

Cook Islands Investment Corporation

Financial Statements under IPSAS

For the year ended 30 June 2024

Cook Islands Investment Corporation

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Cook Islands Investment Corporation

Directory

Annual report for the year ended 30 June 2024

Directors

Cook Islands Investment Corporation

Tangata Fletcher Melvin

Chairperson

Sharyn Audrey Paio

Deputy Chairperson

Eleanor Keukura Roi (resigned 30 November 2024)

Arama Joseph Wichman

Rohan Pou-O-Te-Anuanua Tataraka Ellis

Olivia Moana Heather (appointed 1 July 2024)

Patrick Akaiti Arioka (resigned 31 October 2024)

Halatua Mokekovi Fua (appointed 12 February 2025)

Avaroa Cable Limited

Richard Terence Williams (appointed Chairperson 1 December 2024)

Chairperson

Miimetua Aereariki Danielle Nimerota

Deputy Chairperson

Gabe Steven Raymond (appointed 1 February 2024)

Joseph John Horn-Smith (appointed 1 September 2024)

Tatiana Burn (appointment expired 1 August 2024)

Teu Teulilo (appointment expired 31 January 2024)

Martha Henry (resigned 23 April 2024)

Robert Graham Aii Matheson (resigned 30 November 2024)

To Tatou Vai Authority

Brian Patrick Mason

Chairperson

Desmond Bey Eggleton

Samuela Tiamarama Napa

Phillip Ngamatoa Vakatini

Ashleigh Mata-Tui-Atua Steele

Charles Matapo Carlson (appointed 1 February 2024)

Airport Authority

Patrick Akaiti Arioka (appointed 1 November 2024)

Chairperson

Edward Terei Herman

Deputy Chairperson

George Taoro Brown (expired 31 December 2024)

Nancy Miriam Matapuku

Shona Victoria Mary Lynch

Ngapare Tatira

Tokoa Pera (appointed 1 September 2024)

Cook Islands Investment Corporation

Directory (continued)

Annual report for the year ended 30 June 2024

Te Aponga Uira O Tumu-Te-Varovaro

Donald Maarametua Buchanan (appointed Chairperson 1 April 2024)

Chairperson

Stuart Bryce Henry

Deputy Chairperson

Jessie Katherine Sword

Mata Noora (appointment expired 31 December 2024)

Randolph Kenneth George

Duane Takaiti Kingwell Malcolm

Barbara Louise Elliston (appointed 1 November 2024)

Elizabeth Iro (appointed 1 January 2025)

Te Mana Uira O Araura Limited

John Harold Baxter

Chairperson

Stephen Doherty

Deputy Chairperson

Paul Charles Henry

Alice Lucy Hoff

Katrina Aarii-May Armstrong (appointed 1 May 2024)

Trevor Hemmingson (appointed 1 May 2024)

Janet Grace Maki (resigned 16 April 2024)

Ports Authority

Vaine Era'a Vaituma Nooana-Arioka (appointed 1 April 2024)

Chairperson

William Vivish Kauvai

Deputy Chairperson

Samuel (Sam) Crocombe (appointment expired 30 September 2024)

Geoffrey Edward Vazey

Clive Baxter

William (Bill) Kelley John N Ingram

Sean Teokotai Tutera Rei Smith

Maeva Henry (resigned 26 February 2024)

Cook Islands Broadcasting Corporation

Tangata Fletcher Melvin

Allan Wayne Jensen

Suwarrow Development Corporation Limited

Michael John Henry (rescind appointment 31 December 2024)

Tangata Fletcher Melvin (appointed 1 January 2024)

Allan Wayne Jensen (appointed 1 January 2024)

Cook Islands Investment Corporation

Directory (continued)

Annual report for the year ended 30 June 2024

Cook Islands Government Property Corporation

The Honourable Mark Brown

Chairperson

The Honourable Albert Nicholas

The Honourable Vaine Makiroa Mokoroa

The Honourable George Maggie Angene

The Honourable Vainetutai Rose Toki-Brown

The Honourable Tingika Elikana

The Directors/Members are the Cabinet of the Cook Islands Government.

Banana Court Company Limited

Ian Karika Wilmot

Chairperson

Mary Ann Mataiti Pirake

Marcel Tua

Fa'amanatu Vasie Ngatoko-Poila

Bank of the Cook Islands Holdings Corporation

Tatiana Burn

Chairperson

Amahau Rebecca Maraaura Wood

Deputy Chairperson

Olivia Moana Heather (resigned 30 June 2024)

Janet Grace Maki

Kirikaiahi Taiiti Mahutariki

August Frederic Meyer

Simone Moana Fe'ao (appointed 1 July 2024)

Cook Islands Property Corporation (NZ) Limited

Malcolm John Colin Sword (resigned 1 November 2023)

Caren Jane Rangi (resigned 1 November 2023)

Tangata Fletcher Melvin (appointed 1 January 2024)

Kirikaiahi Taiiti Mahutariki (appointed 1 January 2024)

Cook Islands Telecommunication Assets Limited

Eleanor Keukura Roi (resigned 30 November 2024)

Tangata Fletcher Melvin

Tamarii Tutangata (appointment expired 31 January 2024)

Olivia Moana Heather (appointed 30 November 2024)

Cook Islands Telecommunication Holdings Limited

Tangata Fletcher Melvin

Eleanor Keukura Roi (resigned 30 November 2024)

Tamari'i Tutangata (appointment expired 31 January 2024)

Olivia Moana Heather (appointed 30 November 2024)

Cook Islands Investment Corporation

Directory (continued)

Annual report for the year ended 30 June 2024

Address

Takuvaine

PO Box 51

Avarua

Rarotonga

Cook Islands

Telephone: (682) 29 391

Auditors

KPMG

Solicitors

Crown Law Office

Tim Arnold

Brian Mason

Bankers

Australia and New Zealand Banking Group Limited

Bank of South Pacific

Bank of Cook Islands Limited

Kiwibank Limited

National Australia Bank

Westpac Banking Corporation

Bank of New Zealand

Other institutions

Banzpay

Cook Islands Investment Corporation

Annual Report of the Members of the Corporation

Annual report for the year ended 30 June 2024

The Board of Directors present their Annual Report, including the Financial Statements of the Corporation for the year ended 30 June 2024.

Activities

During the year the Group continued to provide services to the Cook Islands community on behalf of the Government, including the operations of the ports and airports on the islands of Aitutaki and Rarotonga, the electricity supply to Aitutaki and Rarotonga, and the operations of the Bank of Cook Islands.

The Corporation managed all Government land and buildings throughout the Cook Islands including commercial properties, residential properties, Government Ministries, Government Funded Agencies, public schools and public hospitals.

Objectives

The Corporation was established by an Act of Parliament, the Cook Islands Investment Corporation Act (1998). The Act provides for the control and management of Government Assets and undertakings. Specific objectives of the Corporation are outlined in the Act, and include:

Efficient management of assets

This involves the management of Government lands and buildings, and the statutory management of subsidiaries and state owned enterprises.

Privatisation

The Act ensures that the Corporation does not compete in trading activities where the private sector is willing and able to carry out those activities, unless in the opinion of the Board it is in the public interest that the Corporation becomes involved to ensure that a particular trading activity is provided on a reliable, sustainable and equitable basis.

To be socially responsible

This objective of the Corporation provides a balance between the maximisation of profits, and the recognition of the Government's social responsibility in the performance of the Corporation's functions.

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023 (Restated)	30 June 2024	30 June 2023
(Deficit) / Surplus for the year	(3,915)	(8,388)	2,165	(129)
Total assets	468,731	463,147	8,268	10,794
Total equity	283,659	280,319	1,826	881

Statutory Corporations

Airport Authority

The Airport Authority is governed under the Airports and Airport Authorities Act (1968-1969). The Authority is responsible for the management of the international airport on Rarotonga and the domestic airport on Aitutaki.

The Authority has total assets of \$75,621,000 and equity of \$72,405,000 at 30 June 2024. It made a tax paid loss of \$793,000 this year.

Bank of the Cook Islands Holdings Corporation

The Bank of the Cook Islands Holdings Corporation was established in November 2003, under the Bank of the Cook Islands Act 2003, following the committee review under the Minister of Bank of the Cook Islands to ensure the agencies charter remained in line with the Government's commitment to financial reform.

Cook Islands Investment Corporation

Annual Report of the Members of the Corporation (continued)

Annual report for the year ended 30 June 2024

The Bank of the Cook Islands Holdings Corporation has total assets of \$160,823,000 and equity of \$19,039,000 at 30 June 2024. It made a profit after tax of \$648,000 this year.

Cook Islands Government Property Corporation

The Corporation was established by the Cook Islands Government Property Corporation Act (1969) to manage Government assets with its governing body being the Ministers of the Government. The major assets owned by Cook Islands Government Property Corporation are Government land and buildings, and equity investments.

The Corporation generated rental revenues on its buildings portfolio. These revenues are transferred to Cook Islands Investment Corporation in accordance with Section 31 (2) of the Cook Islands Investment Corporation Act (1998). All administration and management expenses relating to assets owned by the Corporation are incurred by Cook Islands Investment Corporation.

The Corporation has total assets of \$102,243,000 and equity of \$101,306,000 at 30 June 2024. It made a loss of \$103,000 this year. The Corporation is tax exempt.

Ports Authority

The management of the commercial ports at Avatiu, Rarotonga and Arutanga, Aitutaki rests with the Ports Authority, under the Ports Authority Act (1994-1995).

The Authority has total assets of \$34,246,000 and equity of \$13,275,000 at 30 June 2024. It made a profit after tax of \$18,000 this year.

Cook Islands Broadcasting Corporation

The Cook Islands Broadcasting Corporation is governed by the Broadcasting Corporation Act (1989). With the functions of providing radio and television service privatised, Cook Islands Broadcasting Corporation is currently dormant.

Cook Islands Broadcasting Corporation has nil total assets and nil equity at 30 June 2024. It did not trade during the year.

Te Aponga Uira O Tumu-Te-Varovaro

Te Aponga Uira generates and distributes electricity to Rarotonga in accordance with its mandate under the Te Aponga Uira O tumu-te-Varovaro Act (1991).

Te Aponga has total assets of \$61,008,000 and equity of \$57,914,000 at 30 June 2024. It made an after tax profit of \$322,000 this year.

To Tatou Vai Authority

To Tatou Vai Authority (TTV) is an Authority under the To Tatou Vai Act 2021.

The principal activity of the Authority is to ensure the availability of an adequate supply of drinkable water and to establish and manage the treatment, collection and disposal of sewage on the Island of Rarotonga.

The Authority has total assets of \$3,617,000 and equity of \$2,928,000 at 30 June 2024. It made a tax paid loss of \$616,000 for this year. Under the To Tatou Vai Act, the Authority is exempt from income tax.

Companies

Cook Islands Property Corporation (NZ) Limited

Cook Islands Property Corporation (NZ) Limited is incorporated under the New Zealand Companies Act (1993). The Company owns the Consulate premises in Wellington and leases the Auckland Consulate Office in Manukau.

Cook Islands Property Corporation (NZ) Limited has total assets of \$657,000 and equity of (\$284,000) at 30 June 2024. It made a loss after tax of \$114,000 this year.

Suwarrow Development Corporation Limited

Suwarrow Development Corporation Limited was set up to act as a manager / licensor for industry in Suwarrow. The Company is dormant.

Cook Islands Investment Corporation

Annual Report of the Members of the Corporation (continued)

Annual report for the year ended 30 June 2024

Cook Islands Telecommunication Holdings Limited

Cook Islands Government Property Corporation is the owner of all shares in Cook Islands Telecommunication Holdings Limited. That entity is a holding company for Government's 40% interest in Telecom Cook Islands Limited (trading as Vodafone Cook Islands). Control of Cook Islands Telecommunication Holdings Limited rests with the governing body of Cook Islands Government Property Corporation.

Cook Islands Telecommunication Holdings Limited has total assets of \$11,110,000 and equity of \$11,058,000 at 30 June 2024. It made a tax paid surplus of \$1,234,000 this year.

Banana Court Company Limited

The Company manages the Banana Court commercial retail complex in Avarua.

The Banana Court Company Limited has total assets of \$210,000 and equity of \$182,000 at 30 June 2024. It made a surplus after tax of \$9,000 for this year.

Te Mana Uira O Araura Limited

The Company generates and distributes electricity on the outer island of Aitutaki.

Te Mana Uira o Araura Limited has total assets of \$5,859,000 and equity of \$4,785,000 at 30 June 2024. It made a tax paid loss of \$383,000 for this year.

Avaroa Cable Limited

The principal activity of Avaroa Cables Limited is management of telecommunication networks and services.

Avaroa Cables Limited has total assets of \$34,644,000 and equity of \$7,839,000 at 30 June 2024. It made a tax paid surplus of \$38,000 for this year.

Accounting Policies

Accounting policies are applied according to generally accepted accounting practice as applied in International Public Sector Accounting Standards (IPSAS).

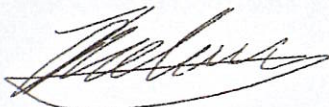
Remuneration of CIIC Directors

Mr Fletcher Melvin received fees of \$38,429 as Chairman of the Board during the year ended 30 June 2024. Mrs Sharyn Paio received \$27,983 as Deputy Chair of the Board. Ms Eleanor Roi received \$21,625, Mr Patrick Arioka received \$21,625, Mr Arama Wichman received \$21,625 and Mr Rohan Ellis received \$13,503 respectively for their roles as Directors of the Cook Islands Investment Corporation.

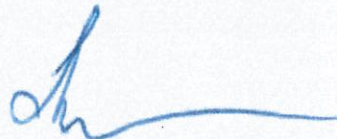
Appointment of Auditors

In compliance with Section 17 of the Cook Islands Investment Corporation Act 1998, KPMG were reappointed as auditor for the 2024 financial year.

For and on behalf of the Members of the Corporation



Director



Director

11 March 2025

11 March 2025

Independent Auditor's Report

To the Shareholders of Cook Islands Investment Corporation (**Corporation and Group**)

Report on the audit of the Corporation and Group financial statements

Opinion

We have audited the accompanying Corporation and Group financial statements which comprise:

- the Corporation and Group statements of financial position as at 30 June 2024;
- the Corporation and Group statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Corporation and group financial statements of Cook Islands Investment Corporation (the **Corporation**) and its subsidiaries (the **Group**) on pages 13 to 70 present fairly in all material respects:

- the Corporation and Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date;
- In accordance with Public Benefit Entity International Public Sector Accounting Standards (**IPSAS Standards**) issued by the International Public Sector Accounting Standards Board.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Cook Islands Investment Corporation 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 Corporation and Group financial statements* section of our report.

Our firm has also provided other services to the Corporation and Group in relation to tax compliance services. Subject to certain restrictions, partners and employees of our firm may also deal with the Corporation and Group on normal terms within the ordinary course of trading activities of the business of the Corporation and Group. These matters have not impaired our independence as auditor of the Corporation and Group. The firm has no other relationship with, or interest in, the Corporation and Group.



Emphasis of matter

We draw attention to Note 28 of the Corporation and Group financial statements, which describes the correction of a prior period error to include in the carrying amount of property, plant and equipment the cost of buildings that were not previously identified. Our opinion is not modified in respect of this matter.



Use of this independent auditor's report

This independent auditor's report is made solely to the Shareholders. Our audit work has been undertaken so that we might state to the Shareholders 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, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the Shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of Members for the Corporation and Group financial statements

The Members, on behalf of the Corporation and Group, are responsible for:

- the preparation and fair presentation of the Corporation and Group financial statements in accordance with IPSAS Standards issued by the International Public Sector Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a Corporation and Group financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability of the Corporation and Group 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.



Auditor's responsibilities for the audit of the Corporation and Group financial statements

Our objective is:

- 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 independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs NZ 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Corporation and Group financial statements.

As part of an audit in accordance with ISAs (NZ), the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- Obtains 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 Corporation's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of the use of the going concern basis of accounting by those charged with governance and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluates 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.

The auditor communicates 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 the auditor identifies during the audit.



Rarotonga

11th March 2025

Cook Islands Investment Corporation
Statement of Comprehensive Revenue and Expenses
Annual report for the year ended 30 June 2024

		Group		Parent	
		2024	2023	2024	2023
In thousands of New Zealand Dollars	Note		Restated*		
Revenue from exchange transactions					
Airport landing fees		7,413	5,578	—	—
Electricity services		26,301	24,852	—	—
Fees on banking portfolio assets		71	305	—	—
Interest on banking portfolio assets		8,238	7,957	—	—
Port services		3,624	3,470	—	—
Communications income		5,398	5,010	—	—
Rental income		3,244	3,150	715	754
Interest income		3,479	2,162	36	13
Total revenue from exchange transactions		57,768	52,484	751	767
Other Income					
Aid funding		945	1,603	1,236	553
Crown appropriations		11,862	12,207	6,727	6,746
Dividends received		—	—	3,200	600
Sundry income	5	2,117	1,164	324	308
Total other revenue		14,924	14,974	11,487	8,207
Total revenue		72,692	67,458	12,238	8,974
Expenditure					
Personnel costs		17,366	16,180	1,300	1,654
Depreciation and amortisation	14, 15, 16	14,449	14,174	49	59
Directors fees and expenses		1,127	938	243	184
Increase / (decrease) in provision for doubtful debts		(324)	924	—	—
Finance costs		4,148	4,956	—	—
Legal and professional fees		1,125	995	254	164
Rental and operating lease costs		725	903	452	408
Office communication		408	671	25	22
Repairs and maintenance		10,081	8,633	4,260	4,502
Insurance		2,203	1,899	271	230
Fuel		15,345	16,329	—	—
Other expenses	6	10,243	8,763	2,706	1,893
Total expenditure		76,896	75,365	9,560	9,116
Other gains / (losses)					
Gain / (loss) on disposal of assets		32	—	—	—
Unrealised foreign exchange gain / (loss)		15	(630)	—	—
Realised foreign exchange gain / (loss)		291	(12)	—	—
Share of profit/ (loss) of equity accounted investees	21	1,885	504	—	—
Impairment loss		(180)	—	—	—
Total other gains / (losses)		2,043	(138)	—	—

The notes on pages 21 to 68 are an integral part of these financial statements



Cook Islands Investment Corporation

Statement of Comprehensive Revenue and Expenses (continued)

Annual report for the year ended 30 June 2024

		Group 2024	2023 Restated*	Parent 2024	2023
In thousands of New Zealand Dollars	Note				
(Deficit) / Surplus before income tax		(2,161)	(8,045)	2,678	(142)
Income tax expense	18	(1,754)	(343)	(513)	13
(Deficit) / Surplus for the year		(3,915)	(8,388)	2,165	(129)
Other comprehensive revenue and expenses for the year, net of income tax		—	—	—	—
Total comprehensive revenue and expenses for the year		(3,915)	(8,388)	2,165	(129)

*Refer to Note 14 and Note 28.

Cook Islands Investment Corporation

Statement of Financial Position

Annual report for the year ended 30 June 2024

		Group		Parent	
		2024	2023	2024	2023
In thousands of New Zealand Dollars		Restated*			
	Note				
Current assets					
Cash and cash equivalents	8	27,089	20,705	461	999
Term deposits	9	72,455	73,635	2,335	808
Prepayments		1,553	1,377	61	47
Related party receivables	11	724	219	1,016	187
Income tax receivable	18	577	975	325	716
Banking portfolio investments	12	9,872	13,839	—	—
Trade receivables	10	4,901	4,305	108	313
Inventories	13	8,675	8,813	1	1
Work in progress receivable		3,234	6,083	3,234	6,083
Sundry and other receivables		2,062	2,872	11	770
Total current assets		131,142	132,823	7,552	9,924
Non-current assets					
Related party receivables	11	546	546	—	—
Property, plant and equipment	14	239,436	237,803	180	141
Investment in subsidiaries	20	—	—	527	527
Investment in associate	21	10,556	11,871	—	—
Banking portfolio investments	12	75,169	67,019	—	—
Intangible assets	15	3,504	4,695	—	—
Investment in shares	19	128	128	—	—
Deferred tax assets	18	1,952	2,201	9	7
Future Income Tax Benefit	18	21	540	—	195
Investment property	16	6,277	5,521	—	—
Total non-current assets		337,589	330,324	716	870
Total assets		468,731	463,147	8,268	10,794

The notes on pages 21 to 68 are an integral part of these financial statements



Cook Islands Investment Corporation
Statement of Financial Position (continued)
Annual report for the year ended 30 June 2024

		Group		Parent	
		2024	2023	2024	2023
In thousands of New Zealand Dollars			Restated*		
	Note				
Current liabilities					
Trade and other payables	17	9,502	7,689	1,048	992
Banking customer deposits	22	122,209	116,289	—	—
Dividend payable	11	—	240	—	240
Customer bonds		1,335	1,297	51	52
Borrowings	23	3,040	2,256	—	—
Deferred revenue liability		8	77	424	777
Employee entitlements	7	606	855	147	221
Income in advance		981	933	—	—
Related party payables	11	746	746	1,510	1,510
Capital project liability		3,234	6,083	3,234	6,083
Income tax payable	18	354	270	—	—
Total current liabilities		142,015	136,735	6,414	9,875
Non-current liabilities					
Deferred taxation liability	18	2,373	2,559	—	—
Banking customer deposits	22	425	1,056	—	—
Employee entitlements	7	—	2	—	—
Deferred revenue liability		28	38	28	38
Borrowings	23	40,231	42,438	—	—
Total non-current liabilities		43,057	46,093	28	38
Total liabilities		185,072	182,828	6,442	9,913
Net assets		283,659	280,319	1,826	881
Equity					
Capital contribution and retained earnings		283,659	280,319	1,826	881
Total equity		283,659	280,319	1,826	881

*Refer to Note 14 and Note 28.

Cook Islands Investment Corporation

Statement of Changes in Equity - Group

Annual report for the year ended 30 June 2024

Group

In thousands of New Zealand Dollars	Note	Capital contributions & retained earnings	Total equity
Balance at 1 July 2022 as reported		258,632	258,632
Correction of prior period error	28	24,879	24,879
Restated total equity at 1 July 2022		283,511	283,511
Changes in net assets/equity for 2023			
Tax benefit on dividends paid		120	120
(Deficit) / Surplus for the year (restated*)		(8,388)	(8,388)
Total recognised revenue and expenses for the year (restated*)		(8,268)	(8,268)
Transactions with owners of the Parent:			
Equity injection by owners	11	5,316	5,316
Dividends		(240)	(240)
Tax credit on dividends		—	—
Total contributions by and distributions to owners of the Parent		5,076	5,076
Balance at 30 June 2023 (restated*)		280,319	280,319
Balance at 1 July 2023 (restated*)		280,319	280,319
Changes in net assets/equity for 2024			
(Deficit) / Surplus for the year		(3,915)	(3,915)
Total recognised revenue and expenses for the year		(3,915)	(3,915)
Transactions with owners of the Parent:			
Equity injection by owners	11	7,835	7,835
Dividends		(1,220)	(1,220)
Tax benefit on dividends paid		640	640
Total contributions by and distributions to owners of the Parent		7,255	7,255
Balance at 30 June 2024		283,659	283,659

*Refer to Note 14 and Note 28.

Cook Islands Investment Corporation

Statement of Changes in Equity - Parent

Annual report for the year ended 30 June 2024

Parent

In thousands of New Zealand Dollars	Note	Capital contributions & retained earnings	Total equity
Balance at 1 July 2022		1,250	1,250
Tax benefit on dividends paid		—	—
(Deficit) / Surplus for the year		(129)	(129)
Total recognised revenue and expenses for the year		(129)	(129)
Transactions with owners of the Parent:			
Equity injection by owners	11	—	—
Dividends		(240)	(240)
Total contributions by and distributions to owners of the Parent		(240)	(240)
Balance at 30 June 2023		881	881
Balance at 1 July 2023		881	881
Changes in net assets/equity for 2024			
Tax benefit on dividends paid		—	—
(Deficit) / Surplus for the year		2,165	2,165
Total recognised revenue and expenses for the year		2,165	2,165
Transactions with owners of the Parent:			
Equity injection by owners	11	—	—
Dividends		(1,220)	(1,220)
Total contributions by and distributions to owners of the Parent		(1,220)	(1,220)
Balance at 30 June 2024		1,826	1,826

Cook Islands Investment Corporation

Statement of Cash Flows

Annual report for the year ended 30 June 2024

In thousands of New Zealand Dollars	Note	Group 2024	2023	Parent 2024	2023
Cash flows from operating activities					
Cash receipts from customers		48,222	42,950	2,002	665
Crown appropriation		11,852	12,207	6,717	6,745
Dividends received		—	—	3,200	600
Interest received		11,717	9,228	36	13
Aid funding		876	1,547	1,583	501
Net increase in client deposits		4,781	4,659	—	—
Cash paid to suppliers and employees		(56,300)	(54,764)	(10,243)	(7,692)
Net investment in banking portfolio		(3,620)	2,027	—	—
Interest paid		(4,148)	(4,956)	—	—
Income tax paid		(50)	(127)	71	(120)
Net cash from operating activities		13,330	12,771	3,366	712
Cash flow from investing activities					
Net acquisition/disposal of property, plant and equipment		(9,151)	(4,168)	(88)	(75)
Net acquisition/sale of intangibles		1,191	(4,260)	—	—
Proceeds from investees		3,200	600	—	—
Proceeds from/(investment in) term deposits		1,180	(12,959)	(1,527)	(17)
Loans to related parties		(505)	948	(829)	88
Net cash (used in) investing activities		(4,085)	(19,839)	(2,444)	(4)
Financing activities					
Proceeds from/(to) related parties		—	(20)	—	—
(Repayment of)/proceeds from borrowings		(1,408)	4,532	—	—
Dividends paid		(1,460)	—	(1,460)	—
Net cash (used in)/from financing activities		(2,868)	4,512	(1,460)	—
Net increase/(decrease) in cash and cash equivalents		6,377	(2,556)	(538)	708
Cash and cash equivalents at beginning of year		20,705	23,199	999	291
Movement in expected credit loss on bank balances		7	62	—	—
Cash and cash equivalents at end of financial year	8	27,089	20,705	461	999
Made up of:					
Total bank balances and on-call deposits	8	27,099	20,722	461	999
Less (increase)/decrease in allowance for doubtful debts	8	(10)	(17)	—	—
Net Total cash and cash equivalents	8	27,089	20,705	461	999

Cook Islands Investment Corporation

Statement of Cash Flows (continued)

Annual report for the year ended 30 June 2024

	Group		Parent	
	2024	2023	2024	2023
In thousands of New Zealand Dollars	Note	Restated*		
Surplus for the year after tax			2,165	(129)
Depreciation & amortisation		14,174	49	59
Doubtful debts		924	—	—
(Gains)/losses on asset disposal		—	—	—
Foreign exchange losses/(gains)		630	—	—
Impairment on plant property and equipment		—	—	—
Share of loss from equity accounted investment		(504)	—	—
Expected credit loss on cash		(61)	—	—
Tax impact on dividends		120	—	—
Working capital adjustments				
(Increase) / decrease in receivables & prepayments		(988)	950	(381)
Increase / (decrease) in payables & other accruals		751	(718)	586
(Increase) / decrease in work in progress		361	2,849	361
(Increase) / decrease in bank loan portfolios		1,197	—	—
(Increase) / decrease in inventories		(180)	—	—
Increase / (decrease) in project liabilities		(361)	(2,849)	(362)
Increase / (decrease) in deferred income liability		(56)	337	647
Increase / (decrease) in income in advance		318	—	(14)
Increase / (decrease) in net tax payable		84	391	(44)
Increase / (decrease) in future income tax benefit		497	195	(13)
(Increase) / decrease in deferred tax asset		(294)	(2)	2
Increase / (decrease) in deferred tax liability		(112)	(1)	—
Increase / (decrease) in customer deposits		4,660	—	—
Net cash flows from operating activities		12,771	3,366	712

*Refer to Note 14 and Note 28.

Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

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Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 1. Reporting entity

Cook Islands Investment Corporation is a corporation domiciled in the Cook Islands and incorporated under the Cook Islands Government Property Act 1969 (The Act). Its financial statements comply with the Act.

Financial statements for the Cook Islands Investment Corporation (the "Corporation") and consolidated financial statements are presented. These consolidated financial statements comprise the Corporation and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The Corporation is an in-substance subsidiary of the Cook Islands Government.

The Corporation's principal activities are property investment and management. The Group also owns entities that operate in the banking, communication, power supply, airport, and port services. The Corporation's registered office is located in Rarotonga, Cook Islands.

Throughout these financial statements, unless stated otherwise, references to the 'Corporation' or 'Parent' refer to Cook Islands Investment Corporation.

Note 2. Basis of preparation

a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). Some entities within the group apply IFRS, NZIFRS and PBE standards in their individual financial statements. The policies adopted by these entities are in line with IPSAS or where IPSAS does not have a relevant standard, other authoritative support has been used such as IFRS. The policies adopted by the Group are inline with IPSAS. The accounting policies have been consistently applied to all the years presented.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis modified for the revaluation of certain assets as detailed in note 14.

The statement of cash flows is prepared using the direct method. The consolidated financial statements are prepared on an accrual basis.

c) Going concern

While the Group has reported a net current liability position of \$10.873 million (2023: \$3.912 million), based on the Group assessment of its liquidity position along with the letter of support provided by the crown, the Directors consider the use of the going concern assumption in preparing the financial statements as appropriate and that the Group can meet its obligations as required.

d) Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars, which is the functional and reporting currency of the Group and all values are rounded to the nearest thousand (\$000) except where indicated otherwise.

Note 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

a) Consolidation

Controlled entities

The controlled entities are all those entities (including special purpose entities) over which the controlling entity has the power to govern the financial and operating policies. Controlled entities are fully consolidated from the date on which control is transferred to the controlling entity. They are de-consolidated from the date that control ceases. Inter-group transactions, balances and unrealised gains and losses on transactions between members of the group are eliminated in full. The accounting policies of the controlled entities are materially consistent with the policies adopted by the controlling entity.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

b) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the surplus or deficit, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

c) Revenue recognition

Goods and services

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. Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Interest income

Interest income is accrued using the effective interest rate method. The effective interest rate discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Fees and commission

Fees and commission income and expense that are integral to the effective interest rate of a financial asset or financial liability are included in the measurement of the effective interest. For example, loan establishment fees, together with related direct costs, are deferred and recognised as an adjustment to the effective interest rate on a loan once drawn.

Fees and commissions that relate to the execution of a significant act are recognised when the significant act has been completed.

Fees charged for providing ongoing services (for example, maintaining and administering existing facilities) are recognised as income over the period the service is provided.

Dormant account fees are charged on accounts which have been dormant greater than two years at a rate of fifteen dollars per quarter.

Rental income

Rental income from investment property is recognised in surplus or deficit on a straight-line basis over the term of the lease.

Crown appropriation

Crown Appropriation revenue is provided by the Cook Islands Government through the Budget Estimates and approved by the Appropriation Bill. Revenue is intended to be spent within the same financial year. Revenue received but not spent at balance date is recorded as deferred revenue liability in the Statement of Financial Position.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

c) Revenue recognition

Aid funding

Aid Funding revenue relates to funding received from aid donors for specified projects. Funding received in advance is recorded as deferred revenue liability and recognised as revenue when allowable costs are incurred and any conditions are met. Where allowable costs have been incurred but funding not received, the Corporation recognises a receivable up to the amount of approved funding.

Concessionary Loans

When the Group receives a loan at an interest rate that is lower than market terms (concessionary loan), the difference between the loan proceeds and the fair value of the loan (calculated using market terms) is recognised as revenue if there are no conditions attached to the loan. To the extent that there are conditions attached to the loan that would result in early repayment of the loan if these conditions are satisfied, a deferred revenue liability for the amount of the difference between the loan proceeds and the fair value of the loan is recognised. Revenue is then recognised as the Group satisfies its conditions.

Insurance proceeds

Proceeds from insurance claims are recognised as revenue when claims have been assessed and approved. This revenue is measured at the fair value of the amount received or receivable.

Government Grants

The nature of the Government Grant is funding from the Green Climate Fund to carry out agreed activities at the Bank in the Group in readiness for climate funding. As at the reporting date the Group has submitted the required reports on which funding was conditional and their review and acceptance is pending. A final report and audit of the financial report is required following the completion of the activities.

CAPEX Income

The Group receives funding from the Crown for specific capital projects. When related costs are expense in nature, the associated funding is recognised as CAPEX Income in the Statement of Comprehensive Revenue and Expenses. When related costs are capital in nature (i.e. resulting in Property, Plant and Equipment additions), these are recognised as Capital Injections in the Statement of Changes in Equity. The fair value of revenue from the Crown has been determined to be the equivalent to the amounts due in the funding arrangements.

Donated Assets

Where a physical asset is gifted to or acquired by the Group for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market inflation for assets of a similar type, condition, and age.

Rendering of Services

Rendering of services at a price that is not approximately equal to the value of the service provided is considered a non-exchange transaction. This also includes rendering of services where charges have been waived in lieu of special licensed for domestic shipping services and rental of port properties and facilities. Revenue from such subsidised services is recognised when the Group issues the invoice or bills for the service.

d) Expense recognition

Expenses are recognised in surplus or deficit on an accrual basis.

Salaries & wages

Salaries & wages are recognised on an accrual basis and include employer contributions for the government superannuation scheme.

Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

d) Expense recognition

Interest expense

Interest expense on financial liabilities measured at amortised cost is recognised in the Statement of Comprehensive Revenue & Expenses as it accrues using the effective interest method.

Lease payments

Leases entered into by the Group as lessee are operating leases, and the operating lease payments are recognised as an expense in the Statement of Comprehensive Revenue & Expenses on a straight-line basis over the lease term.

e) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in surplus or deficit except to the extent that it relates to a business combination, or items recognised directly in equity or in changes in net assets/equity.

Current tax is the expected tax payable or receivable on the taxable surplus or deficit for the year including any adjustment for tax payable or receivable in previous periods. It is measured using tax rates and tax laws which are enacted or substantively enacting at the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

A tax benefit is recognised in equity for dividends paid by Cook Islands tax paying entities to another Cook Islands tax payer.

A future income tax benefit (FITB) is recognised in subsidiary entities for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future income tax benefits 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.

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 for:

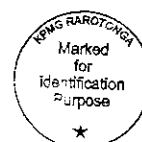
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 Group 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for 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.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

NON FINANCIAL ASSETS

f) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation.

Residential buildings held for the primary purpose of providing low income housing have been classified as property, plant, and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Comprehensive Revenue and Expenses.

g) Property, plant and equipment

Property, plant and equipment are held at cost with the exception of buildings. Buildings are held at cost, deemed cost and old valuations. Details are included in note 14.

Buildings transferred to the Group by the Cook Islands Government are included at their deemed cost, being the valuation initially recorded in the 1996/7 statutory accounts of the Government of the Cook Islands less accumulated depreciation. Other assets donated by the Cook Islands Government (ultimate parent) or transferred from Ministries of the Cook Islands Government are recognised at the value nominated by the Ministry of Finance and Economic Management for the Cook Islands or relevant Ministry's costs incurred to get them to that position and these have been recognised directly in equity as a contribution from owner. Buildings held at old valuations are not subject to revaluation as continual revaluations cannot be justified for cost-benefit reasons.

g) Property, plant and equipment

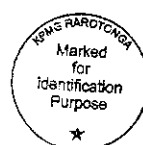
The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets 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;
- when the group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Depreciation

Depreciation is charged on a straight line basis so as to write off the cost of the fixed assets to their expected residual value over their estimated useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

g) Property, plant and equipment

Leased land and leasehold improvements	term of the lease
Buildings	5-50 years
Furniture and fittings	4-10 years
Plant and equipment	2-20 years
Motor vehicles	3-10 years
Rescue fire vehicles	3-20 years
Office equipment	2-10 years
Marine equipment	5 years
Wharf structure	40 years
Wharf fixtures	5-20 years
Runways	5-99 years
Electricity distribution network	5-20 years

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

The Group derecognises items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognised.

When an asset is acquired in a non-exchange transaction for nil or nominal consideration it is initially measured at fair value. For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received. For used assets, fair value is usually determined by reference to market inflation for assets of a similar type condition and age. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Subsequent costs

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

h) Leases

Group as lessee

Operating leases are those leases that do not transfer substantially all the risks and benefits relating to ownership of the leased item to the group. Operating lease payments are recognised as an expense in surplus or deficit on a straight-line basis over the lease term.

The group does not hold any financial leases

Group as lessor

Leases in which the group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs that are incurred in determining an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Rent received from an operating lease is recognised as revenue on a straight-line basis over the lease term.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

i) Intangible assets

Intangible assets include costs incurred in acquiring and building software and computer systems (software). Software is amortised using the straight-line method over its expected useful life to the Group. The assets are amortised at the rate of 33% per annum.

At each reporting date, the intangible assets are reviewed for indicators of impairment if any such indication exists, the recoverable amount of the assets are estimated and compared against the existing carry value. The recoverable amount is the higher of an assets fair value less costs to sell and its value in use. Where the existing carrying value exceeds the recoverable amount, the difference is charged to the Statement of Comprehensive Revenue & Expenses.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation are not capitalised.

j) Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

The group's assets that do not generate separate cash inflows are tested for impairment as part of testing the overall Group's assets.

Impairment losses are recognised in the Statement of Comprehensive Revenue and Expenses.

For assets an impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

FINANCIAL ASSETS

Recognition

Financial assets are measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification & measurement

The Group's financial assets are all classified and measured at amortised cost.

The Group does not have any financial assets categorised as fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost only if both of the following conditions are met and is not designated as at FVTPL:

- it is 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 represent contractual cash flows that are solely payments of principal and interest.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the Statement of Comprehensive Revenue and Expenses.

k) Cash and cash equivalents

Cash and cash equivalents include cash holdings, foreign currency cash holdings, short term cash investments and are carried at amortised cost in the Statement of Financial Position.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

l) Loans

Within the Group, Bank of the Cook Islands ("the Bank") issues loans. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term. They arise when the Bank provides money to a debtor with no intention of trading the loans and advances. After initial recognition they are measured at amortised cost using the effective interest method less any impairment loss.

Loans include direct finance provided to customers such as current accounts and term loans.

Business Continuity Credit Facility

The Group administers lending on behalf of its ultimate parent, the Government of the Cook Islands, through its agency agreement under the Business Continuity Credit scheme. Under this scheme eligible businesses are granted low interest loans as a form of relief from the Covid-19 impacts. Loans distributed under this scheme are not legal assets of the Group and therefore are not recognised on the Group's Statement of Financial Position.

m) Term deposits

This comprises interest-bearing deposits held with banks and other institutions and are measured at amortised cost in the Statement of Financial Position.

n) Income tax receivable

This comprises income tax receivable as income tax payments made exceed the current tax due. This will be settled by receipt of refund or used to meet future income tax payments and is measured at amortised cost in the Statement of Financial Position.

o) Derivative financial instruments

Derivative financial instruments are used to manage foreign exchange risk exposure arising from the Group's end of period valuations of certain loans denominated in SDR (Special Drawing Rights - Unit of account used by the International Monetary Fund and other international organizations. Its value is based on a basket of key international currencies that currently consists of the euro, yen, pound sterling and the US dollar).

The Group does not hold or issue derivative financial instruments for trading purposes. The Group has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date with the resulting gain or loss recognized in surplus or deficit.

The full fair value of a forward foreign exchange derivative is classified as current as the contract is due for settlement within 12 months of balance date.

p) Trade, sundry and other receivables

Other receivables includes accrued interest on term deposits and welfare receivables but excludes prepayments. These are carried at amortised cost in the Statement of Financial Position.

q) Identification and measurement of Impairment

A forward-looking expected loss model is applied to financial assets in accordance with IPSAS 41 Financial Instruments. All of the Group's financial assets are classified as at amortised costs.

The Group performs an impairment assessment based on expected credit loss (ECL) on financial assets measured at amortised cost.

The expected credit loss (ECL) refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received, discounted at the original real interest rate by the Group, that is, the present value of all cash shortages.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

q) Identification and measurement of Impairment

ECL is calculated based on a function of the probability of default, loss given default and exposure at default. The Group applies ECL model separately for each financial asset category measured at amortised cost. The Group considers impairment using the ECL model for the following financial assets that are not measured at FVTPL:

- Cash and cash equivalents
- Term Deposits
- Trade, sundry and other receivables
- Banking portfolio investments

i. Impairment of cash and cash equivalents and term deposits

ECL for Cash and cash equivalents and Term deposits 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.

ii. Impairment of trade, sundry and other receivables

In assessing impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

As trade and other receivables are normally paid within 30 days and do not have a significant financing component the Group has applied the simplified approach in IPSAS 41 and therefore only recognising lifetime ECL. Entities within the Group that have significant customer base, and therefore debtors, have developed a provision matrix to determine ECL.

In particular, Te Aponga Uira and Te Mana Uira o Araura, as these entities each operate in only one geographic segment the matrix is based on customer type (Demand, Commercial or Domestic) and debt age (no. days) taking into account historical loss experience for each segment adjusted for forward looking estimates

Segmentation of financial assets:

The Group assesses whether the credit risk has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of account instrument type. The Groups Banking portfolio investments are grouped by the following segments:

- Business
- Personal
- Mortgage

The Group assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition, and measures its expected credit losses ("ECL") and recognises its loss provision and changes from the prior period in the following cases:

- if the credit risk of the financial instrument has not increased significantly, since the initial recognition, (* internal risk grade = "Pass"), the Group measures its loss provision based on the amount equivalent to the ECL of the financial instrument in the next 12 months;
- if the credit risk of the financial instrument has increased significantly since the initial recognition, the Group measures its loss provision based on the amount of lifetime expected credit loss (ECL) of the financial instrument. (* Internal risk grades = "Special Mention", "Substandard", "Doubtful" or "Loss")

Under the above circumstances, regardless of whether the Group's assessment of credit losses is based on a single financial instrument or a combination of financial instruments, the increase or reversal of the loss provision resulting from this is included in the current profit and loss as an impairment loss or gain.

The Group applies a three-stage approach to measuring expected credit losses ("ECL") on Banking portfolio investments. Assets migrate through the following three stages based on the change of their credit quality, since initial recognition.

Stage 1: 12-month ECL - For financial instruments with no significant increase in credit risk (SICR) after initial recognition, (internal risk grade = "Pass"), expected credit losses in the next 12 months are recognised.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

iii. Impairment of banking portfolio investments

Stage 2: Lifetime ECL – not credit impaired – For financial instruments with significant increase in credit risk (SICR) since initial recognition (internal risk grade = “Special mention”), but no objective evidence of impairment, lifetime expected credit losses are recognised.

Stage 3: Lifetime ECL – credit impaired – For financial assets that show objective evidence of impairment at the end of the reporting period, lifetime expected credit losses are recognised. This stage comprises all accounts that are credit impaired or in default (internal risk grades = “Substandard”, “Doubtful” or “Loss”).

Under the above circumstances, regardless of whether the Group’s assessment of credit losses is based on a single financial instrument or a combination of financial instruments, the increase or reversal of the loss provision resulting there from is included in the current profit and loss as an impairment loss or gain.

Impairment is assessed for loans at a collective and a specific individual level.

The Groups internal credit rating adopted from the guidelines provided by the Banking Prudential Statement (BPS03) initially defines whether the financial assets are assessed at a collective or a specific individual level:

Collective Provision

Impairment on financial assets with an internal credit rating of “Pass” or “Special Mention” is calculated through the ECL model.

“Pass” if the asset is fully protected by the current sound worth and paying capacity of the borrower and the borrower is performing in accordance with contractual terms and is expected to continue to do so.

“Special Mention” if the asset is past due for the payment of principal or interest for more than 30 (thirty) days but less than 90 (ninety) days; or although currently protected, exhibits potential weaknesses which may, if not corrected, weaken the asset or inadequately protect the Group’s position at some future date.

All loans classified in the personal segment are assessed in the ECL model irrespective of their probability of default and form part of the collective provision.

Some financial assets with an internal credit rating of “Substandard”, “Doubtful” or “Loss” and have been assessed individually for the likelihood of future credit losses through the individual provisioning method and do not require a specific individual provision are assessed in the ECL model and form part of the collective provision.

Specific Individual Provision

Financial assets with an internal credit rating of “Substandard”, “Doubtful” or “Loss” are individually assessed using the individual provisioning method and consider the likelihood of future credit losses by evaluating a range of possible outcomes, the time value of money, past events, security held, current conditions and forecasts of future economic conditions.

“Substandard” if the asset is past due for the payment of principal or interest for more than 90 days but less than 180 days; or is a renegotiated loan which has had its terms or interest rate modified because of weaknesses or deterioration in the obligor’s financial condition or ability to repay.

“Doubtful” if the asset is past due for the payment of principal or interest for more than 180 days but less than 360 days; or exhibits all the weaknesses of a substandard asset and, in addition, is not because these weaknesses make collection in full highly questionable and improbable.

“Loss” if the asset is past due for the payment of principal or interest for more than 360 days, unless such an asset is well secured and legal action has actually commenced and the time to realise on collateral or on a guarantee relating to the asset does not exceed 180 days, had been characterised as “Doubtful” on account of any ‘pending event’ and the event concerned has not occurred and the asset is now past due for the payment of principal or interest for more than 540 days, whether or not the event is still pending; or regardless of its past due status it is otherwise considered uncollectible or



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

iii. Impairment of banking portfolio investments (continued)

considered to be of such little value that its continuance as an asset on the books of the Group is not warranted provided that a Loss classification shall not preclude the possibility of recovering the asset or securing a salvage value for it.

ECL model

ECL are estimates of credit losses and are determined by evaluating a range of possible outcomes, the time value of money, past events, current conditions and forecasts of future economic conditions.

The Group's ECL is calculated on a per segment basis with the corresponding PD, LGD and Cure Rate and is the sum of all segment ECLs.

Where:

- Probability of default (PD): the probability that a counterparty will default;
- Loss given default (LGD): the loss that is expected to arise in the event of default
- Cure Rate (CR): the historical average % of Defaulted Loans that migrated out of a defaulted status
- Exposure at default (EAD): the estimated outstanding amount of credit exposure at the time of default, which is the outstanding loan amount that is at risk of default at a certain point in time.
- Discount Factor: adjustment to calculate the impact of a future payment at time 0, which is assumed to be reporting date. Calculated from the time 't' (12 month or lifetime) and the effective Interest Rate (EIR)
- Overlay: Circumstances and conditions may exist that cause management to believe in the requirement for loan provisioning in addition to that determined by the ECL model. in this case a management Overlay would be considered.

The provision for loan impairment is deducted from loans in the Statement of Financial Position and the movement for the reporting period is reflected in the Statement of Comprehensive Revenue & Expenses.

When a loan, within the loan book, is uncollectible, either partially or in full, it is written off against the related provision for loan impairment. Subsequent recoveries of amounts previously written off are taken to the Statement of Comprehensive Revenue & Expenses.

Where impairment losses recognised in previous periods have subsequently decreased or no longer exist, such impairment losses are reversed in the Statement of Comprehensive Revenue & Expenses.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

FINANCIAL LIABILITIES

Recognition

Financial liabilities are measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification & measurement

All financial liabilities are classified as other financial liabilities and are measured at amortised cost using the effective interest rate and include: trade and other payables, banking customer deposits, related party payables, dividend payable, and income tax payable.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

NON-FINANCIAL LIABILITIES

r) Employee benefits

Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in surplus or deficit in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

s) Provisions

The Group recognises provisions when there is a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at the reporting date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flow.

t) Dividends

Dividends or similar distributions are recognised only when the shareholder's or the Group's right to receive payments is established.

Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged cancelled or expires.

u) Offsetting of income and expenses

Income and expenses are not offset unless required or permitted by an accounting standard. This generally arises in the following circumstances:

- where gains and losses arise from a Group of similar transactions such as foreign exchange gains and losses.
- where amounts are collected on behalf of third parties where the Group is, in substance, acting as an agent only, or
- where costs are incurred on behalf of customers from whom the Group is reimbursed.

v) Offsetting of financial assets and liabilities

Assets and liabilities are offset and the net amount reported in the Statement of Financial Position only where there is:

- a current enforceable legal right to offset the asset and liability, and
- an intention and ability to settle on a net basis or to realise the asset and settle the liability simultaneously.

w) Statement of cash flows

For cash flow statement presentation purposes, cash and cash equivalent includes cash on hand, deposits held at call with other financial institutions, and other short term, highly liquid, investments that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

Certain cash flows have been netted in order to provide more meaningful disclosure as many of the cash flows are received and disbursed on behalf of customers and reflect the activities of the customer rather than those of the group. These include customer loans and advances customer deposits and related party balances.

x) Value added tax

Income, expenses and assets are recognised net of the amount of value added tax (VAT) except where the amount of VAT incurred is not recoverable from the Revenue Management Division (RMD). In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

x) Value added tax

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to the RMD is included as, other assets or other liabilities in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a net basis. The VAT components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the RMD are classified as operating cash flows.

y) Contingent liabilities

A contingent liability is a liability of sufficient uncertainty that it does not qualify for recognition as a provision, but there is a possible obligation that is higher than remote.

z) Related parties

The Group regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Group, or vice versa. Members of key management are regarded as related parties and comprise the directors and senior management of the Cook Islands Investment Corporation and Group.

CRITICAL ESTIMATES AND JUDGEMENTS USED IN APPLYING ACCOUNTING POLICIES

These financial statements are prepared in accordance with IPSAS. However, there are a number of critical accounting treatments which include complex or subjective judgements and estimates that may affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

An explanation of the judgements and estimates made by the Group in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements are set out below.

Credit provisioning

The accounting policy relating to measuring the impairment of banking portfolio investments (loans & advances) requires the Group to assess impairment at least at each reporting date. The credit provisions raised represent management's best estimate of the losses incurred in the loan portfolio at balance date based on their experienced judgement.

The use of such judgements and reasonable estimates is considered by management to be an essential part of the process and does not impact on reliability.

Management regularly reviews and adjusts the estimates and methodologies as improved analysis becomes available. Changes in these assumptions and methodologies could have a direct impact on the level of provision and impairment charge recorded in the financial statements.

Refer to Note 3q) and Note 24ii) for details of credit impairment provisions.

Non-credit provisioning

Within the Group, the Bank holds non-credit related provisions in respect of future obligations such as long service leave. The Bank offers a long service benefit for all employees that server the Bank for 15 years. An additional benefit is earned after every 5 years of service after the initial 15 years of service. The Bank provides for this liability under the assumption that the likelihood that the employee will receive the benefit is proportional to the ratio of the service that had been achieved over the service period required. All provisions for long service leave are calculated using actual benefits earned less benefits taken plus the proportion of the next benefit costed at the current cost for that employee.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 3. Significant accounting policies (continued)

Other Judgements

Deferred tax assets

The Group has judged, based on current and recent past performance and budget/business plans in place, that there will be sufficient taxable income in the future to utilise taxable differences that are expected to reverse in the foreseeable future and has therefore recognised a deferred tax asset. Refer to note 18.

Yield related fees

The group has reviewed all fees and has judged that loan establishment fees are integral to the yield of the product. These fees have been included as part of the calculation of the effective interest rate.

Work in progress receivables

Work in progress receivables represent managements best estimate of percentage of completion for capital projects. Management consider that costs incurred to balance date fairly represent the stage of completion.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price.

The Group measures fair value using the following hierarchy:

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments,
Level 2: inputs other than quoted prices included in Level 1 that are observed directly or indirectly, and
Level 3: inputs that are unobservable.

Due to the nature of financial instruments that the Group holds, the fair value and carrying value of financial instruments are not materially different.

Changes to accounting policies

The accounting policies are consistent with the those applied in the preparation of the Group's annual financial statements for the year ended 30 June 2023.

Note 4. New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, there are no new standards that have been issued which were not yet effective at balance sheet date and which the Group has not early adopted that have a material impact on the financial statements.

Note 5. Sundry income

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Sundry income	2,117	1,164	324	308
	2,117	1,164	324	308



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 6. Other expenses

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Advertising	383	251	33	16
Fees paid to group auditor - audit services	538	514	133	127
Fees paid to group auditor - non audit services	13	14	—	—
Electricity	616	625	87	81
Fees paid to other auditors - audit services	17	15	—	—
Motor vehicle expenses	368	475	39	29
Payment on behalf of Crown	712	1,525	712	781
Staff training expenses	352	465	—	—
Travel expenses	324	168	48	11
Donations	141	—	—	—
Other operating expenses	6,779	4,711	1,654	848
Total other expenses	10,243	8,763	2,706	1,893

Non-audit services include tax compliance services of \$13,000 (2023: \$14,000).

Note 7. Employee entitlements

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Current				
Accrued salaries and wages	460	300	147	90
Annual leave	146	555	—	131
Current employee entitlements	606	855	147	221
Non-current				
Long service leave accrual	—	2	—	—
Non-current employee entitlements	—	2	—	—
Total employee entitlements	606	857	147	221

Note 8. Cash and cash equivalents

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Cash on hand	2,237	1,443	1	—
Cash at bank	24,862	19,279	460	999
Total cash and cash equivalents	27,099	20,722	461	999
LESS				
Allowance for Doubtful Debt	(10)	(17)	—	—
Net cash and cash equivalents	27,089	20,705	461	999



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 9. Term deposits

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Less than 12 months	72,474	73,733	2,340	808
Over 12 months	—	—	—	—
Total term deposits	72,474	73,733	2,340	808
Allowance for Doubtful Debt	(19)	(98)	(5)	—
Net term deposits	72,455	73,635	2,335	808

Short term deposits are made for varying periods, depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rate.

Note 10. Receivables from exchange transactions

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Current receivables	7,566	6,652	147	346
Less: impairment allowance	(2,665)	(2,347)	(39)	(33)
Total receivables from exchange transactions	4,901	4,305	108	313

As at 30 June 2024, the ageing analysis of current exchange receivables is as follows:

Group

In thousands of New Zealand Dollars	Total	Neither past due or impaired	<30 days	30-60 days	>60 days
As at 30 June 2023					
Total receivables from exchange transactions	6,652	3,436	503	488	2,225
In thousands of New Zealand Dollars	Total	Neither past due or impaired	<30 days	30-60 days	>60 days
As at 30 June 2024					
Total receivables from exchange transactions	7,566	3,178	906	775	2,707

Parent

In thousands of New Zealand Dollars	Total	Neither past due or impaired	<30 days	30-60 days	>60 days
As at 30 June 2023					
Total receivables from exchange transactions	346	205	30	9	102
In thousands of New Zealand Dollars	Total	Neither past due or impaired	<30 days	30-60 days	>60 days
As at 30 June 2024					
Total receivables from exchange transactions	147	49	14	8	76



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 11. Related parties

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Related party receivables - Current				
Cook Island Property Corporation (NZ) Limited	—	—	190	107
To Tatou Vai Limited	—	—	12	9
Cook Islands Telecommunication Holdings Limited	—	—	43	31
Te Mana Uira o Araura Limited	—	—	36	26
Banana Court Company Limited	—	—	—	14
Ministry of Finance and Economic Management	724	219	724	—
Ports Authority	—	—	11	—
Total related party receivable	724	219	1,016	187

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Related party receivables - Non current				
Ministry of Finance and Economic Management	546	546	—	—
Total related party receivable	546	546	—	—

The balances are repayable on demand, are unsecured and do not bear interest.

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Related party payables - Current				
Government of the Cook Islands	637	637	—	—
Telecom Cook Islands	—	—	—	—
Ministry of Finance and Economic Management	—	—	—	—
Banana Court Company Limited	—	—	—	—
Avaroa Cables Limited	—	—	—	—
Te Mana Uira o Araura Limited	—	—	—	—
CIIC Seabed Resources Limited	109	109	109	109
Cook Islands Property Corporation (NZ) Limited	—	—	—	—
Cook Islands Government Property Corporation	—	—	1,401	1,401
Total related party payables - current	746	746	1,510	1,510
Dividends payable				
Government of the Cook Islands	—	240	—	240
Total dividends payable	—	240	—	240

The related party balances do not have fixed repayment terms, are unsecured and no interest is payable.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 11. Related parties (continued)

Key management personnel of the Corporation include the Board of Directors and the senior management team being the Chief Executive Officer and General Managers - Crown Enterprise, Asset Development, Asset Management, Land & Legal and Corporate Service/ CFO.

Key Management Personnel - Parent	30 June 2024		30 June 2023	
	Total remuneration	Number of persons	Total remuneration	Number of persons
In thousands of New Zealand Dollars				
Board of Directors	145	6	130	5
Senior Management	783	8	760	7

Key Management Personnel - Group	30 June 2024		30 June 2023	
	Total remuneration	Number of persons	Total remuneration	Number of persons
In thousands of New Zealand Dollars				
Board of Directors	848	51	774	50
Senior management	5,836	55	4,775	52

Material related party income and expenditure:

- (a) The Group entities undertake numerous transactions with other Government entities in the normal course of their business including electricity in Rarotonga and Aitutaki, Port and Airport charges, banking services, as well as property rentals. These transactions are not material, are conducted at commercial rates and have therefore not been disclosed separately.
- (b) The Group provides electricity to various Government entities outside of the Group through its wholly owned subsidiary, Te Aponga Uira O Tumu-te-Varovaro (Te Aponga). Entities within the Group paid \$817,337 (2023: \$1,044,909) to Te Aponga for electricity services which has been eliminated on consolidation. Electricity goods and services provided to related parties are transacted on normal trading terms.
- (c) The Group provides telecommunication services to various Government entities outside of the Group through its associate, Telecom Cook Islands Limited. Entities within the group paid \$279,072 (2023: \$670,903) to Telecom Cook Islands for telecommunication services. Communication services provided to related parties are transacted on normal trading terms.
- (d) Many of the properties owned by Cook Islands Government Property Corporation are tenanted by Ministries of the Government of the Cook Islands. In general, rental income is not received for the use of these assets, as Government Ministries were not appropriated funds for this cost in any of the Budget Appropriations to date.
- (e) The property owned by Cook Islands Property Corporation (NZ) Limited is tenanted by the Ministry of Foreign Affairs and Immigration. No rental is charged to the tenant.
The Corporation uses the Cook Islands Property Corporation (NZ) Limited bank account to pay for NZ payments when required. These are charged back to the Corporation through the intercompany balance.
- (f) Government appropriation income was received by the Group of \$11,862,000 (2023: \$12,207,000).
- (g) Capital project liability relates to project funding received by CIIC from Cook Islands Government and other funding agencies for the completion of capital assets. These assets are recognised as Work in progress receivable in the Statement of Financial Position for which on completion the asset is to be returned to Crown.
- (h) Included in borrowings is a loan of \$5,461,000 borrowed by Ports Authority, repayable to the Government of the Cook Islands.



Cook Islands Investment Corporation

Notes to the financial statements

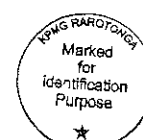
Annual report for the year ended 30 June 2024

Note 11. Related parties (continued)

- (i) Cook Islands Government Property Corporation made a revenue transfer of \$555,000 (2023: \$579,000) to the Corporation in accordance with Section 31(2) of the Cook Islands Investment Corporation Act 1998. The transfer has been recognised as revenue within the Statement of Comprehensive Revenue and Expenses of the Corporation.
- (j) Equity injections for the Group in 2024 was \$7,835,000 (2023: \$5,316,000) being assets consisting of \$1,222,000 of capital assets for To Tatou Vai Limited, \$673,000 of runway upgrades for Airport Authority, \$50,000 of equity injected for Cook Islands Property Corporation (NZ) and \$5,890,000 of completed buildings and extensions transferred to the Cook Islands Government Property Corporation.
- (k) The parent received \$3,200,000 dividends for the year (2023: \$600,000) from subsidiaries. The Group received \$640,000 tax benefit (2023: \$120,000) in relation to dividends paid to the parent, Cook Islands Investment Corporation, a tax paying entity.
- (l) Banana Court Company Limited leases land and buildings from Cook Islands Government Property Corporation. The company paid leasehold commissions and lease fees of \$9,956 (2023: \$7,972) during the current year. The lease is for a period of 30 years from 1 September 1990. For the first 10 years of term the rental was \$100 per annum. For the remaining period the lessee pays to the lessor an amount of 12.5% of the rent or consideration received from subleasing of the land after tax.
- (m) Included in trade and other payables is an amount due to Cook Islands Police of \$47,000 (2023: \$55,000) for motor vehicle registrations administered by Bank of the Cook Islands on behalf of the Cook Islands Police. During the year the bank earned motor vehicle registration commissions of \$241,000 (2023: \$263,000).
- (n) Included in Banking Customer Deposits is \$489,000 (2023: \$359,000) of Savings held by BCI to Key Management Personnel. Related interest of \$9,000 (2023: \$6,000) has been incurred. Included in Banking Portfolio Investment is lending of \$4,080,000 (2023: \$1,738,000) made by the Bank of the Cook Islands to Key Management Personnel of the Bank and the Parent. \$359,000 (2023: \$126,000) of related interest income has been earned in respect of this.
- (o) Audit fees for Cook Islands Government Property Corporation are borne by the Corporation. The Corporation provides oversight and management for Cook Islands Government Property Corporation as the 2 entities are considered to operate as one.

Note 12. Banking portfolio investments

	Total		Due within One Year		Over one Year	
In thousands of New Zealand Dollars	2024	2023	2024	2023	2024	2023
Agriculture	42	49	11	10	31	39
Fishing	167	215	66	60	101	155
Consumer	8,549	8,580	3,430	3,337	5,119	5,243
Business	20,974	19,928	2,209	2,118	18,765	17,810
Housing	48,549	45,251	4,068	3,837	44,481	41,414
Staff	3,282	3,830	476	543	2,806	3,287
Tourism	11,443	11,601	611	724	10,832	10,877
	93,006	89,454	10,871	10,629	82,135	78,825
Less:						
Provision for Doubtful loans	7,138	7,823				
Deferred income	827	773				
Net Portfolio as at 30 June	85,041	80,858				



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 12. Banking portfolio investments (continued)

Split by:

Current	9,872	13,839
Non - current	75,169	67,019
	85,041	80,858

All loans have been made at varying interest rates, terms and securities.

The Group administers loans totalling \$1,559,271 (2023: \$4,369,000) on behalf of the Government of the Cook Islands under the Business Continuity Credit Scheme. These loans distributed under this scheme are not legal assets of the Group and therefore are not recognised on the Group's Statement of Financial Position.

The following significant individual counter-party exposures existed at balance date:

In thousands of New Zealand Dollars	30 June 2024			30 June 2023		
	# Counter Parties	Loan Balance	Percentage of Bank's Equity	# Counter Parties	Loan Balance	Percentage of Bank's Equity
5 - 10%	4	522	26.39 %	3	3,687	20.06 %
+10%	3	7,150	37.58 %	3	7,048	38.35 %

Provision for Losses on Banking Portfolio Investments

In thousands of New Zealand Dollars	30 June 2024	30 June 2023
The total charge of provisions was made up as follows:		
Opening balance	7,823	7,343
Bad debts written out of provisions	(116)	(39)
Provisions for doubtful loans	(569)	519
Balance at end of period	7,138	7,823
Net increase/(decrease) in provision for doubtful loans	(685)	480

Note 13. Inventories

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Trading stock	6,615	4,312	1	1
Spare parts	303	128	—	—
Fuels	1,757	3,393	—	—
Other	—	980	—	—
Total inventories	8,675	8,813	1	1



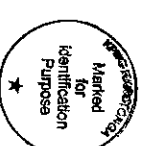
Cook Islands Investment Corporation

Notes to the financial statements

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Note 14. Property, plant and equipment

Group	Airport facilities	Buildings*	Plant and equipment	Leasehold improvements	Office equipment	Motor vehicles	Port facilities	Airport freehold land	Lease land	Furniture and equipment	Capital WIP	Power network	Cable facilities	Total
In thousands of New Zealand Dollars														
Cost:														
Balance at 01 July 2022 (restated*)	57,282	140,105	41,763	2,957	4,006	8,666	34,777	10,985	3,035	782	2,979	29,070	32,017	368,424
Additions	40	4,706	1,160	—	152	774	6	—	—	42	1,517	887	74	9,358
Disposals	—	(2)	(537)	—	(976)	(158)	—	—	—	—	—	—	—	(1,673)
Transfers/adjustments	31	(65)	109	—	11	33	(33)	—	—	23	(312)	75	—	(128)
Balance at 30 June 2023 (restated*)	57,353	144,744	42,495	2,957	3,193	9,315	34,750	10,985	3,035	847	4,184	30,032	32,091	375,981
Additions	1,242	2,282	2,983	—	181	1,261	3,702	—	200	88	5,054	1,158	26	18,177
Disposals	—	—	(213)	—	—	(409)	—	—	—	(10)	—	(36)	(23)	(691)
Transfers/adjustments	524	—	627	—	3	4	—	—	—	—	(2,886)	—	—	(1,728)
Balance at 30 June 2024	59,119	147,026	45,892	2,957	3,377	10,171	38,452	10,985	3,235	925	6,352	31,154	32,094	391,739
Accumulated depreciation:														
Balance at 01 July 2022 (restated*)	16,242	43,413	26,224	423	3,436	6,404	8,766	—	—	582	—	19,280	2,525	127,295
Disposals	—	(1)	(432)	—	(975)	(115)	—	—	—	—	—	—	—	(1,523)
Transfers	(2)	1	(163)	(1)	(1)	7	(1)	—	—	—	—	(7)	—	(167)
Depreciation	1,450	4,268	2,359	65	273	562	901	—	—	65	—	1,299	1,331	12,573
Balance at 30 June 2023 (restated*)	17,690	47,681	27,988	487	2,733	6,858	9,666	—	—	647	—	20,572	3,856	138,178
Disposals	524	745	138	—	—	(435)	—	—	—	(8)	—	(30)	(17)	917
Transfers	180	—	—	—	—	—	—	—	—	—	—	—	—	180
Depreciation	1,477	4,659	2,448	61	217	670	924	—	4	88	—	1,142	1,338	13,028
Balance at 30 June 2024	19,871	53,085	30,574	548	2,950	7,093	10,590	—	4	727	—	21,684	5,177	152,303



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 14. Property, plant and equipment (continued)

Group													
In thousands of New Zealand Dollars	Airport facilities	Buildings*	Plant and equipment	Leasehold improvements	Office equipment	Motor vehicles	Port facilities	Airport freehold land	Lease land	Furniture and equipment	Capital WIP	Power network	Cable facilities
Net Book Values													
Balance at 01 July 2022 (restated*)	41,040	96,692	15,539	2,534	570	2,263	26,012	10,985	3,035	200	2,979	9,790	29,492
Balance at 30 June 2023 (restated*)	39,663	97,063	14,507	2,470	460	2,459	25,583	10,985	3,035	200	4,184	9,460	28,235
Balance at 30 June 2024	39,248	93,941	15,318	2,409	427	3,078	27,862	10,985	3,231	198	6,352	9,470	26,917
													239,436

* Refer to Note 28.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 14. Property, plant and equipment (continued)

Parent

In thousands of New Zealand Dollars	Furniture and equipment	Motor vehicles	Total
Cost:			
Balance at 01 July 2022	466	224	690
Additions	19	56	75
Disposals	(1)	(55)	(56)
Balance at 30 June 2023	484	225	709
Additions	35	54	89
Disposals	(1)	—	(1)
Balance at 30 June 2024	518	279	797
Accumulated depreciation:			
Balance at 01 July 2022	361	204	565
Disposals	(1)	(55)	(56)
Balance at 30 June 2023	401	167	568
Depreciation	34	15	49
Balance at 30 June 2024	435	182	617
Net Book Values			
At 01 July 2022	105	20	125
At 30 June 2023	83	58	141
At 30 June 2024	83	97	180

*Refer to Note 14. and Note 28.

Determination of Cost:

- Buildings are measured at cost. Cost is based on historical costs or deemed cost based on previous valuations as detailed below:
- Rental houses were valued at \$1.8 million by John McElhinney of Rarotonga, a registered valuer, in May 1999. The valuation includes buildings only and no attempt has been made to place a valuation on the land. This May 1999 valuation is the deemed cost applied for these rental houses.
- The Rarotonga Hospital Administration Block is measured at cost less accumulated depreciation.
- The Court House, Police Headquarters and Multi Sports Complex are recorded at the value nominated by the Ministry of Finance and Economic Management for the Cook Islands being the cost of construction.
- For buildings where the cost cannot be reliably measured, deemed cost calculated as the depreciated replacement cost as at 30 June 2014 was used. This is when the Group first adopted International Public Sector Accounting Standards (IPSAS).
- All other Cook Islands Government Property Corporation buildings are stated at deemed cost being valuations performed by members and initially recorded in the 1996/97 statutory accounts for the Government of the Cook Islands less accumulated depreciation.
- The Mulgrave Street property in Wellington owned by Cook Islands Property Corporation (NZ) Limited was valued by Darroch Limited in August 2010, for insurance purposes providing depreciated replacement cost of \$602,000. An earlier valuation by DTZ New Zealand in October 2008 placed a market value of \$1,500,000 for land and buildings in Mulgrave Street. This property is held at cost in the financial statements. Subsequent to 30 June 2021, Cook Islands Investment Corporation on behalf of Cook Islands Property Corporation (NZ) Limited, re-engaged Darroch Limited to provide an updated valuation report for the insurance renewal purposes for the property. On 6 September, the depreciated replacement cost is \$1,067,000 with a reinstatement estimate of \$2,301,000.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 14. Property, plant and equipment (continued)

- The building owned by Bank of the Cook Islands Limited is valued at cost less accumulated depreciation. This building was valued at \$1,900,000 by Jones Lang LaSelle Hotels Limited in May 2014. The remaining term of the BCI House lease is 3 years.

Leased Land

Cook Islands Government Property Corporation leased land is stated at deemed cost being the initial value recorded in the 1996/97 statutory accounts for the Government of the Cook Islands less depreciation where applicable.

Restrictions on Disposals

Fixed assets held by Cook Islands Government Property Corporation and its subsidiaries cannot be disposed of without prior consent of Cabinet.

Ownership and completeness of assets

These assets disclosed in these financial statements may not be a complete presentation of all assets falling under the ownership and /or control of the Corporation and Group due to incomplete and lost records. The assets presented are included on the basis of the current understanding of the Members at the time the financial statements were prepared.

Transfer of assets from Ministries

These assets are recorded at the value nominated by the Ministry of Finance and Economic Management for the Cook Islands or relevant Ministry based on the cost of construction and are recognised directly in equity as a contribution from owner.

Asset valuation reserve

On 1 October 2020 a valuation was performed by Alexander Napa Consultancy over Te Mana Uira o Araura Limited's buildings and transformer shelter assets. The total valuation was \$1,702,000. The values have been applied at 30 June 2020. As a result of the valuation, a revaluation reserve of \$936,000 has been recognised pertaining to an uplift in existing asset values, as well as an equity injection of \$430,000 to record building and shelter assets not previously recognised by the Company.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 15. Intangible assets

In thousands of New Zealand Dollars	Group
Cost:	
Balance at 01 July 2022	6,677
Transfers	(95)
Additions	4,294
Disposals	(456)
Balance at 30 June 2023	10,420
Transfers	3
Additions	5
Disposals	(72)
Balance at 30 June 2024	10,356
Amortisation and impairment:	
Balance at 01 July 2022	4,944
Transfers	(74)
Amortisation for the year	1,307
Disposals	(443)
Balance at 30 June 2023	5,734
Transfers	—
Disposals	—
Amortisation for the year	1,160
Balance at 30 June 2024	6,894
Work in progress	
Balance at 01 July 2022	9
Additions	—
Balance at 30 June 2023	9
Additions	33
Balance at 30 June 2024	42
Net book values	
Balance at 30 June 2023	4,695
Balance at 30 June 2024	3,504

Intangible assets include costs incurred in acquiring and building software and computer systems (Software). Software is amortised using the straight line method over its expected useful life.

Note 16. Investment property

In thousands of New Zealand Dollars	Group	
	30 June 2024	30 June 2023
Balance at 01 July	5,521	5,578
Additions / (Disposals)	770	190
Transfers	247	47
Depreciation	(261)	(294)
Balance at 30 June	6,277	5,521

Investment property includes buildings and premises owned by the Airport Authority, Ports Authority, and Cook Islands Property Corporation (NZ) Limited. Investment property is carried at cost.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 17. Trade and other payables

Trade and other payables from exchange transactions

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Trade creditors	3,630	2,317	386	907
Interest accrual	599	508	—	—
Provisions	383	402	—	—
Other payables and accruals	3,837	4,288	630	85
Subtotal	8,449	7,515	1,016	992

Trade creditors and other accruals are non-interest bearing and are normally settled on 30-day terms, with the exception of the lease provision.

Trade and other payables from non- exchange transactions

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Value added tax	1,053	174	32	—
Subtotal	1,053	174	32	—
Total trade and other payables	9,502	7,689	1,048	992

Provisions

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Opening land lease provision	402	349	—	—
Provision Utilised	(418)	(371)	—	—
Additional provision made in the period	399	424	—	—
Closing land lease provision	383	402	—	—
Opening other provision	—	—	—	—
Additional provision made in the period	—	—	—	—
Closing other provision	—	—	—	—
Total Provision	383	402	—	—

Included in Provisions is land lease provision related to outstanding rent reviews and lease payments to landowners. The Group has estimated the provision based on the current status of negotiations with landowners and consideration of recent renewals and valuations performed by registered valuers across the Cook Islands' property market.

Lease negotiations are ongoing. Actual amounts owing are determined once lease agreements are signed. The lease provision is non-interest bearing.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 18. Taxes

In thousands of New Zealand Dollars	Group 2024	2023	Parent 2024	2023
Income tax receivable				
Income tax receivable (payable) c/f 1 July	972	1,066	714	672
Reclassified from / (to) tax payable	(72)	—	(72)	—
Income tax on current year surplus	(1,075)	(211)	(317)	44
Income tax paid	112	—	—	—
Income tax benefit on dividend paid	640	120	—	—
Income tax receivable 30 June	577	975	325	716

Future Income Tax Benefit

Future Income Tax Benefit c/f 1 July	540	1,037	195	182
Reclassified from / (to) tax payable	—	12	—	—
Tax losses recognised in current year surplus	(519)	(509)	(195)	13
Future Income Tax Benefit 30 June	21	540	—	195

Deferred tax asset

Deferred tax asset c/f 1 July	2,201	1,907	7	9
Tax losses recognised / (used)	(186)	—	—	—
Reclassified from/to future income tax benefit	—	(12)	—	—
Deferred tax on current year surplus	(63)	306	2	(2)
Deferred tax asset 30 June 2024	1,952	2,201	9	7

In thousands of New Zealand Dollars	Group 2024	2023	Parent 2024	2023
Income tax payable				
Income tax payable c/f 1 July	270	277	—	—
Reclassified to tax receivable	(91)	—	—	—
Income tax on current year dividend paid	175	120	—	—
Income tax paid	—	(127)	—	—
Tax benefit on dividends paid	—	—	—	—
Income tax payable 30 June	354	270	—	—

Deferred tax liability

Deferred tax liability c/f 1 July	2,559	2,672	—	38
Deferred tax on current year surplus	(19)	(113)	—	—
Deferred tax on timing differences	(167)	—	—	(38)
Deferred tax liability 30 June	2,373	2,559	—	—

Tax Losses

Opening tax losses	3,534	3,299	—	—
Utilisation of tax losses	—	—	—	—
Addition of tax losses	497	235	—	—
Closing tax losses 30 June	4,031	3,534	—	—



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 18. Taxes (continued)

Reconciliation of effective tax rate

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
(Deficit)/surplus before taxation for the year	(2,161)	(8,045)	2,678	(142)
(Surplus)/deficit for tax exempt entities	718	3,785	—	—
Equity accounted earnings from associate	1,315	96	—	—
Unrealised gains/(loss) of FX	(38)	759	—	—
Profit/(loss) before tax	(166)	(3,405)	2,678	(142)
Prima facie taxation at 20%	(33)	(681)	536	(28)
Adjustment for NZ Entity at 28% taxation	(9)	(6)	—	—
Tax effect of non-assessable income	48	68	—	—
Tax effect of non-deductible expenses	358	232	(23)	15
Tax on dividend distributed to Government by tax exempt entity	640	120	—	—
Taxable income not recognised in accounts	651	441	—	—
Tax impact on Government Grants under IAS20	(23)	(16)	—	—
Additional tax losses recognised	109	—	—	—
Additional tax losses accumulated	—	185	—	—
Tax impact on Leases accounting under IFRS 16	13	—	—	—
Income tax expense	1,754	343	513	(13)
Income tax expense is represented by:				
Current	1,528	642	513	(15)
Deferred	226	(299)	—	2
	1,754	343	513	(13)

Income tax losses carried forward:

Individual entities within the group have combined carried forward tax losses of \$4,031,000 (2023: \$3,534,000). These tax losses are unable to be offset and can only be used by the individual companies. These losses have not been recognised in the Statement of Financial Position. These tax losses have no expiry date provided there is 40% continuity in ownership and the taxation laws in relation to these do not change.

Within the group, Cook Islands Government Property Corporation is exempt from taxation under the Income Tax Act 1997.

Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 19. Investment in shares

In thousands of New Zealand Dollars	Group		Parent	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Instruments at cost				
<i>Investment in Shares</i>				
Opening balance at 1 July 2022	128	128	—	—
Additional investments made	—	—	—	—
Investments sold	—	—	—	—
Balance at 30 June 2023	128	128	—	—
Additional investments made	—	—	—	—
Investments sold	—	—	—	—
Balance at 30 June 2024	128	128	—	—

There have been no changes to investments in shares during the 2024 period. Shares held at year end relate to the Group's investment in Asian Development Bank (ADB) and Hawaiian Airlines. The shares are held within the Group by Cook Islands Government Property Corporation and Airport Authority (respectively).

Note 20. Investment in subsidiaries

Non-consolidated entities

Te Mana Uira o Araura (TMU) 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

To Tatou Vai Authority (TTV) is an Authority under To Tatou Vai Act 2021. TTV was incorporated on the 25 of August 2017. The share capital of the Company is \$100,000 divided into 100,000 ordinary shares of \$1 each. The Company's shareholders are:

- Cook Islands Government Property Corporation – 50,000 shares
- Cook Islands Investment Corporation – 50,000 shares

Avaroa Cables Limited (ACL) is a company registered in the Cook Islands. ACL was incorporated on the 24 of March 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 – 500 shares
- Cook Islands Investment Corporation – 500 share

It has been determined that Cook Islands Investment Corporation, the Parent, has control over these entities – TMU, TTV, and ACL and as such have been consolidated directly into these Group financial statements.

Investment in subsidiaries

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Te Mana Uira o Araura Limited	—	—	426	426
To Tatou Vai Limited	—	—	1	1
Avaroa Cables Limited	—	—	100	100
Balance at 30 June	—	—	527	527

Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 21. Investment in associates

Associate entities are those in which the Corporation has a substantial shareholding and in whose commercial and financial policy decisions it participates but does not have any controlling interest.

Investment in associates comprises of Telecom Cook Islands Limited which is incorporated in the Cook Islands and provides telecommunication services to the Cook Islands. The Group's interest in Telecom Cook Islands Limited is held by Cook Islands Telecommunication Holdings Limited.

Cobalt Seabed Resources Limited was established during the 2018 period. The principal activity of Cobalt Seabed Resources Limited is the exploration, classification, exploitation, marketing and selling of polymetallic nodules within the Cook Islands Exclusive Economic Zone and the Cook Islands assigned area within the Clarion Clipperton Zone. The Company is 50% owned by the Cook Islands Investment Corporation and 50% by GSR-CI Limited. The ultimate Parent Company of GSR-CI Limited is Global Sea Mineral Resources NV, a Company incorporated and registered in Belgium.

	Ownership	Total Assets	Total Liabilities	Total Income	Total Profit/(loss)
2024					
Telecom Cook Islands Limited (12 months to 30/06/2024)	40%	31,303	4,912	31,037	3,112
Cobalt Seabed Resources Limited (12 months to 31/12/2023) (unaudited)	50%	3,521	8,600	—	(2,721)
2023					
Telecom Cook Islands Limited (15 months to 30/06/2023)	40%	33,469	3,791	35,392	1,290
Cobalt Seabed Resources Limited (12 months to 31/12/2022)	50%	3,643	6,001	—	(594)

In thousands of New Zealand Dollars	Telecom Cook Islands Limited	2024 Cobalt Seabed Resources Limited	Total	Telecom Cook Islands Limited	2023 Cobalt Seabed Resources Limited	Total
Equity accounted investee						
Opening balance at 1 July	11,871	—	11,871	11,967	—	11,967
Investment at cost	—	—	—	—	—	—
Share of profit	1,885	—	1,885	504	—	504
Dividend received	(3,200)	—	(3,200)	(600)	—	(600)
Balance at 30 June	10,556	—	10,556	11,871	—	11,871

Note 22. Banking customer deposits

In thousands of New Zealand Dollars	2024			2023		
	Total	Due within one year	Over one year	Total	Due within one year	Over one year
Group						
Call deposits	88,013	88,013	—	79,179	79,179	—
Client term deposits	34,621	34,196	425	38,166	37,110	1,056
TOTAL	122,634	122,209	425	117,345	116,289	1,056

The Parent does not hold any banking customer deposits.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 23. Borrowings

	Group	
	2024	2023
In thousands of New Zealand Dollars		
Current portion		
ADB - Ports Authority	894	1,033
Crown - Ports Authority	924	—
ADB - Avaroa Cable Limited	1,222	1,223
Subtotal	3,040	2,256
Non current portion		
ADB - Ports Authority	14,312	15,280
Crown - Ports Authority	4,538	4,538
ADB - Avaroa Cable Limited	21,381	22,620
Subtotal	40,231	42,438
Total borrowings	43,271	44,694

Ports Authority Borrowings

The Asian Development Bank (ADB) approved two loans (L2472-COO and L2473-COO) on 20 November 2008 for the funding of the Avatiu Port Development Project. The ADB signed the loan agreements for these two loans with the Government of the Cook Islands on 5 May 2009 and the Government on-lent to the Ports Authority by way of a subsidiary loan agreement signed on 31 July 2009. ADB further approved and signed a supplementary loan (L2739-COO) to loans L2472-COO and L2473-COO on 24 March 2011 and 30 December 2011 respectively with the Government of the Cook Islands as part of the funding of the Avatiu Port Development Project. The Government on provides the funds to Ports Authority by effect of the subsidiary loan agreement signed on 31 July 2009.

The borrowings were drawn down through the Cook Islands Government. The Authority received concessionary interest rates for the three loans by ADB and these rates are the same as in the subsidiary loan agreements between Government and the Authority.

ADB L2472

This loan is for a period of 20 years plus a 5 year grace period with repayments commencing on 15 May 2014. This concessionary loan was fully drawn by May 2013. The full draw down was USD\$8,419,792. From May 2013, this loan was transferred to NZD with a fixed interest rate of 5.77%.

ADB L2473

The loan is fixed for a period of 24 years plus an 8 year grace period with equal repayments commencing on 15 May 2017. This concessionary loan was fully drawn by February 2014. The full draw down was SDR 4,519,038. The nominal interest rate for Loan 2473 is 1% per annum for the 8 year grace period and 1.5% thereafter.

The Authority is responsible for any changes in the amounts payable arising due to exchange rate fluctuations. Accordingly, all exchange rate risks are carried by the Authority. The borrowings are recorded in NZD at the exchange rate at the date of the drawdown and are restated using the closing rate at balance date. Any changes in exchange rate fluctuations are recorded in the Statement of Comprehensive Revenue and Expenses.

ADB L2739

Loan 2739 is supplementary to L2473 and L2472 for USD \$4.7 million and is fixed for a period of 20 years plus a 5 year interest grace period with repayments commencing on 15 May 2016. The full draw down was US\$4,428,273 by May 2013 and a further NZ\$32,425 was drawn on January 2014 after the loan was converted to NZD currency.

Loan 2472 and Loan 2739 were converted to NZD on 15 May 2013 with a fixed interest rate of 5.77% and an average floating interest rate of 2.00% for the respective loans.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 23. Borrowings (continued)

In 2023, the Authority received concessionary deferral of loan repayments under the subsidiary agreement (i.e. with MFEM) with principal and interest payments deferred since May 2020. Recommencement of loan repayments began in November 2023. The payments made by MFEM are to be repaid by the Authority by the end of the ADB loan term. This portion of the borrowing is recognised separately in "Cook Islands Government Borrowings".

Ports Authority Borrowings

In thousands of New Zealand Dollars	L2472	L2473	L2739	Total
As at 1 July 2023	7,496	4,493	4,324	16,313
Payment towards Loan Interest	(443)	(69)	(280)	(792)
Payment towards Loan Principle	(431)	(429)	(188)	(1,048)
Interest accrued during the year	437	68	291	796
Movement in foreign exchange	—	(63)	—	(63)
As at 30 June 2024	7,059	4,000	4,147	15,206

Current liability	435	244	215	894
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Non-current liability	6,624	3,756	3,932	14,312
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Cook Islands Government Loan

In thousands of New Zealand Dollars	2024	2023
As at 1 July	4,538	3,560
Payments made during year	924	978
As at 30 June	5,462	4,538
Current Liability	924	—
Non-current Liability	4,538	4,538

Avaroa Cable Limited Borrowings

The Government of the Cook Islands has entered into a loan agreement with the Asian Development Bank for USD \$15 million for the purpose of Cook Island's share of the Manatua Cable System including construction of the cable and additional spurs to Rarotonga and Aitutaki, construction of landing stations and project management support. In line with the ADB loan agreement, the Cook Islands Government has entered into a subsidiary loan agreement with Avaroa Cable Limited (ACL) to relend these funds to complete the project. The total loan amount drawn down at balance date is USD \$13,741,594 (2023: USD\$14,484,383).

Interest and commitment charges accrued as at balance date is USD \$219,618 (2023: USD\$184,675).

The terms of this loan agreement include interest and other charges payable semi-annually on 1 April and 1 October each year. The rates from 1 October 2021 are interest 0.657% plus a PRM of 0.10% and a SFL rate of 0.02%. A commitment charge on the full amount of the loan less amounts withdrawn from time is charged at 0.15% per annum. Principle repayments commenced from 1 April 2023 with biannual payments of 2.5% of the loan balance for a period of 10 years until 1 October 2042.

Avaroa Cable Limited Borrowings

In thousands of New Zealand Dollars	2024	2023
Current portion	1,222	1,223
Non current portion	21,381	22,620
	22,603	23,843



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 23. Borrowings (continued)

Avaroa Cable Limited - Loan Covenant Breaches

Marine Protection Legislation

During the financial year the Cook Islands Government satisfied the remaining loan covenant under their lending arrangements with the Asian Development Bank. Legislation was passed in the Cook Islands Parliament to ensure adequate protection of the Manatua Cable system in Cook Islands waters.

The Cook Islands Government have provided a waiver prior to balance date. This waiver confirms the loan proceeds under the subsidiary agreement will not be called upon if the Asian Development Bank called up the loan proceeds under its lending arrangements with the Cook Islands Government. Avaroa Cable Limited (ACL) and its Directors therefore consider the classification of the loan balance as a non-current liability and the preparation of financial statements on a going concern basis to be appropriate.

Note 24. Financial Instruments - financial risk management

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Group's operations. This note presents information about the Group's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Group'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 group's financial instruments

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Financial assets				
Cash and cash equivalents	27,089	20,705	461	999
Term deposits	72,455	73,635	2,335	808
Trade and other receivables	6,963	7,177	119	1,083
Banking portfolio investments	85,041	80,858	—	—
Taxation receivable	577	975	325	716
Related party receivables	1,270	765	1,016	187
	193,395	184,115	4,256	3,793

All financial assets held by the group are classified and measure at amortised cost. Due to the nature and term of the financial assets that the Group holds, the fair value and carrying value of financial assets is not materially different.

In thousands of New Zealand Dollars	Group		Parent	
	2024	2023	2024	2023
Financial liabilities				
Trade and other payables	9,502	8,986	1,048	1,044
Employee entitlements	606	857	147	221
Banking customer deposits	122,634	117,345	—	—
Income tax payable	354	270	—	—
Related party payables	746	746	1,510	1,510
Bank loan	43,271	44,694	—	—
Dividends payable	—	240	—	240
	177,113	173,138	2,705	3,015

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



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

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. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed rate and variable rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors and individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the incurred losses of these receivables and market related interest rates. As at 30 June 2023 and 2024 respectively, the carrying amounts of such receivables, net of allowances are not materially different from their calculated fair values.
- The fair value of other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Credit risk

Credit risk is the risk of financial loss to the group if customers or counterparties to financial instruments fail to meet their contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was:

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Cash and cash equivalents	24,852	19,262	461	999
Term deposits	72,455	73,635	2,335	808
Trade and other receivables	6,963	7,177	119	1,083
Banking portfolio investments	85,041	80,858	—	—
Taxation receivable	577	975	325	716
Related party receivables	1,270	765	1,016	187
Maximum exposure to credit risks	191,158	182,672	4,256	3,793

In the normal course of business, the Group incurs credit risk from trade debtors, cash and cash equivalents and term deposits held with other financial institutions and loans receivable from customers.

The Group establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

Credit risk for the group arises principally from the Bank of the Cook Islands Limited's loans to customers.

The Bank monitors credit risk through credit policies and security ratio limits. All loans are reviewed annually to ensure that loans are still operating under loan contracted conditions. However, problem loans are reviewed on a shorter timeframe, either 3 months or 6 months, in addition to annual reviews. Anomalies are reported to the Credit Manager who will assign follow up tasks for the credit officers. Loan payment arrears are reviewed monthly to ensure client arrears are addressed. The Bank holds monthly Credit Management Committee meetings to monitor accounts, arrears and follow ups. Loans that become a concern are followed up by the Asset Management Unit and reported monthly to the Board of Directors. The exposure is monitored on an on-going basis and in monthly reports to Management and the Board of Directors.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

(i) Analysis of Credit Quality

Maximum exposure to credit risk from bank lending activities within the group is set out below:

	Business	Mortgage	Personal	Total	
In thousands of New Zealand Dollars				2024	2023
Maximum exposure to credit risk					
Gross carrying amount	34,442	51,047	9,332	94,821	89,454
Loans with renegotiated terms					
Gross carrying amount	26,732	34,871	3,460	65,063	61,522
	26,732	34,871	3,460	65,063	61,522
Neither past due nor impaired					
Gross carrying amount	26,298	48,331	9,019	83,648	78,502
Less restated loans not in arrears*	—	—	—	—	—
	26,298	48,331	9,019	83,648	78,502
Past due but not impaired (days in arrears)					
0 - 30	370	711	66	1,147	1,393
31 - 60	—	—	—	—	—
61-90	—	128	9	137	12
90+ days	466	619	65	1,150	127
	836	1,458	140	2,434	1,532
Individually impaired					
Balance as at 1 July	7,856	1,356	209	9,421	9,362
Additions	457	170	98	725	1,506
Loan repayments	(79)	(3)	(21)	(103)	(132)
Amounts written off	—	(107)	(15)	(122)	(39)
Deletions	(926)	(159)	(97)	(1,182)	(1,277)
Balance as at 30 June	7,308	1,257	174	8,739	9,420

Impaired loans

See accounting policy in Note 3.

The group regards a loan as impaired in the following circumstances.

- There is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.
- A retail loan is overdue for 90 days or more.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Provision is made for specific loans where recovery is considered doubtful or they have become non-performing. Provision is made in accordance with IPSAS 41 as described in Note 3.

A management overlay at year end 30 June 2024 of \$450,000 (2023: \$450,000) was made to reflect the economic uncertainty that management considered was not reflected in model data.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

Loans that are past due but not impaired

Loans and advances that are past due but not impaired are those for which contractual interest or principal payments are past due but the bank believes that impairment is not appropriate on the basis of the level of security or collateral available and / or the stage of collation of amounts owed to the bank.

Loans with restructured terms and the Group's forbearance policy

Restructured loans are impaired assets for which the terms have been changed to grant the counterparty a concession that would not otherwise have been available, due to the counterparty's difficulty in complying with the original terms, and where the yield on the asset following restructuring is still above the Bank's cost of funds.

The bank restructures loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The bank's Compliance Committee regularly reviews reports of forbearance activities.

For the purposes of disclosures in these financial statements, 'loans with restructured terms' are defined as loans that have been restructured due to a deterioration in the borrower's financial position, for which the Bank has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group had provided initially and that it would not otherwise consider. A loan continues to be presented as part of loans with restructured terms until maturity, earlier repayment or until it is written off.

Irrespective of whether loans with restructured terms have been derecognised or not, they remain disclosed as impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of impairment.

Security

Security is required in respect of most lending. There are various securities which the bank holds. These include but are not limited to mortgages over leases, personal and company guarantees and Instruments by way of Security.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

(ii) Impairment allowance

See accounting policy in Note 3.

	30 June 2024					30 June 2023				
	Collective Provision			Specific Individual Provision	Total	Collective Provision			Specific Individual Provision	Total
	Stage 1	Stage 2	Stage 3	Stage 3		Stage 1	Stage 2	Stage 3	Stage 3	
Business										
Balance at beginning of Period - 1 July	164	1	435	5,073	5,673	9	397	414	4,470	5,289
Changes to opening balance due to transfer between stages:										
Collective Provision - New	11	—	—	—	11	21	—	85	—	106
Collective Provision - Stage 1	16	—	(16)	—	—	356	(348)	—	(8)	—
Collective Provision - Stage 2	—	—	—	—	—	—	1	(1)	—	—
Collective Provision - Stage3	(3)	—	257	(254)	—	—	(2)	2	—	—
Specific Individual Provision - Stage3	—	—	—	—	—	—	(7)	(105)	112	—
Charge to statement of comprehensive income in current year	(98)	(1)	33	(514)	(580)	(222)	(39)	40	499	278
Bad Debts written-off	—	—	—	—	—	—	—	—	—	—
Balance as at 30 June	90	—	709	4,305	5,104	164	2	435	5,073	5,673
	30 June 2024					30 June 2023				
	Collective Provision			Specific Individual Provision	Total	Collective Provision			Specific Individual Provision	Total
	Stage 1	Stage 2	Stage 3	Stage 3		Stage 1	Stage 2	Stage 3	Stage 3	
Mortgage										
Balance at beginning of Period - 1 July	102	8	1,333	504	1,947	31	297	803	667	1,798
Changes to opening balance due to transfer between stages:										
Collective Provision - New	24	—	—	—	24	7	—	—	—	7
Collective Provision - Stage 1	69	—	(69)	—	—	399	(281)	(110)	(8)	—
Collective Provision - Stage 2	—	—	—	—	—	—	—	—	—	—
Collective Provision - Stage3	—	—	—	—	—	(1)	(2)	223	(220)	—
Specific Individual Provision - Stage3	—	—	—	—	—	—	—	—	—	—
Charge to statement of comprehensive income in current year	(33)	(1)	(83)	101	(16)	(335)	(5)	418	63	141
Bad Debts written-off	—	—	—	(107)	(107)	—	—	—	—	—
Balance as at 30 June	162	7	1,181	498	1,848	102	8	1,334	502	1,946



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

(ii) Impairment allowance (continued)

	30 June 2024					30 June 2023				
	Collective Provision			Specific Individual Provision	Total	Collective Provision			Specific Individual Provision	Total
	Stage 1	Stage 2	Stage 3	Stage 3		Stage 1	Stage 2	Stage 3	Stage 3	
Personal										
Balance at beginning of Period - 1 July	47	2	85	70	204	16	11	122	106	255
Changes to opening balance due to transfer between stages:										
Collective Provision - New	4	—	—	—	4	11	—	—	2	13
Collective Provision - Stage 1	6	(1)	—	(5)	—	70	(8)	(50)	(12)	—
Collective Provision - Stage 2	—	—	—	—	—	—	6	—	(5)	1
Collective Provision - Stage3	—	—	14	(14)	—	—	—	—	—	—
Specific Individual Provision - Stage3	—	—	—	—	—	(1)	(1)	(5)	5	(2)
Charge to statement of comprehensive income in current year	(37)	—	(4)	35	(6)	(49)	(6)	18	13	(25)
Bad Debts written-off	—	—	—	(15)	(15)	—	—	—	(39)	(39)
Balance as at 30 June	20	1	95	71	187	47	2	85	70	203
	30 June 2024					30 June 2023				
	Collective Provision			Specific Individual Provision	Total	Collective Provision			Specific Individual Provision	Total
	Stage 1	Stage 2	Stage 3	Stage 3		Stage 1	Stage 2	Stage 3	Stage 3	
Total										
Balance at beginning of Period - 1 July	313	9	1,853	5,644	7,819	57	703	1,338	5,242	7,343
Changes to opening balance due to transfer between stages:										
Collective Provision - New	40	—	—	—	40	39	—	85	2	126
Collective Provision - Stage 1	91	(1)	(85)	(5)	—	825	(638)	(160)	(28)	—
Collective Provision - Stage 2	—	—	—	—	—	—	7	(1)	(5)	—
Collective Provision - Stage3	(3)	—	271	(268)	—	(1)	(4)	225	(220)	—
Specific Individual Provision - Stage3	(1)	—	—	1	—	(1)	(8)	(110)	118	(1)
Charge to statement of comprehensive income in current year	(168)	(2)	(55)	(378)	(603)	(606)	(51)	476	574	393
Bad Debts written-off	—	—	—	(123)	(123)	—	—	—	(39)	(39)
Balance as at 30 June	272	6	1,984	4,871	7,133	313	9	1,853	5,644	7,824



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

(iii) 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.

The group monitors concentrations of credit risk by location, institution and sector.

In thousands of New Zealand Dollars	Credit rating	Group		Parent	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
Concentration by Location					
New Zealand financial institutions		63,201	54,561	—	—
New Zealand other institutions		1,450	1,125	—	—
Australia financial institutions		2	6	—	—
Rarotonga financial institutions		32,623	37,214	2,796	1,807
Rarotonga - lending		75,473	71,282	—	—
Outer islands - lending		9,568	9,577	—	—
Rarotonga - Related parties		1,270	765	1,016	187
Other		7,540	8,141	440	1,799
Total		191,127	182,672	4,252	3,793
Concentration by Counterparty					
Australia New Zealand Bank	AA-	35,532	42,255	49	106
Bank of South Pacific	B-	18,330	14,722	386	770
Kiwi Bank	A+	29,225	19,363	—	—
Bank of New Zealand	A+	12,713	15,419	—	—
Westpac Banking Corporation	AA-	24	17	—	—
Banzpay	N/A	1,450	1,125	—	—
National Australia Bank Group	AA-	2	6	—	—
Bank of the Cook Islands	N/A	—	—	2,362	931
Loans to customers	N/A	85,041	80,858	—	—
Related parties	N/A	1,270	765	1,016	187
Other	N/A	7,540	8,141	440	1,799
Total		191,127	182,672	4,253	3,793
Concentration by Sector					
Banks		95,827	91,783	2,796	1,807
Other institutions		1,450	1,125	—	—
Housing		44,471	40,909	—	—
Personal		7,830	7,757	—	—
Business		32,739	32,193	—	—
Related parties		1,270	765	1,016	187
Other		7,540	8,141	440	1,799
Total		191,127	182,672	4,252	3,793



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Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting financial obligations as and when they fall due. The group evaluates its liquidity requirements on an on-going basis. In general, the group generates sufficient cash flows from operating activities to meet its obligations arising from its financial liabilities.

Within the group, liquidity risk is most prevalent in the banking operations.

The Bank of the Cook Islands Board sets the Bank's strategy for managing liquidity risk and has delegated responsibility for oversight of the liquidity policy to the Assets and Liabilities Committee.

The Finance and Customer Service & Marketing departments review the liquidity position on a daily basis and report any exceptions and liquidity issues to the Chief Executive Officer.

The Bank's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet liabilities as they fall due under both normal and stressed conditions without unacceptable losses or damage to the Bank's reputation. The key elements of the Bank's strategy are as follows:

- daily monitoring of cash levels held for client withdrawals,
- daily monitoring of cash held in other financial institutions on call and on term deposit,
- weekly liquidity reporting to management taking into consideration incoming and outgoing cash flows and estimates commitments for the week,
- monthly discussions in the Assets and Liabilities Committee meeting and at Board level.

The maturity of individual financial assets and liabilities are detailed in the notes throughout these financial statements.

In addition, the Government of the Cook Island has provided a letter of support to both the Bank and the Group confirming it will provide financial assistance to the Bank and Group where necessary to continue its operations as a going concern and will continue to do so for at least 12 months from the date audit clearance is provided for the 30 June 2024 financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) the profit or loss by amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2024.

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Group				
Interest bearing Financial assets	182,348	173,755	2,796	1,807
Interest bearing Financial liabilities	(165,905)	162,039	—	—
Net exposure	16,443	11,716	2,796	1,807
100bp increase effect on profit	(164)	(117)	(28)	(18)
100bp decrease effect on profit	(164)	117	28	18

Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to movements in exchange rates. The group does not hold any material foreign currency assets or liabilities and therefore there is minimal currency risk.



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The following financial instruments are sensitive to changes in interest rates: loans, term deposits, cash and cash equivalents, and customer deposits. Loans to customers and Customer deposits are at floating interest rates which are reviewed on a quarterly basis to ensure they are kept in line with market interest rate movements. An immaterial portion of loans have a fixed interest rate for the term of the loan. The cash on hand and short term cash deposits earn interest at normal floating commercial rates.

Interest rate risk (continued)

Interest rate repricing schedule

Group

In thousands of New Zealand Dollars	Weighted average interest rate	Carrying amount	1 year or less	1-5 years	> 5 years	Non sensitive
Balance at 30 June 2024						
Financial assets						
Cash on hand	N/A	2,237	—	—	—	2,237
Cash at bank	1.61%	24,852	24,852	—	—	—
Term deposits	5.79%	72,455	72,455	—	—	—
Trade and other receivables	N/A	6,963	—	—	—	6,963
Related party receivables	N/A	1,270	—	—	—	1,270
Taxation receivable	N/A	577	—	—	—	577
Banking portfolio investments	8.36%	85,041	85,041	—	—	—
Total financial assets		193,395	182,348	—	—	11,047
Balance at 30 June 2024						
Financial liabilities						
Trade and other payables	N/A	9,502	—	—	—	9,502
Banking customer deposits	3.34%	122,634	122,209	425	—	—
Income tax payable	N/A	354	—	—	—	354
Related party payables	N/A	746	—	—	—	746
Employee entitlements	N/A	606	—	—	—	606
Bank loan	2.69%	43,271	3,040	—	40,231	—
Total financial liabilities		177,113	125,249	425	40,231	11,208
Interest rate gap		16,282	57,099	(425)	(40,231)	(161)



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 24. Financial Instruments - financial risk management (continued)

Group

In thousands of New Zealand Dollars	Weighted average interest rate	Carrying amount	1 year or less	1-5 years	> 5 years	Non sensitive
Balance at 30 June 2023						
Financial assets						
Cash on hand	N/A	1,443	—	—	—	1,443
Cash at bank	1.87%	19,262	19,262	—	—	—
Term deposits	5.35%	73,635	73,635	—	—	—
Trade and other sundry receivables	N/A	7,177	—	—	—	7,177
Related party receivables	N/A	765	—	—	—	765
Taxation receivable	N/A	975	—	—	—	975
Banking portfolio investments	8.29%	80,858	80,858	—	—	—
Total financial assets		184,115	173,755	—	—	10,360
Balance at 30 June 2023						
Financial liabilities						
Trade and other payables	N/A	8,986	—	—	—	8,986
Employee entitlements	N/A	857	—	—	—	857
Banking customer deposits	3.04%	117,345	116,488	857	—	—
Income tax payable	N/A	270	—	—	—	270
Related party payables	N/A	746	—	—	—	746
Bank loan	5.47%	44,694	2,256	—	42,438	—
Dividends payable	N/A	240	—	—	—	240
Total financial liabilities		173,138	118,744	857	42,438	11,099
Interest rate gap		10,977	55,011	(857)	(42,438)	(739)

Parent

In thousands of New Zealand Dollars	Weighted average interest rate	Carrying amount	1 year or less	1-5 years	> 5 years	Non sensitive
Balance at 30 June 2024						
Financial assets						
Cash and cash equivalents	1.61%	461	461	—	—	—
Term deposits	5.79%	2,335	2,335	—	—	—
Trade and sundry receivables	N/A	119	—	—	—	119
Taxation receivable	N/A	325	—	—	—	325
Related party receivables	N/A	1,016	—	—	—	1,016
Total financial assets		4,256	2,796	—	—	1,460
Balance at 30 June 2024						
Financial liabilities						
Trade and other payables	N/A	1,048	—	—	—	1,048
Employee entitlements	N/A	147	—	—	—	147
Related party payables	N/A	1,510	—	—	—	1,510
Dividends payable	N/A	—	—	—	—	—
Total financial liabilities		2,705	—	—	—	2,705
Interest rate gap		1,551	2,796	—	—	(1,245)



Cook Islands Investment Corporation

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Note 24. Financial Instruments - financial risk management (continued)

Parent

In thousands of New Zealand Dollars	Weighted average interest rate	Carrying amount	1 year or less	1-5 years	> 5 years	Non sensitive
Balance at 30 June 2023						
Financial assets						
Cash and cash equivalents	1.87%	999	999	—	—	—
Term deposits	5.35%	808	808	—	—	—
Trade and sundry receivables	N/A	1,083	—	—	—	1,083
Taxation receivable	N/A	716	—	—	—	716
Related party receivables	N/A	187	—	—	—	187
Total financial assets		3,793	1,807	—	—	1,986
Balance at 30 June 2023						
financial liabilities						
Trade and other payables	N/A	1,044	—	—	—	1,044
Employee entitlements	N/A	221	—	—	—	221
Related party payables	N/A	1,510	—	—	—	1,510
Dividends payable	N/A	240	—	—	—	240
Total financial liabilities		3,015	—	—	—	3,015
Interest rate gap		778	1,807	—	—	(1,029)

Capital management

The primary objective of managing the group's capital is to ensure that there is sufficient cash available to support the group's funding requirements, including capital expenditure, to ensure that the group remains financially sound. The group's capital includes Capital Contributions and Reserves. Within the group, Bank of the Cook Islands must meet capital adequacy requirements required by Cook Islands Banking regulations.

Bank of the Cook Islands Limited's policy is to maintain investor, creditor and market confidence and to sustain the future development of the banking business.

The bank's regulatory capital comprises two tiers:

- Tier One Capital which includes issued and fully paid shares and retained earnings less intangible assets. This must be at least 5% of Risk Weighted Assets.
- Total Capital which includes all other capital must be at least 10% of Risk weighted assets.

At balance date the bank had the following:

	30 June 2024	30 June 2023
% of Risk Weighted Assets		
Tier One Capital	18.74 %	20.68 %
Total Capital	20.00 %	21.93 %

The Bank complied with all externally imposed capital requirements.



Cook Islands Investment Corporation

Notes to the financial statements

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Note 25. Commitments and contingencies

Capital Commitments

The Group has the following material capital commitments:

Avaroa Cable Limited

Avaroa Cable Limited has the following capital commitments at balance date:

- Subcom, per the Supply Contract for the the design, manufacture, installation, integration, testing and commissioning of the Manutua Cable System. At 30 June 2024, Avaroa Cable Limited's remaining share of the commitment to Subcom under this contract is USD \$270,730 (2023: USD \$270,730).

Cook Island Investment Corporation

Construction contracts, which as at 30 June 2024, the remaining share of the commitment is \$2,168,000 (2023: \$nil).

Operating lease rentals

The group as lessee

Future minimum lease payments under non-cancellable operating leases:

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Land and Buildings				
Due within one year	276	332	—	—
Due within two to five years	990	1,213	—	—
Later than five years	3,531	3,768	—	—
Total operating lease expense commitments	4,797	5,313	—	—

Bank of the Cook Islands Limited

The bank leases land on which BCI House stands under an operating lease. The original deed of lease runs for 60 years from 1 April 1967. The bank also leases the Aitutaki branch premises, the lease runs for 15 years from 1 January 2019.

Airport Authority

The Authority leases land that is utilised for Airport operations, accommodating office premises and other tenanted buildings.

Te Aponga Uira

The Authority leases land that is utilised for electricity services, accommodating office premises, solar farms and various sites for transformer shelters.

Cook Islands Government Property Corporation

The Corporation holds long term land leases. Most of these leases are for 20 – 60 year terms and are perpetually renewable.

To Tatou Vai

The Authority holds leases its office premises including Airport House 3 and 4 for two years from 1 July 2021.

The group as lessor

Future minimum lease income under non-cancellable operating leases:



Cook Islands Investment Corporation

Notes to the financial statements

Annual report for the year ended 30 June 2024

Note 25. Commitments and contingencies (continued)

In thousands of New Zealand Dollars	Group		Parent	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Buildings				
Due within one year	138	57	—	—
Due within one to two years	369	44	—	—
Due within two to five years	—	41	—	—
Total	507	142	—	—

The group lets properties under operating leases. Property rental income earned during the year was \$726,000 (2023: \$696,000).

Other Commitments

The Group through Bank of the Cook Islands has committed to lending a number of loans in the future that have not yet been drawn down. As at 30 June 2024 these undrawn loans total \$3,317,139 (2023: \$1,742,000).

Contingencies

The Group is currently aware of the contingent liabilities listed below. Various other contingent liabilities may exist having arisen over the earlier period of the Corporation's existence of which the Members of the Corporation are not aware.

Uncalled Capital

Asian Development Bank – the Corporation has a further 88 uncalled shares. The shares have a par value of USD13,500 each.

Unpaid Lease Payments

The Group has a contingent liability in relation to a land lease where lease payments have not been made since inception of the lease in 1968. The Group is in consultation with landowners, however at this time the amount of the liability and any recovery of such liability from third parties cannot be reliably estimated.

Grant Funding

The New Zealand Ministry of Foreign Affairs and Trade (NZ MFAT) has provided funding to the Government of the Cook Islands (CIG) under the Grant Funding Agreement (GFA) dated 6 April 2018 to implement the Pacific Connectivity Project – the construction of the Manatua Submarine Cable. Grant funding of \$10.1 million was provided for under the GFA dated 6 April 2018. The funding activity is in relation to the Cook Islands participation in the Manatua Cable consortium, and the Cook Islands contribution to the consortium for Cook Islands contribution towards the Manatua Cable as a consortium member. A variation to the GFA was entered into between both parties on 23 November 2018, increasing the grant funding from \$10.1 million to \$15.0 million. The grant funding is disbursed from NZ MFAT to the Ministry of Finance and Economic Management (MFEM) Development Coordination Division (DCD) and this is then either disbursed to the respective agency incurring the requisite costs or directly to suppliers.

At balance date, the funds received from NZ MFAT and its disbursements is disclosed in the following table.

In thousands of New Zealand Dollars	30/6/2022	30/6/2023	30/6/2024	Total
Opening balance	2,046	1,257	378	—
Funds received by DCD from NZ MFAT under the GFA	—	—	—	—
Funds disbursed from DCD to ACL for Manatua project operating and capital costs	(726)	(847)	(108)	(1,681)
Funds disbursed from DCD to other CIG agencies for costs incurred	(96)	(28)	4	(120)
Foreign exchange gain/(loss) in USD held by DCD	33	(4)	—	29
Balance of funds received by DCD from NZ MFAT under the GFA	1,257	378	274	274

There were no further contingent assets or liabilities as at balance date.



Cook Islands Investment Corporation

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Note 26. Segmental reporting

The Group operates primarily in the property investment and management sectors. It also operates in the utilities sector, consisting of ports and airport services, power supply and banking.

In thousands of New Zealand Dollars	Banking	Communi- cations	Property	Power supply	Airport	Ports	Total
Balance at 30 June 2024							
Trading Revenue	11,138	5,415	788	26,973	9,506	3,948	57,768
Crown Appropriation	346	—	9,905	—	1,612	(1)	11,862
Other Revenue	377	(291)	1,689	422	851	14	3,062
Expenses	(10,560)	(5,044)	(16,812)	(28,476)	(11,910)	(4,094)	(76,896)
Other Gains / (Losses)	2	1,891	—	240	(180)	90	2,043
Surplus / (Deficit) before tax	1,303	1,971	(4,430)	(841)	(121)	(43)	(2,161)
Total Assets	158,849	45,200	102,063	57,742	73,514	31,363	468,731
Total Liabilities	141,220	26,808	3,989	(5,161)	(395)	18,611	185,072
CAPEX	444	90	6,871	3,307	5,586	1,879	18,177
Balance at 30 June 2023 (restated*)							
Trading Revenue	9,900	5,010	884	25,363	7,614	3,713	52,484
Crown Appropriation	130	—	9,834	—	2,117	125	12,207
Other Revenue	106	619	692	296	1,004	50	2,767
Expenses	(9,541)	(5,220)	(16,492)	(28,609)	(10,439)	(5,064)	(75,365)
Other Gains / (Losses)	504	(511)	—	129	—	(260)	(138)
Surplus / (Deficit) before tax	1,099	(102)	(5,082)	(2,821)	296	(1,436)	(8,045)
Total Assets	220,703	36,195	37,832	65,378	71,609	31,430	463,147
Total Liabilities	125,192	28,428	8,650	2,592	(822)	18,788	182,828
CAPEX	4,744	111	914	1,664	1,726	199	9,358

*Refer to Note 14 and Note 28.

Note 27. Going concern

These financial statements have been prepared on the going concern basis. The Corporation is ultimately dependent on the support of the Government by Crown Appropriation. In addition, the liquidity of the Corporation is inherently dependent on the proceeds from the management and disposal of its assets, the value and potential returns of which are uncertain. Despite this, there are no known matters that suggest the support of the Government will be withdrawn or that the proceeds from the asset management and disposal will be insufficient to meet the requirements of the Corporation for the foreseeable future. The Cook Islands Government has provided a letter of support stating that it will maintain ownership and control of the group for the foreseeable future and will provide financial assistance where necessary for the group to continue its operations.

Note 28. Correction of prior period error

Cook Island Government Property Corporation

Due to a loss of historical accounting records the carrying amount of property, plant and equipment has not been able to be ascertained with sufficient accuracy in previous financial reports. A full audit of all buildings has been undertaken and the cost of buildings that were not previously identified has been brought into the fixed asset register at deemed cost based on the depreciated replacement cost method as at 30 June 2014 being the date that the Group adopted IPSAS for reporting purposes.



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Notes to the financial statements

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Note 28. Correction of prior period error (continued)

Avaroa Cable Limited

During the year, Avaroa Cable Limited transitioned from NZ IFRS to IPSAS, after a review of the purpose of the company ("to ensure the Cook Islands have access to world class telecommunications services and the socioeconomic opportunities that will be created"). As part of the transition the Group identified understatement of deferred tax liability.

This has resulted in restatement of previously reported balances as per the table below.

	Group		
In thousands of New Zealand Dollars	Assets	Liabilities	Capital contribution and retained earnings
Balance at 30 June 2022	428,315	169,683	258,632
Adjustments - Prior period error:			
Property, plant and equipment	27,321	—	—
Deferred tax liability	—	2,442	—
Capital contribution and retained earnings	—	—	24,879
Restated balance at 1 July 2022	455,636	172,125	283,511
Balance at 30 June 2023	437,314	180,487	256,827
Adjustments - Prior period error:			
Property, plant and equipment	27,321	—	—
Deferred tax liability	—	2,442	—
Capital contribution and retained earnings	—	—	24,879
Depreciation*	(1,488)	—	(1,488)
Income tax expense*	—	(101)	101
Restated balance at 1 July 2023	463,147	182,828	280,319

*Depreciation expense and Income tax expense for the year ended 30 June 2023 were restated by the same amounts. As a result, the previously reported deficit for the year ended 30 June 2023 of \$7,001,000 was restated to \$8,388,000 for the Group.

Note 29. Subsequent events

There are no subsequent events requiring disclosure.



Cook Islands Investment Corporation

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30. Crown reporting

2024

In thousands of New Zealand Dollars	Budget	Carry Forward from 2024	Department Transfers	Carry Forward to 2025	Final Appropriation	Spend	Variance
Bulk Funding							
Personnel	1,486	—	(155)	—	1,331	1,300	31
Operating	1,024	—	155	—	1,179	2,010	(831)
Depreciation	51	—	—	—	51	49	2
	2,561	—	—	—	2,561	3,359	(798)
Administrated Payments							
Infrastructure Committee	100	—	—	—	100	98	2
Government Facility Development Division	420	—	(103)	—	317	313	4
School Security	230	—	18	—	248	248	—
Joint Venture with Seabed Minerals Authority	50	—	—	—	50	50	—
CIG - Building Repairs & Maintenance	1,000	—	30	—	1,030	1,025	5
Provision for Land Rentals	400	—	55	—	455	452	3
	2,200	—	—	—	2,200	2,186	14
Payments on behalf of the crown (POBOC)							
Bank of the Cook Islands-social assistance subsidy	128	—	—	—	128	128	—
Airport Authority subsidy	1,500	—	—	—	1,500	1,500	—
Ports Authority - subsidy	110	—	—	—	110	110	—
Te Tatou Vai (CI)	3,000	—	—	—	3,000	2,991	9
	4,738	—	—	—	4,738	4,729	9
Capital Expenditure							
Aitutaki Island Plan & Orongo Development	980	—	—	(566)	414	414	—
Govt Building Projects - Rarotonga	1,301	650	585	(527)	2,009	2,009	—
Pa Enua Govt Building Projects - Northern Group	—	90	—	—	90	51	39
Pa Enua Govt Building Projects - Southern Group	350	100	—	(226)	224	224	—
Geotech Scoping & Feasibility	100	—	—	(82)	18	17	—
Land Acquisition	550	95	—	(595)	50	50	—
Rarotonga Cyclone Shelters - Remediation	400	—	(385)	—	15	14	1
To Tatou Vai	1,000	2,450	—	(1,000)	2,450	1,746	—
Airport Authority - Rarotonga Airport Slab	—	780	—	—	780	780	—
	4,681	4,165	200	(2,996)	6,050	5,305	40

Statement of Corporate Intent

In thousands of New Zealand Dollars	Group		Parent	
	Actual	SCI	Actual	SCI
Total Revenue	72,692	79,777	12,238	16,274
Earning before interest, depreciation & tax	12,288	10,897	2,727	1,075
Net profit after tax	(3,915)	(2,204)	2,165	800
Total Assets	468,731	615,491	8,270	10,500
Total Shareholders Funds	283,659	426,737	1,826	1,250
Total Dividends Paid	(1,220)	—	(1,220)	—



Cook Islands Investment Corporation

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30. Crown reporting (continued)

2023

In thousands of New Zealand Dollars

	Budget	Carry Forward from 2022	Department Transfers	Carry Forward to 2024	Final Appropriation	Spend	Variance
Bulk Funding							
Personnel	1,458	—	—	—	1,458	1,654	(196)
Operating	824	—	—	—	824	1,632	(808)
Depreciation	45	—	—	—	45	59	(14)
	2,327	—	—	—	2,327	3,345	(1,018)
Administrated Payments							
Infrastructure Committee	100	—	12	—	112	117	(5)
Government Facility Development Division	420	—	(40)	—	380	357	23
School Security	230	—	20	—	250	250	—
Joint Venture with Seabed Minerals Authority	50	—	—	—	50	48	2
Provision for Land Rentals	400	—	8	—	408	408	—
	1,200	—	—	—	1,200	1,180	20
Payments on behalf of the crown (POBOC)							
Bank of the Cook Islands-social assistance subsidy	128	—	—	—	128	128	—
Airport Authority subsidy	2,048	—	—	—	2,048	2,048	—
Ports Authority - subsidy	110	—	—	—	110	110	—
Te Tatou Vai (CI)	3,000	—	—	—	3,000	3,088	(88)
	5,286	—	—	—	5,286	5,374	(88)
Capital Expenditure							
Aitutaki Island Plan & Orongo Development	500	422	350	—	1,272	1,274	(2)
Govt Building Projects - Rarotonga	1,079	643	490	(650)	1,562	1,521	41
Pa Enua Govt Building Projects - Northern Group	500	77	25	(90)	512	511	1
Pa Enua Govt Building Projects - Southern Group	500	—	125	(100)	525	524	1
Arorangi Prison Remedial Works	—	30	—	—	30	28	2
Land Acquisition	700	—	(600)	(95)	5	—	5
Rarotonga Cyclone Shelters - Remediation	400	—	(200)	—	200	180	20
To Tatou Vai	3,000	—	(190)	(2,450)	360	360	—
Airport Authority - Rarotonga Airport Slab	850	—	—	(780)	70	70	—
	7,529	1,172	—	(4,165)	4,536	4,468	68

Statement of Corporate Intent

	Group		Parent	
	Actual	SCI	Actual	SCI
Total Revenue	67,458	72,888	8,974	8,000
Earning before interest, depreciation & tax	11,085	21,641	(83)	250
Net profit after tax	(6,557)	9,928	(142)	200
Total Assets	437,314	578,369	10,794	5,400
Total Shareholders Funds	256,827	418,130	881	2,127
Total Dividends Paid	240	600	240	600

