

**TE MANA UIRA O ARAURA LIMITED**

**FINANCIAL STATEMENTS**

**REPORTING UNDER NZ PBE IPSAS RDR**

**FOR THE YEAR ENDED 30 JUNE 2023**

**TE MANA UIRA O ARAURA LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

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**TE MANA UIRA O ARAURA LIMITED**  
**DIRECTORS' REPORT FOR THE YEAR ENDED**  
**30 JUNE 2023**

The Directors take pleasure in presenting their report for the Company for the year ended 30 June 2023.

**ACTIVITIES**

The principal activity of Te Mana Uira o Araura Limited is the generation and distribution of electricity on Aitutaki and all ancillary and auxiliary purposes thereto.

**RESULTS**

The deficit after tax for the year was \$826,639 (2022: Deficit after tax \$814,151).

**DIVIDENDS**

The Directors declared no dividends for the year ended 30 June 2023.

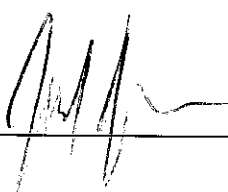
**REMUNERATION OF DIRECTORS**

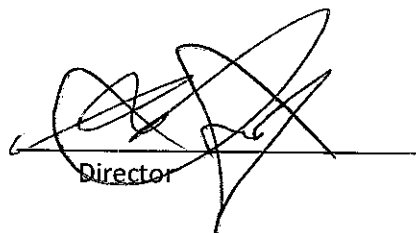
Remuneration paid to the directors during the year was \$36,600.

**AUDITORS**

The Company's auditors, KPMG, were appointed in accordance with the provisions of the Companies Act 2017.

The financial statements on pages 7 to 26 are authorised for issue for, and on behalf of, the Board.

Director 

Director 

Dated: 8 April 2024

Dated: 8 April 2024



# Independent Auditor's Report

To the shareholders of Te Mana Uira o Araura

## Report on the audit of the financial report

### Qualified Opinion on the Financial Statements

In our opinion, except for the effects of the matter described in the Basis for Opinions, including basis for Qualified Opinion on the financial statements section of our report, the financial statements of Te Mana Uira o Araura (the 'company') on pages 7 to 24 presents fairly, in all material respects:

- i. the company's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date;

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit) issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2023;
- the statements of comprehensive revenue and expense, changes in net assets/equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies.

### Opinion on the Service Performance Information

In our opinion, the financial report of the company on pages 25-26 presents fairly, in all material respects:

- ii. the company's service performance for the year ended 30 June 2023 in accordance with the company's service performance criteria;

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit) issued by the New Zealand Accounting Standards Board.

We have audited the accompanying financial report which comprises:

- the statement of service performance on page 25-26



## Basis for Opinions, including basis for Qualified Opinion on the financial statements

The Company's property, plant and equipment, is carried at \$4,606,346 on the Statement of Financial Position for the Company as at 30 June 2023, and \$5,221,617 for the comparative period as at 30 June 2022. For the comparative period we are unable to obtain sufficient appropriate audit evidence about \$199,633 of the carrying amount of the property, plant and equipment as at 30 June 2022 due to the loss of historical accounting records. Refer to Note 13 for further details. We consider this amount to be material and our audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.



We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'), and the audit of the statement of service performance, in accordance with the New Zealand Auditing Standard 1 *The Audit of Service Performance Information* ('NZ AS 1'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners* (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

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## Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Financial Report. Our opinion on the financial report does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

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## Responsibilities of the Directors for the financial report

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial report in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit)) issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error;
- service performance criteria that are suitable in order to prepare service performance information in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not For Profit)); and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



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## Auditor's responsibilities for the audit of the financial report

Our objective is:

- to obtain reasonable assurance about whether the financial report as a whole and the statement of service performance is free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ and NZ AS 1 will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate and collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial report.

A further description of our responsibilities for the audit of this financial report is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14/>

This description forms part of our independent auditor's report.



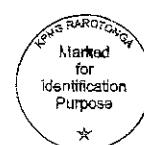
Rarotonga

8 April 2024

**TE MANA UIRA O ARAURA LIMITED**  
**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Trading revenue	2	2,341,576	1,964,260
Sundry income		24,341	24,340
<b>Total Revenue</b>		<u>2,365,917</u>	<u>1,988,600</u>
<b>Expenditure</b>			
Audit fees	3	30,011	31,562
Personnel costs		512,282	508,598
Directors Fees		36,600	39,237
Depreciation and amortisation	13	615,271	706,136
Impairment Expenses	13	-	84,745
Freight		6,321	9,920
Fuel		1,688,660	1,083,340
Professional Fees		45,105	14,139
Repairs and maintenance		130,040	39,554
Other costs		128,266	285,520
<b>Total Expenditures</b>		<u>3,192,556</u>	<u>2,802,751</u>
<b>Surplus / (deficit) before taxation</b>		<u>(826,639)</u>	<u>(814,151)</u>
Income tax expense / (credit)	4	-	-
<b>Net surplus / (deficit) after tax</b>		<u>(826,639)</u>	<u>(814,151)</u>
Other comprehensive income		-	-
<b>Total Comprehensive Revenue and Expenses for the year</b>		<u>(826,639)</u>	<u>(814,151)</u>

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 24.

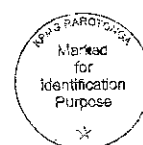


**TE MANA UIRA O ARAURA LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Share Capital \$	Accumulated comprehensive revenue and expenses \$	Asset Revaluation \$	Total Equity \$
<b>Equity At 1 July 2022</b>		7,957,043	(2,898,056)	935,575	5,994,562
Capital Introduced	8	-	-	-	-
Net Earnings For The Year	8	-	(826,639)	-	(826,639)
Asset Revaluation	8	-	-	-	-
Dividends		-	-	-	-
<b>Equity At 30 June 2023</b>		<u>7,957,043</u>	<u>(3,724,695)</u>	<u>935,575</u>	<u>5,167,923</u>

	Note	Share Capital \$	Accumulated comprehensive revenue and expenses \$	Asset Revaluation \$	Total Equity \$
<b>Equity At 1 July 2021</b>		7,532,043	(2,083,905)	935,575	6,808,713
Capital Introduced		-	-	-	-
Net Earnings For The Year	8	-	(814,151)	-	(814,151)
Asset Revaluation		-	-	-	-
Dividends		-	-	-	-
<b>Equity At 30 June 2022</b>		<u>7,957,043</u>	<u>(2,898,056)</u>	<u>935,575</u>	<u>5,994,562</u>

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 24.

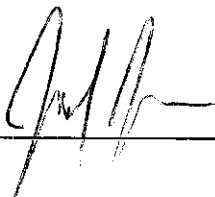


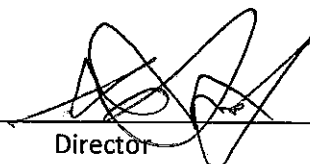


**TE MANA UIRA O ARAURA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>EQUITY</b>			
<b>Total Equity</b>		<u>5,167,923</u>	<u>5,994,562</u>
<b>Current Liabilities</b>			
Trade and other payables	11	513,426	383,032
Taxation payable	5	6,464	6,464
Value Added tax payable		13,980	
Related party payables	12	26,434	31,754
<b>Total Current Liabilities</b>		<u>560,304</u>	<u>421,250</u>
<b>Total Equity &amp; Liabilities</b>		<u>5,728,227</u>	<u>6,415,812</u>
<b>Current Assets</b>			
Cash and cash equivalents	6	262,591	222,748
Trade receivables	9	257,324	203,444
Other receivables	10	84,107	35,369
Value added tax receivable		-	38,504
Taxation receivable	5	-	-
Prepayments		2,724	23,848
Inventories	7	500,555	655,702
Related party receivable	12	1,000	1,000
<b>Total Non Current Assets</b>		<u>1,108,301</u>	<u>1,180,615</u>
<b>Non Current Assets</b>			
Property, plant and equipment	13	4,606,346	5,221,617
Deferred tax	5	13,580	13,580
<b>Total Non Current Assets</b>		<u>4,619,926</u>	<u>5,235,197</u>
<b>Total Assets</b>		<u>5,728,227</u>	<u>6,415,812</u>

The Board of Directors of Te Mana Uira o Araura Limited authorised the financial statements for issue on:

Director 

Director 

Dated: 8 April 2024

Dated: 8 April 2024

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 24.



**TE MANA UIRA O ARAURA LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers		2,263,300	1,941,841
Cash paid to suppliers and employees		(2,223,457)	(2,221,390)
Other		-	-
Net Cash Inflows/(Outflows) from Operating Activities	14	<u>39,843</u>	<u>(279,549)</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of property, plant and equipment		-	(85,734)
Other		-	-
Net Cash Flows from Investing Activities		<u>-</u>	<u>(85,734)</u>
<b>Cash Flows from Financing Activities</b>			
Cash introduced		-	-
Net Cash Flows from Financing Activities		<u>-</u>	<u>-</u>
Net Increase/(Decrease) In Cash Held		<u>39,843</u>	<u>(365,283)</u>
Net Increase/(Decrease) In Cash Held		39,843	(365,283)
Add Opening Cash Brought Forward		222,748	588,031
Ending Cash Carried Forward		<u>262,591</u>	<u>222,748</u>

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 24.



**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. STATEMENT OF ACCOUNTING POLICIES**

**a) Reporting Entity and Statutory Base**

Te Mana Uira o Araura Limited ("Company") is a company registered in the Cook Islands. The Company was incorporated on the 30th of June 2017.

The Company was previously registered as Aitutaki Power Supply Limited until the 8th July 2020, when at that date an application was accepted by the Registrar of Companies/Incorporate Societies for a name change to Te Mana Uira o Araura Limited.

These financial statements have been presented under the Companies Act 2017.

The Company is a subsidiary of the Cook Islands Investment Corporation governed under the Cook Islands Investment Corporation Act 1998.

**b) Basis of Preparation**

**i. Basis of preparation**

The financial statements presented are prepared in accordance with New Zealand Tier 2 Public Benefit (PBE) IPSAS accounting standards ("PBE IPSAS"). The Company adopts the PBE accounting standards applicable under a Reduced Disclosure Regime (RDR) with an expense threshold less than \$30 million.

**ii. Basis of measurement**

The financial statements have been prepared on a going concern basis. The financial statements are prepared on the historical cost basis.

**iii. Functional and presentation currency**

The financial statements are presented in New Zealand Dollars (\$), which is the Company's functional currency. All financial information presented in New Zealand Dollars has been rounded to the nearest dollar, except when otherwise indicated.

**iv. Use of estimates and judgements**

The preparation of the financial statements in conformity with NZ PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Notes 4 & 5: Income tax - on the probability of the existence of future taxable profits for the recognition of deferred tax asset;
- Note 13: The carrying amounts of the Company's property, plant & equipment are reviewed at each reporting date to determine whether there is any indication of impairment

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**c) Effects of Changes in Accounting Policies**

There are no new revised or amended standards that are applicable to the company for the year ended 30 June 2023.

**d) General Accounting Policies**

The general accounting policies recognised as appropriate for the measurement and reporting of results, cash flows and the financial position under the historical cost method have been followed in the preparation of these financial statements.

**Particular Accounting Policies**

**(i) Revenue Recognition**

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business. Revenue is stated exclusive of Value Added Tax. The majority of the Company's revenue is derived from providing electricity with revenue recognised as the electricity is consumed. The contracts with customers only have one component and price is based on the Company's standard electricity rates. Invoices are issued on a monthly basis for services provided and usually payable within 30 days. Revenue from the sale of goods & services in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, and the revenue and associated costs can be estimated and measured reliably.

**(ii) Taxation**

Income tax is recognised in the statement of comprehensive revenue and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised when it arises from:

- The initial recognition of goodwill;
- The initial recognition of an asset/ liability in a transaction that is not a business combination which at the time of the transaction affects neither the accounting profit nor the taxable profit;
- Contain temporary differences arising from investment in subsidiaries, associates and/or joint ventures.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

All amounts are shown exclusive of Value Added Tax (VAT). Exceptions to this are receivables and payables which are stated inclusive of VAT.

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**d) General Accounting Policies (continued)**  
**Particular Accounting Policies (continued)**

(iii) Statement of Cash Flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- (a) Cash is considered to be cash on hand, current accounts in banks and short term deposits, net of bank overdrafts.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.
- (c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

(iv) Employee Benefits

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under outstanding annual leave balances if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company contributes to the Cook Islands National Superannuation Fund. This fund is a State defined contribution fund.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(v) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expenses.

(vi) Financial Instruments

Financial Assets

Financial assets comprise cash and cash equivalents and trade and other receivables. These are all classified as amortised cost as they are:

- held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (if applicable).

These assets are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

Financial Liabilities

Financial liabilities comprises trade and other payables. These are measured at amortised cost.

A financial liability is derecognised when the Company has discharged its obligation or the contract is cancelled or expired.

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE**

	2023	2022
	\$	\$
<b>Trading Revenue</b>		
Commercial	1,334,823	1,056,729
Domestic	971,529	863,008
Government and Island Government	28,031	35,309
Other	7,193	9,214
	<u>2,341,576</u>	<u>1,964,260</u>

**3. REMUNERATION OF AUDITORS**

Included in Trade and other payables are fees payable of \$27,186 (2022: \$22,186) to KPMG in respect of the audit of the financial statements for the year ended 30 June 2023.

During the current year \$25,011 was charged in respect of 2022 audit fees and disbursements, and \$5,000 was added to the accrual in respect of the 2023 audit fees.

**4. INCOME TAX EXPENSE**

	2023	2022
	\$	\$
Net Earnings for the year	<u>(826,639)</u>	<u>(814,151)</u>
Taxation at 20%	(165,328)	(162,830)
Add/(Deduct) Tax Effect of Permanent Differences	-	-
Add/(Deduct) Tax Losses not recognised	<u>165,328</u>	<u>(162,830)</u>
	<u>-</u>	<u>-</u>
The Income Tax Expense is represented by:		
Current Tax	-	-
Deferred Tax (Note 5)	-	-
	<u>-</u>	<u>-</u>

**Judgements:**

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**5. TAXATION BENEFIT AND PAYABLE**

Taxation Payable	<b>2023</b>	<b>2022</b>
	\$	\$
Income Tax Payable At The Beginning of The Year	6,464	6,464
Income Tax Penalties	-	-
Current Year Tax (Note 4)	-	-
Income Tax Paid	-	-
Income Tax Payable At End of The Year	<u>6,464</u>	<u>6,464</u>
Deferred Tax Asset		
Opening Balance	13,580	13,508
Current Year Tax (Note 4)	-	-
Closing Balance	<u>13,580</u>	<u>13,580</u>
Deferred Tax relates to provisions for doubtful debts.		
Taxation Losses (Not Recognised)		
Tax Losses At The Beginning of The Year	576,088	413,258
Current Year Losses (Note 4)	165,328	162,830
Utilisation of Tax Losses	-	-
Tax Losses At End of The Year	<u>741,416</u>	<u>576,088</u>

**6. CASH AND CASH EQUIVALENTS**

	<b>2023</b>	<b>2022</b>
	\$	\$
Cash at bank	262,591	222,748

**7. INVENTORIES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Fuel	231,969	318,538
Oil	179	2,542
Generation and network inventory	96,076	101,849
Stock-in-transit	175,279	235,721
Provision for stock obsolescence	<u>(2,948)</u>	<u>(2,948)</u>
	<u>500,555</u>	<u>655,702</u>

**Accounting Policy:**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a weighted average basis. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**8. EQUITY**

**Share Capital**

The Company was incorporated on 30 June 2017. The share capital of the Company is \$1,000 divided into 1,000 ordinary shares of \$1 each.

The Company's shareholders are:

- Cook Islands Government Property Corporation – 999 shares
- Cook Islands Investment Corporation – 1 share

Cook Islands Government Property Corporation is 100% owned by Cook Islands Investment Corporation whose ultimate parent is the Cook Islands Government.

**Capital Introduced**

On the 1st of July 2017, net assets of Aitutaki Power Supply of \$3,843,149, a division of the Cook Islands Government, transferred to Te Mana Uira o Araura Limited (formerly Aitutaki Power Supply Limited).

The net assets transferred at their carrying values taken from the 30 June 2017 audited financial statements of Aitutaki Power Supply (previous entity). The entity's 30 June 2017 financial statements were audited by the Cook Islands Audit Office.

There were no assets transferred to the Company during the 30 June 2023 financial year.

**Capital Introduced**

	<b>2023</b>	<b>2022</b>
	\$	\$
Balance At The Beginning of The Year	7,957,043	7,957,043
Current year movements:		
<b>Total current year capital introduces</b>	-	-
Total Capital Introduced	7,957,043	7,957,043

**Asset Revaluation Reserve**

On 1 October 2020 a valuation was performed by Alexander Napa Consultancy over the Company's buildings and transformer assets. The values have been applied at 30 June 2020. As a result of the valuation, a revaluation reserve of \$935,575 has been recognised.

**Retained Earnings**

	<b>2023</b>	<b>2022</b>
	\$	\$
Balance at the Beginning of the Year	(2,898,056)	(2,083,905)
Net Earnings for the Year	(826,639)	(814,151)
<b>Total Retained Earnings</b>	(3,724,695)	(2,898,056)





**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. TRADE RECEIVABLES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Current receivables	325,223	271,343
Less: Provision for doubtful debts	<u>(67,899)</u>	<u>(67,899)</u>
	<u>257,324</u>	<u>203,444</u>
Provision for doubtful debt introduced 1 July	(67,899)	(67,899)
Current year charge	-	-
Provision for Doubtful Debt 30 June	<u>(67,899)</u>	<u>(67,899)</u>

The ageing analysis of trade receivables is as follows:

	Total	Neither past due or impaired	31 – 60 days	61 – 90 days	>90 days
		\$	\$	\$	\$
<b>2022</b>	271,343	142,838	31,446	23,044	74,015
<b>2023</b>	325,224	182,879	41,358	16,566	84,421

**Accounting Policy:**

Trade and other receivables are recognised initially at fair value, subsequently measured at amortised cost and adjusted for any impairment losses.

Trade and other receivables held by the Company are short-term assets and therefore the carrying amounts materially equate to fair value.

**Impairment**

The Company considers impairment using the life time expected credit loss (ECL) model under the simplified approach in PBE IPSAS 41 Financial Instruments for the following financial assets that are not measured at FVTPL:

- Cash and cash equivalents
- Trade and other receivables

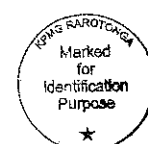
**Measurement of Expected Credit Loss**

Expected credit loss (ECL) is calculated based on a function of the probability of default, loss given default and exposure at default.

The Company applies the ECL model separately for each financial asset category measured at amortised cost.

ECL is calculated based on the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECL for cash and cash equivalents is calculated based on industry standard probability of default and loss given default based on the credit rating of each financial institution where funds are held.

As trade debtors are normally paid within 30 days and do not have a significant financing component the Company has applied the simplified approach in PBE IPSAS 41 and therefore only recognises lifetime ECL.



**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. OTHER RECEIVABLES**

	2023	2022
	\$	\$
Accrued revenue	84,107	52,027
Other receivables	-	(16,658)
	<u>84,107</u>	<u>35,369</u>

Accrued revenue includes electricity unbilled being the electricity supplied to consumers from the last invoiced date to balance date, 30 June 2023. No charge has been made to the customer debtor account for this.

**11. TRADE AND OTHER PAYABLES**

	2023	2022
	\$	\$
Trade creditors	240,315	247,452
Other creditors and accruals	189,183	82,310
Payroll accrual	20,904	14,687
Employee entitlements	63,024	38,583
	<u>513,426</u>	<u>383,032</u>

Trade creditors and other accruals are non-interest bearing and are normally settled on 30-day terms.

**12. RELATED PARTIES**

**Related party receivables**

	2023	2022
	\$	\$
<b>Current assets</b>		
Cook Islands Investment Corporation	1	1
Cook Islands Government Property Corporation	999	999
	<u>1,000</u>	<u>1,000</u>

**Related party payables**

	2023	2022
	\$	\$
<b>Current liabilities</b>		
Ministry of Finance and Economic Management	-	6,413
Cook Islands Investment Corporation	26,434	25,341
	<u>26,434</u>	<u>31,754</u>

Related parties include Government Ministries, agencies, State Owned Enterprises by way of common owner. Electricity goods and services supplied to related parties are transacted on normal trading terms. The related party balances do not have fixed repayment terms, are unsecured and do not bear interest.

**Key Management Personnel**

	2023	2022
Board members remuneration	36,600	39,237
Number of Directors	5	5
Senior management Remuneration	215,764	220,325
Full time equivalent staff	5	5

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**13. PROPERTY, PLANT AND EQUIPMENT**

Cost	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
<b>At June 2021</b>	\$ 1,727,293	\$ 6,414,874	\$ 1,431,014	\$ 752,344	\$ 71,260	\$ 302,722	\$ 22,630	\$ -	\$ 10,722,137
Write-down of impaired assets	-	(847,448)	-	-	-	-	-	-	(847,448)
Revaluations	-	-	-	-	-	-	-	-	-
Additions	-	-	79,498	-	6,235	-	-	-	85,734
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>At June 2022</b>	<b>1,727,293</b>	<b>5,567,426</b>	<b>1,510,512</b>	<b>752,344</b>	<b>77,495</b>	<b>302,722</b>	<b>22,630</b>	<b>-</b>	<b>9,960,423</b>

Depreciation and impairment	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
<b>At June 2021</b>	\$ 43,348	\$ 2,810,261	\$ 1,009,710	\$ 728,421	\$ 43,147	\$ 151,277	\$ 9,208	\$ -	\$ 4,795,372
Revaluation	-	-	-	-	-	-	-	-	-
Write-down of impaired assets	-	(762,703)	-	-	-	-	-	-	(762,702)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	43,348	563,150	55,953	2,895	14,070	25,133	1,587	-	706,136
<b>At June 2022</b>	<b>86,696</b>	<b>2,610,708</b>	<b>1,065,663</b>	<b>731,316</b>	<b>57,217</b>	<b>176,410</b>	<b>10,795</b>	<b>-</b>	<b>4,738,805</b>



**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
<b>Cost</b>									
<b>At June 2022</b>	\$ 1,727,293	\$ 5,567,426	\$ 1,510,512	\$ 752,344	\$ 77,496	\$ 302,722	\$ 22,630	\$ -	\$ 9,960,423
Write-down of revalued assets to NBV	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>At June 2023</b>	<b>1,727,293</b>	<b>5,567,426</b>	<b>1,510,512</b>	<b>752,344</b>	<b>77,496</b>	<b>302,722</b>	<b>22,630</b>	<b>-</b>	<b>9,960,423</b>
<b>Depreciation and impairment</b>									
<b>At June 2022</b>	\$ 86,696	\$ 2,610,708	\$ 1,065,663	\$ 731,316	\$ 57,217	\$ 176,410	\$ 10,795	\$ -	\$ 4,738,805
Revaluation	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	43,348	478,403	60,721	2,895	11,537	16,780	1,587	-	615,271
<b>At June 2023</b>	<b>130,044</b>	<b>3,089,111</b>	<b>1,126,384</b>	<b>734,211</b>	<b>68,754</b>	<b>193,190</b>	<b>12,382</b>	<b>-</b>	<b>5,354,076</b>

	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
<b>Net Book Value</b>									
<b>At June 2022</b>	\$ 1,640,597	\$ 2,956,718	\$ 444,848	\$ 21,028	\$ 20,279	\$ 126,312	\$ 11,835	\$ -	\$ 5,221,617
<b>At June 2023</b>	<b>1,597,249</b>	<b>2,478,315</b>	<b>384,128</b>	<b>18,133</b>	<b>8,741</b>	<b>109,532</b>	<b>10,248</b>	<b>-</b>	<b>4,606,346</b>

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Accounting Policy:**

*Recognition & measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

*Depreciation*

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of property, plant and equipment.

The estimated useful lives for the current year of significant items of property, plant and equipment are as follows:

• Buildings	30-40 years
• Generation plant and equipment	10-40 years
• Distribution systems	10-40 years
• Plant and equipment	3-12 years
• Computer equipment	3-4 years
• Furniture & fittings	10-14 years
• Motor vehicles	5-10 years

*Impairment*

The carrying amounts of the Company's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in the surplus or deficit.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There has been no impairment write-down in the current year. In the previous year ended 30 June 2022 an impairment of \$84,745 was recognised.

**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

**Accounting Policy:**

*Historical property, plant and equipment*

The Company has been unable to substantiate the carrying value of certain items of property, plant and equipment amounting to \$24,144 (2022: \$234,057) due to the loss of historical accounting records.

**14. RECONCILIATION OF NET EARNINGS AFTER TAX WITH OPERATING CASHFLOW**

	<b>2023</b>	<b>2022</b>
	\$	\$
Net Earnings After Taxation	(826,639)	(814,151)
Add depreciation	615,271	706,136
Add impairment	-	84,745
Add doubtful debts	-	-
Add/(Less) Movements in Other Working Capital Items:		
(Increase) / Decrease in trade and other receivables	(83,718)	(60,523)
(Increase) / Decrease in prepayments	21,123	(6,739)
(Increase) / Decrease in inventories	155,147	(261,515)
(Increase) / Decrease in deferred tax assets	-	-
Increase / (Decrease) in trade and other payables	163,979	153,306
Increase / (Decrease) in related party payables	(5,320)	(80,808)
Increase / (Decrease) in taxation payable	-	-
Net Cash Inflow/(Outflow) from Operating Activities	39,843	(279,549)

**15. FINANCIAL INSTRUMENTS**

Exposure to liquidity and credit risk arises in the normal course of the Company's operations. This note presents information about the Company's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

**Fair values**

Set out below are the carrying amounts by class of the Company's financial instruments.

	<b>Carrying amount</b>	<b>Carrying amount</b>
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Financial Assets</b>		
Trade receivables	257,324	203,444
Other receivables	84,107	35,369
Cash and cash equivalents	262,591	222,748
Term Deposits	-	-
Value added tax receivable	-	38,504
Related party receivable	1,000	1,000
	<b>605,022</b>	<b>501,065</b>

All financial assets held by the Company are classified as 'Amortised Cost' under NZ PBE IPSAS 41 Financial Instruments. Due to the nature and term of the financial assets that the Company holds, the fair value and carrying value of financial assets is not materially different.



**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**15. FINANCIAL INSTRUMENTS (CONTINUED)**

	Carrying amount 2023	Carrying amount 2022
	\$	\$
<b>Financial Liabilities</b>		
Trade and other payables	513,426	308,032
Taxation payable	6,464	6,464
Value Added tax payable	13,980	-
Related party payables	26,434	31,754
	<u>560,304</u>	<u>421,250</u>

Due to the nature and term of the financial liabilities that the Company holds, the fair value and carrying value of financial liabilities is not materially different.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation.

**Credit risk**

Credit risk is the possibility that a loss may occur from the failure of a counterparty to perform according to the terms of the contract. In the normal course of business, the Company is exposed to credit risk from cash and cash equivalents and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. The Company does not hold any collateral for financial instruments that give rise to credit risk.

The maximum exposure to credit risk as at 30 June was:

	2023	2022
	\$	\$
Trade and other receivables	409,330	306,712
Cash and cash equivalents	262,591	222,748
Term Deposit	-	-
Value added tax receivable	-	38,504
Related party receivable	1,000	1,000
	<u>672,921</u>	<u>568,964</u>

**Significant Concentrations of Credit Risk**

Concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.



**TE MANA UIRA O ARAURA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**15. FINANCIAL INSTRUMENTS (CONTINUED)**

**Significant Concentrations of Credit Risk (continued)**

The Company monitors concentrations of credit risk by location, institution and sector. All concentrations are held in the Cook Islands.

	Credit rating	2023 \$	2022 \$
Bank of South Pacific	B-	262,591	222,748
Bank of Cook Islands	N/A	-	-
Value added tax receivable	N/A	-	38,504
Trade and other receivables	N/A	341,430	238,813
		<u>604,021</u>	<u>500,065</u>

**Liquidity risk**

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis.

Where additional access to funding may be required the Company will request assistance from the Crown.

**Capital management**

The primary objective of managing the Company's capital is to ensure that there is sufficient cash available to support the Company's funding requirements, including capital expenditure, to ensure that the Company remains financially sound.

The Government of the Cook Islands has provided a letter of support confirming it will provide financial assistance to the Company where necessary to continue its operations as a going concern.

**16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Company has no capital commitments or contingent liabilities.

**17. GOING CONCERN**

The financial statements have been prepared on a going concern basis.

The Directors have performed an assessment of the Company's ability to continue as a going concern from twelve months from the date of this declaration. In this assessment, the Directors considered the essential nature of the Company and the Letter of Support from Government (ultimate parent) to provide financial assistance as required to ensure the Company continues to operate into the foreseeable future, being at minimum twelve months from the financial statements issuance date.

**18. SUBSEQUENT EVENTS**

Nil.





**TE MANA UIRA O ARAURA LIMITED**  
**SERVICE PERFORMANCE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**The Company's Purpose**

Te Mana Uira o Araura Limited ("the Company") is a company registered in the Cook Islands, incorporated on the 30th June 2017. The principal activity of the Company is to provide electricity supply to the island of Aitutaki. This is depicted by the Company's vision to "Keep the lights on" which is further expanded as providing an efficient, reliable, affordable, and sustainable electricity service to Aitutaki.

To carry out its purpose, the Company therefore focuses on succeeding in three key service areas namely:

- **Efficiency and Reliability** which means a well-managed organisation that provides a consistent supply to consumers with minimal downtime, and should supply be disrupted, speedy resumption of the service.
- **Affordability** which means a fair tariff, with the end consumer in mind.
- **Sustainability** which means in an environmental and financial / commercial sense. From an environmental sense, our carbon footprint is minimal, and we embrace renewable energy generation. From a financial sense, the tariffs need to be adequate to run the organization with a long-term view.

**The Company's Performance**

The Company has established the following performance measures to report its effectiveness in carrying out its purpose.

Efficiency and Reliability						
Activity	Measure	2023	2022	Ref		
<b>Efficient generation of power</b>	Litres of fuel consumed per unit of power	0.23	0.30	(1)		
<b>Maintaining power supply</b>	Number of outages	15	3	(2)		
	Average length of outages	31 Minutes	38 Minutes			
Affordability						
Activity	Measure	2023		2022		Ref
<b>A fair tariff: The price of tariffs compared against the national comparative: Rarotonga</b>	<b>Customer Usage Category</b>	<b>TMU Tariff</b>	<b>Rarotonga Tariff</b>	<b>TMU Tariff</b>	<b>Rarotonga Tariff</b>	(3)
	Domestic up to 60 units	0.55c	0.67c	0.46c	0.60c	
	Domestic 61 to 300 units	0.76c	0.67c	0.67c	0.60c	
	Domestic 300 to 1000 units	0.78c	0.67c	0.69c	0.60c	
	Domestic over 1000 units	0.78c	0.67c	0.69c	0.60c	
	Commercial up to 1000 units	0.76c	0.67c	0.67c	0.60c	
Commercial over 1000 units	0.76c	0.53c	0.67c	0.48c		
Sustainability						
Activity	Measure	2023	2022	Ref		
<b>Use of renewables</b>	Percentage of power from renewables	29%	29%	(4)		
<b>Keeping staff safe</b>	Number of accidents	0	1	(5)		

- 1) The average number of litres of fuel consumed, per unit of power received by customers in the financial year.
- 2) The delay in implementing phase two of the solar project, originally planned in 2019, has resulted in some of the generation equipment being fully depreciated and reaching end of life which has resulted in a higher number of outages in 2023.
- 3) Given the similarities in the economic, geographic and operational environments, Rarotonga is considered to be the best comparison to Aitutaki for tariff pricing. There is only one electricity provided in Aitutaki, and one provider in Rarotonga. The tariffs disclosed have been adjusted to include the impact of fuel surcharges applied throughout the year.
- 4) The percentage of power from renewables is power generated from the Company's solar farm, compared with power used by customers in the financial year.
- 5) Keeping staff safe is required for the retention of expertise and sustainability of the Company. A workplace accident relates to an event that threatens the safety of employees, customers, or the Company's equipment.



**TE MANA UIRA O ARAURA LIMITED  
SERVICE PERFORMANCE STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2023**

The company considers the measures reported are those that are most significant to representing their service activity. However, this is the first year of the Company reporting a Statement of Service Performance, and it has identified that some improvement is required in measuring its efficiency, including in regard to a breadth of measures related to efficiency, and measuring customer satisfaction. As the measures are developed going forward, it is expected that future Statement of Service Performance reports will expand to include these disclosures.

**The Company's disclosure of Judgement**

Te Mana Uira o Araura has used judgement in identifying indicators that have the most significant effect on the selection, measurement, and presentation of the service performance information.

This includes measures under the three key service areas of efficiency & reliability, affordability, and sustainability. The decision to determining key service performance information provided by these measures aligns to the organisation's vision. Overall, the service performance indicators, and measures selected and presented, focus on the organisation's performance against its vision: efficient, reliable, affordable, and sustainable electricity service for Aitutaki by the people of Aitutaki.

