

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNT OF



**Public Utilities Board
Financial Statements
For the Year Ended 31st December 2018**

**Kiribati Audit Office
August 2021**

KIRIBATI AUDIT OFFICE



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Audit for an impact for the public

INDEPENDENT AUDITOR'S REPORT

To The Readers Of Public Utilities Board Financial Statements For the year ended 31st December 2018

I have audited the Financial Statements of Public Utilities Board (PUB) for the year ended 31st December, 2018 as required under sec 114 (2) of the Constitution, Part VII, Sec 42(4) of the Public Finances (Control and Audit) 1981 and 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
- Statement of Changes in Equity
- Notes to the Accounts

Qualified Opinion

In my opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the PUB as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards (IAS).

Basis for Qualified Opinion:

The following issues formed the basis of my opinion:

- **Provision for Trade Creditors \$7,708,644.**
 - PUB made significant provisions for its Trade Creditors of \$7.708m for the past three consecutive years since 2016. In accordance with IAS 37, the **Provision** is defined as a **Liability**. However, for PUB, such provision was regarded as deductions to the liability (Trade Creditors) therefore not a liability but rather an asset. With the above, I doubted the accuracy of the treatment made with regards to provisions by PUB.

- **Cashflow Statement**

- Cashflow from Investing activities especially **Purchase of Property Plant and Equipment of \$956,033** and **Payments from Capital Aid/grants – Commissioned Projects of \$1.683m** had a total of **\$2,639,515** but the **Additions as per the Financial Statements Fixed Assets Schedule was \$2,685,762**. The mismatch of the two balances had caused doubts as to the accuracy of the Cashflow Statement as presented.
- Breakdown for Cash receipt from Customers of \$14.6m and Cash Payments to Suppliers, Employees of \$13.81m were not available therefore we could not verify if these cashflow items from operating activities were correct.

Emphasis of the Matter:

I would like to draw the attention to the matters highlighted below:

- **Trade Debtors:**

- Trade Debtors balance had been increasing for the past three years refer illustrative table below:

Trade Debtor Account	2018	2017	% increase	2016	% Increase
Electricity Trade Debtors	8,306,385	7,795,387	7%	7,723,175	0.9%
Water Debtors	1,015,744	754,852	35%	500,797	51%

- **Inventory control weakness:**

- There were significant control weaknesses identified with storage, counting procedures, labelling, obsolete stock counting, for Inventories. No improvement may result in inventory losses or misstatement of Inventories.

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. I am independent of the **Company** in accordance with the Ethical requirements that are relevant to my audit of the financial statements of the Commission and I have fulfilled my other responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Board Director's and Management's responsibilities for the Financial Statements.

Board and Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Accounting Standards (IAS), and for such internal

control as management determines 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 SOE'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 SOE or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion as required under the Public Finance (Control and Audit) Ordinance 1976 and Kiribati Audit Act, 2017. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA/ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs & ISSAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SOE's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

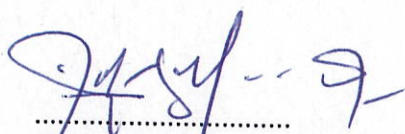
Report on other Legal and Regulatory Requirements

PUB lodged its Financial Statement on 28/2/2019 therefore indicating PUB's compliance to SOEs Act, 2013 section 22.

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 PUB



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Mr. Eriati Tauma Manaima
Auditor General

Date: 23/8/2021



PUBLIC UTILITIES BOARD

Where Cleanliness, Safety and Conservation Truly Matters

REVISED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR 2018



RE-SUBMITTED TO KIRIBATI NATIONAL AUDIT OFFICE - 18 AUGUST 2021

PUBLIC UTILITIES BOARD REVISED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018				
	Revised Actual Year-To-Date Dec 2018	Revised Budget 2018	Variance Favourable/ Unfavourable	Actual YTD Dec 2017
INCOME:				
Electricity Sales	11,589,732	11,388,181	201,550	11,022,330
Internal Electricity Sales - PUB Water&Sew & Others	-	374,716	(374,716)	365,576
Water Sales	843,266	667,577	175,689	644,260
Sewerage Revenue	-	-	-	-
Government Subsidy/CSO	1,474,590	1,474,590	(0)	1,135,000
Other Income	280,670	308,545	(27,875)	290,981
TOTAL INCOME	14,188,258	14,213,609	(25,352)	13,458,148
EXPENDITURE:				
Fuel & Lubricant	9,068,361	9,336,288	267,927	8,418,402
Chlorination & Laboratory	112,974	115,000	2,027	-
Employee Expenses	2,483,411	2,580,193	96,782	1,940,918
Repairs & Maintenance	260,482	344,537	84,055	285,909
Bank Charges & Loan Interest	11,473	20,000	8,527	9,223
Depreciation	2,888,539	2,959,566	71,027	2,496,511
Internal Electricity Consumption	265,304	374,716	109,412	365,576
Other Expenses	920,046	1,037,551	117,506	1,156,833
TOTAL EXPENDITURE	16,010,591	16,767,851	757,260	14,673,372
OPERATING PROFIT / (LOSS)	(1,822,333)	(2,554,242)	731,909	(1,215,224)
ABNORMAL ITEMS:				
Bad/Doubtful Debts - Electricity	(11,955)	(154,273)	142,319	-
Bad/Doubtful Debts - Water	(111,478)	(17,266)	(94,212)	-
Bad or Doubtful Staff Debtors	-	-	-	-
Deduct Prior Period Items (PPI)	(75,843)	-	(75,843)	(152,869)
Amortisation - Aid Reserve	2,245,637	2,857,056	(611,420)	2,111,950
NET PROFIT / (LOSS) BEFORE TAX	224,028	131,275	92,753	743,857
Less: Taxations	-	-	-	-
NET PROFIT / (LOSS) AFTER TAX	224,028	131,275	92,753	743,857

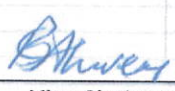

PUBLIC UTILITIES BOARD STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018		
	Actual 31-Dec-18	Actual 31-Dec-17
Share Capital 1 January 2018	47,615,643	48,118,426
Less Amortisation and Release of Capital Reserve	(2,245,637)	(2,111,950)
Capital Reserve - Aus Aid (DFAT) Project Funds Bailouts	-	-
Received from Gov't for High Voltage (HV) Electricity Rehabilitation Project	259,955	1,500,000
Capital Aid Reserve - NZMFAT Water Security/RO Project	1,089,980	-
Capital Aid Reserve - GoK Water Piping Project at Nippon Causeway	301,699	-
Capital Aid Reserve - GoK Electrical Cabling Project at Nippon Causeway	118,540	-
Capital Reserve - Receipts / Payments and adjustments made for the NZ MFAT Project Funds for Bonriki Water Pumps	-	73,223
Return of remaining funds for NZ MFAT Project	-	(1)
Capital Reserve - Receipt of the NZ MFAT Clean-up Funds	-	35,945
Share Capital 31 December 2018	47,140,180	47,615,643
Retained Earnings 1 January 2018	(6,187,363)	(6,931,220)
Plus Net Profit/(Loss)	224,028	743,857
Less Dividends Paid	-	-
Retained Earnings 31 December 2018	(5,963,334)	(6,187,363)

PUBLIC UTILITIES BOARD

REVISED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2018


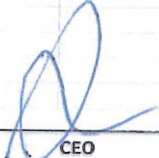
INCOME	NOTES	Revised 2018	2018	2017
Electricity Sales		11,589,732	11,589,732	11,022,330
Internal Electricity Sales		-	365,576	365,576
Water Sales		843,266	843,266	644,260
Government Subsidy / CSO*	7	1,474,590	1,474,590	1,135,000
Other Income		280,670	280,670	290,981
Total Income		14,188,258	14,553,834	13,458,148
EXPENDITURE				
Fuel & Lubricant		9,068,361	9,333,665	8,418,402
Fuel - Motor Vehicles		77,017	77,017	82,454
New Connections & Installations		28,209	28,209	14,790
Postage, Printing & Stationeries		61,151	61,151	63,170
Operating & Other Supplies		101,976	101,976	293,147
Personal and Protective Equipment		18,477	18,477	20,783
KPF Contributions		108,339	108,339	77,013
Leave Grants & Passages		220,000	220,000	210,520
Salaries, Overtime & Allowances		2,128,262	2,128,262	1,619,793
Staff Subsidised Rent		26,810	26,810	33,592
Repairs & Maintenance		260,482	260,482	285,909
Depreciation		2,888,539	2,888,539	2,496,511
Overseas Travel & Training		78,656	78,656	50,653
Travelling & Transport*		135,184	135,184	190,823
Telecom Charges		146,832	146,832	119,410
Chlorination		112,974	112,974	111,911
Insurance & Subscriptions		68,192	68,192	10,656
Advertising and Awareness Program		10,151	10,151	23,005
Board Expenses		23,754	23,754	28,991
Audit Fees		2,500	2,500	2,500
Land Lease & Compensation		5,832	5,832	7,986
Bank Charges		11,473	11,473	9,223
Internal Electricity Consumption		265,304		
Other Expenses		162,115	527,691	502,131
Redundancy				
Total Expenditure		16,010,591	16,376,167	14,673,372
OPERATING PROFIT/(LOSS)		(1,822,333)	(1,822,333)	(1,215,224)
ABNORMAL ITEMS				
Bad/Doubtful Debts - Trade Debtors	12	(123,433)	(123,433)	-
Bad/Doubtful Debts - Staff Debtors				-
Prior Period Items (PPI)	8	(75,843)	(75,843)	(152,869)
Amortisation-Aid Reserve Released as Income		2,245,637	2,245,637	2,111,950
NET PROFIT/(LOSS)		224,028	224,028	743,857
<div> <div>Confirmed:</div> <div>  <div>Vice Chairman Bulbui Tiweri</div> </div> <div>  <div>CEO James Young</div> </div> </div>				

PUBLIC UTILITIES BOARD
FINANCIAL POSITION AS AT 31 DECEMBER, 2018

	NOTES	2018	2017
CURRENT ASSETS			
Trade Debtors*	11	9,322,129	8,550,239
Provision for Bad/Doubtful Debts - Trade Debtors		(7,832,077)	(7,708,644)
Provision for Bad/Doubtful Staff Debts		(121,391)	(121,391)
Sundry Debtors		122,294	133,165
Prepayment		1,325,909	813,986
Staff Debts		136,868	133,691
Cash at Bank	5	548,624.98	1,508,452.78
Stock		1,824,300	1,778,976
Total Current Assets		5,326,658	5,088,475
CURRENT LIABILITIES			
Trade Creditors	9	7,760,477	7,863,763
Prov. For Trade Creditors - Local	9	(7,708,644)	(7,708,644)
Sundry Creditors		540,968	129,446
VAT Collected / Payable	10	817,746	839,011
Total Current Liabilities		1,410,546	1,123,576
WORKING CAPITAL		3,916,112	3,964,899
NON-CURRENT ASSETS			
Buildings		1,407,971	1,397,259
Plants & Machineries		67,386,670	64,761,122
Furniture, Fittings & Equipment		946,094	907,143
Motor Vehicles		2,665,962	2,655,412
Accumulated Depreciation		(34,135,761)	(31,247,352)
Total Non-Current Assets	2	38,270,936	38,473,583
LONG-TERM LIABILITIES			
ADB Loan	3	1,010,202	1,010,202
Total Long-Term Liabilities		1,010,202	1,010,202
NET WORTH		41,176,845	41,428,280
SHAREHOLDER'S EQUITY			
Capital Reserve	4	47,140,180	47,615,643
Accumulated Profits/(Losses)	6	(5,963,334)	(6,187,363)
TOTAL SHAREHOLDER'S EQUITY		41,176,845	41,428,280
Confirmed:		 Vice Chairman Buibui Tiweri	 CEO James Young

PUBLIC UTILITIES BOARD

REVISED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2018

	Notes	Revised 2018	2018	Revised 2017
Cash Flows from Operating Activities				
Cash Receipts from Customers, CSO & Reserve Transfers		14,681,514	15,101,754	12,788,274
Cash Paid to Suppliers, Employees, etc		(13,819,202)	(14,206,481)	(12,618,321)
Net Cash Flows from Operating Activities	(A)	862,313	895,273	169,954
Cash Flows from Financing Activities				
Net Cash Flows from Financing Activities				
Cash Flows from Investing Activities				
Proceeds from Capital Aid/Grants - Commissioned Projects		680,194	680,194	1,767,996.10
Proceeds from Capital Aid/Grants - On-going Projects		1,089,980	1,089,980	
Payments from Capital Aid/Grants - Commissioned Projects		(1,683,482)	(1,683,482)	(944,432.88)
Payments from Capital Aid/Grants - On-going Projects		(952,799)	(952,799)	
Purchase of Property, plant and equipment		(956,033)	(988,993)	(1,379,925)
Net Cash Flows from Investing Activities		(1,822,140)	(1,855,101)	(556,361)
Net Increase / (Decrease) for the Period		(959,828)	(959,828)	(386,408)
Add Cash Balances & Cash equivalent at Beginning		1,508,453	1,508,453	1,894,861
Cash Balance & Cash equivalent at the End of the Period		548,625	548,625	1,508,453
Cash & Cash Equivalents				
Cash at Bank - Cheque Account		343,569	343,569	257,960
PUB Reserve Funds		6	6	6
Kiribati Government Funds - Water & Wastewater CSO		99,784	99,784	246,154
Kiribati Government Assistance - High Voltage Project		(32,960)	(32,960)	1,003,288
NZ MFAT Water Security Support RO Funds		137,181	137,181	
NZ MFAT Clean-up Funds		145	145	145
Petty Cash		900	900	900
Total	5	548,625	548,625	1,508,453
(A) Reconciliation of Net Profit / (Loss) to Net Cash Provided (Used) by Operating Activities				
Net Profit/(Loss) for the Year		224,028	(1,822,333)	743,857
Add back depreciation for the period		2,888,409	2,888,409	2,496,511
Less Amortisation of Aid Reserve for the period		(2,245,637)		
Less Bad/Doubtful Debts and PPI		-	(199,276)	
Add Prov for Doubtful Trade Debtors		123,433	123,433	
Less Capitalized stock issued out during the year		(46,246)	(46,246)	
Add Cash used for Un-capitalized/On-going Projects		952,799	985,760	
Decrease/-Increase in Current Assets		(1,321,444)	(1,321,444)	2,533,450
Increase/-Decrease in Current Liabilities		286,970	286,970	(1,006,276)
Adjustment to Fixed Assets		-		(4,094,805)
Adjustment to Project and Capital Aid Reserve		-		(502,783)
Cash Flows from Operating Activities		862,313	895,273	169,954
<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> <p>Confirmed:</p> <p></p> <p>Vice Chairman Buibui Tiweri</p> </div> <div> <p></p> <p>CEO James Young</p> </div> </div>				

**PUBLIC UTILITIES BOARD
REVISED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018**

(1) Statement of Accounting Policies

The accounts of the Board have been drawn up in accordance with Generally Accepted Accounting Principles and International Accounting Standards and the requirements of the Law of the Republic of Kiribati. They have been prepared under the Historical Cost Convention and the Accrual Basis of Accounting has been used.

The Accounting Policies have been consistently applied unless otherwise stated. Set out below is a summary of the significant Accounting Policies adopted by the Board in the preparation of the Accounts.

(a) Depreciation of Fixed Assets

Fixed Assets, including donated assets are depreciated over their estimated useful lives using the Straight Line Method.

(b) Stock

Stock is valued at the Lower of Cost and Net Realizable Value and includes expenditure incurred in acquiring the stock and bringing it to the existing condition and location.

(c) Grants and Subsidies

Grants received for Capital Assets are recorded in the Balance Sheet as either Deferred Income only if it is acquired under a loan or treated as Capital Reserve/Equity Injection; and amortized as Income for subsequent periods at a Rate of Depreciation applied for the Capital Assets acquired under a grant.

Payments for Community Service Obligations (CSOs) are provided to compensate PUB for expenses incurred in providing non-economic or other special services during the year for the Government. These are recorded as income in the year to match the expenses incurred in providing the services.

Other grants or subsidies from the Government are recognized as income, otherwise as necessary to treat them as Capital Injection/Reserve.

(d) Foreign Currency

A Foreign Currency Transaction is recorded at its Local Currency (Australian Dollar) equivalent at a rate in use when the transaction occurs. Gains and losses arising from Foreign Currency Transactions are treated as gains or losses for the period when the transactions occur.

(e) Long –Term Debt

The Current Portion of Long-Term Debt is recorded as a Current Liability according to the Repayment Terms of the relevant Loan Agreement.

(2) Schedule of Fixed Assets - as at 31 December 2018

		PLANTS & MACHINERIES			TOTAL	BUILDINGS	FURNITURE FITTERS & EQUIPMENT	MOTOR VEHICLES	GRAND TOTAL
		WATER	SEWERAGE	ELECTRICAL					
Cost	As at 1/01/18	7,412,443	2,196,087	45,077,948	54,686,478	878,759	907,143	2,655,412	59,127,792
Valuation		1,308,722	6,376,000	2,389,922	10,074,644	518,500	-	-	10,593,144
Total		8,721,165	8,572,087	47,467,870	64,761,122	1,397,259	907,143	2,655,412	69,720,936
Cost	Additions	1,156,333	-	1,469,215	2,625,548	10,712	38,951	10,550	2,685,762
	As at 31/12/18	9,877,498	8,572,087	48,937,085	67,386,670	1,407,971	946,094	2,665,962	72,406,697
Accumulated Depreciation	As at 1/01/18	4,990,159	6,447,867	16,340,342	27,778,368	889,621	637,800	1,941,433	31,247,222
	Depreciation Charge	566,050	205,061	1,715,133	2,486,245	33,603	97,755	270,936	2,888,539
	As at 31/12/18	5,556,210	6,652,928	18,055,475	30,264,613	923,224	735,555	2,212,369	34,135,762
Net Book Value	As at 1/01/18	3,731,006	2,124,220	31,127,528	36,982,754	507,638	269,343	713,979	38,473,713
	As at 31/12/18	4,321,288	1,919,159	30,881,610	37,122,957	484,747	210,539	453,592	38,270,936

(3) Asian Development Bank (ADB) Loan**(a) Loan No. 786 - Wartsila Generator**

Principal advanced US700,000 @ 0.65 AUD \$1,076,923.00

15 years @ interest 7.65% semi-annually wef June 1990

	Current Liability	Long Term Liability		Total
		Principal	Interest	
Balance 1/01/18	-	851,021	874,653	1,725,674
Adjustment	-	-	-	(1,353,308)
Balance 31/12/18	-	851,021	874,653	372,366

(b) Loan No. 922 - Power Distribution Project

Principal advanced SDR 666,970 @ 0.5546 AUD \$1,202,547.00

20 years @ Interest 6.53% semi-annually wef Sept 1992

	Current Liability	Long Term Liability		Total
		Principal	Interest	
Balance 1/01/18	-	1,172,487	1,070,300	2,242,787
Adjustment	-	-	-	(1,604,951)
Balance 31/12/18	-	1,172,487	1,070,300	637,836

Total ADB Loan

	Current Liability	Long Term Liability		Total
		Principal	Interest	
Balance 1/01/18	-	2,023,508	1,944,953	3,968,461
Adjustment	-	-	-	(2,958,259)
Balance 31/12/18	-	2,023,508	1,944,953	1,010,202

Disclosing Note 3:

ADB Loan #786 and #922 have been adjusted according to SOEMAU's balances per email dd 23 January 2017.

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

(4) Capital Reserve	2018	2017
Grant Reserve		
Balance 1/01/18	14,341,277	16,453,226
Amortised as Income	(2,245,637)	(2,111,950)
Balance 31/12/18	12,095,640	14,341,277
Revaluation Reserve		
Balance 1/01/18	3,494,046	3,494,046
Balance 31/12/18*	35,044,540	33,274,366
Total	47,140,180	47,615,643

Disclosing Note 4:

*Total amount of \$1,770,174.09 was received by GoK in 2018 for the following Projects:HV Electrical Project.

1. NZMFAT Water Security / RO (Reverse Osmosis) Project	1,089,980
2. GoK - HV Electricity Rehabilitation Project	259,955
3. Gok - Water Piping Rehabilitation Project at Nippon Causeway	301,699
4. Gok - Electrical Cablling Rehabilitation Project at Nippon Causeway	118,540
	1,770,174

(5) Cash at Bank	2018	2017
Cheque Account No. 298142	343,569	257,960
Petty Cash Imprest	900	900
NZ MFAT Clean-up Fund	145	145
NZ MFAT Water Security/RO Support Funds	137,181	
PUB Reserve Fund	6	6
Kiribati Gov't Assistance - HV Project	(32,960)	1,003,288
PUB Water & Wastewater CSO A/c	99,784	246,154
Total	548,625	1,508,453

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

(6) Accumulated Loss:

	2018	2017
Balance 1/01/18	(6,187,363)	(6,931,220)
Net Profit/Loss (-) for the year*	224,028	743,857
Balance 31/12/18	<u>(5,963,334)</u>	<u>(6,187,363)</u>

Disclosing Note 6 :

*Electricity Debtors and Provision for Doubtful Debts are computed as follows:

	2018	2017
Electricity Debtors Control Account / GL Balance as at 31/12/2018	8,277,120	7,790,821
Increase (Decrease) in Elec Debtors treated as (PPI)	29,266	4,566
Balance per Electricity Debtors Listing as at 31/12/2018	<u>8,306,385</u>	<u>7,795,387</u>

Prov for Bad and Doubtful Debts accounted for in B/S:

Domestic	6,753,246	6,753,246
Commercial	258,962	258,962
Industrial (Ministries)	226,413	226,413
Industrial (SOEs)	470,023	470,023

Total Prov. For Doubtful Debts for Electricity Debtors per Financial Position as at 31/12/2018

7,708,644	<u>7,708,644</u>
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Less Prov for Bad and D/Debts - Water

111,478

Less Prov for Bad and D/Debts - Electricity

11,955

Doubtful Debts for Water and Electricity Debtors as Included in P&L Statement for the year ending 31/12/2018

123,433

Acc. Prov. For Doubtful Debts per Balance Sheet as at 31/12/2018

7,832,077

*Provision for Bad and Doubtful Staff Debts as at 31/12/2018 remains at \$121,391

	2018	2017
(7) Government Subsidy/CSO		
Water & Wastewater CSO	1,474,590	1,135,000
Sewerage Operations	-	-
Power Supply	-	-
Other Grants	-	-
Total	<u>1,474,590</u>	<u>1,135,000</u>

(8) Prior Period Items/Adjustments

	2018	2017
a) Difference between the Electricity Debtors Control Account in the GL and the listing as disclosed in Note (6) above treated as PPI	29,266	4,566
b) Long Outstanding Debt with KOIL anticipated to set-off against Electricity Doubtful Debts	-	-
c) Other Prior Year Expenses and Income	46,577	148,302
d) Audit Fees for prior years	-	-
	<u>75,843</u>	<u>152,869</u>

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

(9) Trade Creditors

	2018	2017
Trade Creditors - Local - KOIL	7,748,104	7,851,391
Trade Creditors - Overseas	12,372	12,372
Total Trade Creditors	7,760,477	7,863,763

Disclosing Note 9: Trade Creditors

a) Trade Creditors - Local

* According to PUB's books, PUB owes KOIL \$7,748,104.42 as at 31/12/2018. It is anticipated that a set-off against PUB's Elec Debtors for \$7,708,644.17 will be taken into account upon approval. This results also in accounting for Provision for Trade Creditors -Local, which has been set aside to set-off against the Elec Debtors once approved by Board/Cabinet.

b) Trade Creditors - Overseas

	2018	2017
** Daikai Engineering Pty Ltd., Singapore as at 31/12/2018	12,372	12,372
*** Northpower Ltd., NZ	-	-
	12,372	12,372

(10) VAT Payable

Adjustment on Vat Payable is to be reconsidered based on further advise from AG's and Tax Office.

(11) Trade Debtors

Trade Debtors as at 31/12/2017 comprise of:

	2018	2017
Electricity Debtors	8,306,385	7,795,387
Water Debtors	1,015,744	754,852
Total Trade Debtors	9,322,129	8,550,239

Confirmed:



Vice Chairman
Buibui Tiweri



CEO
James Young