531
1.6242	1.6389	1.7633	Fiji	Dollar	FJD	1.5100	1.5100
0.6861	0.6921	0.7498	Europe	Euro	EUR	0.6331	0.6331
6.3605	N/A	N/A	Hong Kong	Dollar	HKD	N/A	5.9236
5.3183	N/A	N/A	China	Renminbi	CNY	N/A	4.9352
89.5610	90.0400	96.9100	Japan	Yen	JPY	83.2500	83.2500
1.1271	1.1409	1.2257	New Zealand	Dollar	NZD	1.0492	1.0492
N/A	N/A	N/A	Papua New Guinea	Kina	PGK	2.3018	2.3018
1.1072	N/A	N/A	Singapore	Dollar	SGD	1.0282	1.0282
5.6316	N/A	N/A	Solomon Islands	Dollar	SBD	5.2351	5.2351
0.7848	N/A	N/A	Switzerland	Franc	CHF	N/A	0.7283
1.6592	N/A	N/A	Tonga	P'aanga	TOP	1.5412	1.5412
83.0400	N/A	N/A	Vanuatu	Vatu	VUV	77.1400	77.1400
1.8895	N/A	N/A	Western Samoa	Tala	WST	1.7533	1.7533

*Outward Telegraphic Transfer fee is AUD\$15.00 if transferred in Foreign Currency.
Outward TT fee in AUD currency is \$50.00

To convert **AUD** to **Foreign currency** multiply by the exchange rate.
To convert **Foreign currency** to **AUD** divide by the exchange rate.
Forward Exchange Contract is now available upon request
Rates Available for transactions equivalent to AUD20,000
All rates are subject to change. Terms and Conditions applied.





MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

State-Owned Enterprises Reform Program

P.O. Box 67, Bairiki, Tarawa, Republic of Kiribati

Phone:- (686) 21806/21802 Fax:- (686) 21307 Email:- pa@mefep.gov.ki

To:	Commissioner of Tax,	Date:	03 September 2015
Cc:	SOE Reform TA	From:	Economist, Investment
Subject:	BSL Tax Liabilities to be written off		

Mauri Commissioner,

Following our recent memo emailed out on the 31st of August 2015 re BSL payment Liabilities, we would like to present the attached list of outstanding taxes which now need to be written off.

Referring to Cabinet meeting #31/15, Cabinet approved full settlement of all BSL liabilities and also agreed the write off of BSL Tax Liability. The total Tax liability owed is \$138,080 comprising of PAYE TAX due of \$124,685 plus VAT of \$13,395. Please refer to the attached list for your ease of reference.

Based on the foregoing, I would appreciate your appropriate action in writing off the amount of \$138,080 to clear BSL outstanding tax liability.

Yours Sincerely,

Maaman Ioakim
Economist, Investment

Amortization Schedule
LN0724

LOAN NO	LN0724	Project	Beto Shipyard
FUND	Concessional OCR	Term	40.00
FACILITY TYPE	CONVERTED TO FULL FLEGGED SDR LOAN	Grace	10.00
APPROVED LOAN AMOUNT	SDR 545,200.00		
NET LOAN AMOUNT	SDR 316,938.45		

Sequence No.	Payment Date	Principal SDR	Interest SDR ¹	Total repayment SDR ¹	Outstanding Principal SDR ¹	Outstanding Principal USD ²	Principal USD ²	Interest USD ²	Total repayment USD ²	Ex rate	Outstanding Principal USD ²
1	15-Apr-09	9,900.00			316,938.45						
2	15-Oct-09	9,900.00			307,038.45						
3	15-Apr-10	9,900.00			297,138.45						
4	15-Oct-10	9,900.00			287,238.45						
5	15-Apr-11	9,900.00			277,338.45						
6	15-Oct-11	9,900.00	1,366.26	11,266.26	267,438.45	408,132.48	15,826.65	2,184.03	18,009.68	1.599	427,513.74
7	15-Apr-12	9,900.00	1,014.00	10,914.00	257,538.45	393,024.29	15,358.96	1,573.60	16,932.56	1.551	399,558.85
8	15-Oct-12	9,900.00	1,139.51	11,039.51	247,638.45	377,916.10	14,957.12	1,721.59	16,678.71	1.511	374,137.07
9	15-Apr-13	9,900.00	1,410.35	11,310.35	237,738.45	362,807.91	15,145.22	2,167.56	17,302.80	1.530	363,697.04
10	15-Oct-13	9,900.00	991.82	10,891.82	227,838.45	347,699.72	15,021.47	1,444.22	16,465.69	1.517	345,703.97
11	15-Apr-14	9,900.00	1,155.84	11,055.84	217,938.45	332,591.53	15,232.54	1,778.42	17,010.96	1.539	335,328.86
12	15-Oct-14	9,900.00	1,190.64	11,090.64	208,038.45	317,483.34	15,135.71	1,820.32	16,956.03	1.529	318,061.55
13	15-Apr-15	9,900.00	566.57	10,466.57	198,138.45	307,375.15	13,935.44	797.52	14,732.96	1.408	278,903.77
14	15-Oct-15	9,900.00	563.39	10,553.39	188,238.45	287,266.96	13,825.15	912.45	14,737.60	1.396	262,871.27
15	15-Apr-16	9,900.00	1,034.55	10,934.55	178,338.45	272,158.77	13,886.73	1,451.16	15,337.89	1.403	250,155.29
16	15-Oct-16	9,900.00	885.17	10,785.17	168,438.45	257,050.56	13,811.00	1,234.86	15,045.86	1.395	234,980.19
17	15-Apr-17	9,900.00	880.82	10,750.82	158,538.45	241,924.39	13,443.11	1,155.32	14,598.43	1.358	215,277.76
18	15-Oct-17	9,900.00	795.81	10,695.81	148,638.45	226,834.20	13,960.68	1,122.23	15,082.91	1.410	209,605.48
19	15-Apr-18	9,900.00	723.38	10,618.38	138,738.45	211,726.02	13,461.52	1,052.63	14,514.15	1.388	195,111.33
20	15-Oct-18	9,900.00	685.88	10,595.88	128,838.45	196,617.82	13,737.04	965.59	14,702.63	1.388	178,773.64
21	15-Apr-19	9,900.00	674.86	10,574.86	118,938.45	181,509.63	13,748.92	937.23	14,686.15	1.389	165,179.29
22	15-Oct-19	9,900.00	548.36	10,448.36	109,038.45	166,401.43	13,629.23	754.92	14,384.15	1.377	150,112.12
23	15-Apr-20	9,900.00	456.74	10,356.74	99,138.45	151,293.23	13,560.82	625.63	14,186.45	1.37	135,797.82
24	15-Oct-20	9,900.00			89,238.45						
25	15-Apr-21	9,900.00			79,338.45						
26	15-Oct-21	9,900.00			69,438.45						
27	15-Apr-22	9,900.00			59,538.45						
28	15-Oct-22	9,900.00			49,638.45						
29	15-Apr-23	9,900.00			39,738.45						
30	15-Oct-23	9,900.00			29,838.45						
31	15-Apr-24	9,900.00			19,938.45						
32	15-Oct-24	10,038.45			10,038.45						
TOTAL		316,938.45									

1. Based on exchange rates adopted by ADB
2. Based on exchange rates at the time of receipt

