

TE MANA UIRA O ARAURA LIMITED

FINANCIAL STATEMENTS

REPORTING UNDER NZ PBE IPSAS RDR

FOR THE YEAR ENDED 30 JUNE 2024

TE MANA UIRA O ARAURA LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

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TE MANA UIRA O ARAURA LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
30 JUNE 2024

The Directors take pleasure in presenting their report for the Company for the year ended 30 June 2024.

ACTIVITIES

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

RESULTS

The deficit after tax for the year was \$383,151 (2023: Deficit after tax \$826,639).

DIVIDENDS

The Directors declared no dividends for the year ended 30 June 2024.

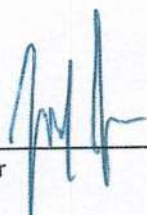
REMUNERATION OF DIRECTORS


Remuneration paid to the directors during the year was \$41,034.

AUDITORS

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

The financial statements on pages 7 to 27 are authorised for issue for, and on behalf of, the Board.

Director 

Director 
ALICE HOFF

Dated: 12 December 2024

Dated: 12 December 2024

Independent Auditor's Report

To the shareholders of Te Mana Uira o Araura (**Company**)

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report which comprises:

- the statement of financial position as at 30 June 2024;
- the statements of comprehensive revenue and expenses, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the statement of service performance on pages 26 to 27.

In our opinion, the accompanying financial report of Te Mana Uira o Araura (the **Company**) on pages 7 to 27 presents fairly in all material respects:

- the Company's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date; and
- the service performance for year ended 30 June 2024 in accordance with the Company service performance criteria.
- In accordance with Public Benefit Entity Standards Reduced Disclosure Regime (**PBE Standards RDR**) issued by the New Zealand Accounting Standards Board.

Basis for opinion

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

We are independent of Te Mana Uira o Araura 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) and NZ AS 1 are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Other information

The Directors, on behalf of the Company, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Directors for the financial report

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

- the preparation and fair presentation of the financial report in accordance with PBE Standards RDR issued by the New Zealand Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error;
- service performance criteria that are suitable in order to prepare service performance information in accordance with generally accepted accounting practice in New Zealand (being PBE Standards RDR); and
- assessing the ability of the Company 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 financial report

Our objective is:

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

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

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

The auditor also:

- Identifies and assesses the risks of material misstatement of the financial statements and the service performance information, 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 entity's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtains an understanding of the process applied by the entity to select what and how to report its service performance.
- Evaluates whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the applicable financial reporting framework.
- 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 and service performance information, including the disclosures, and whether the financial statements and service performance information 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. This description forms part of our independent auditor's report.

For and on behalf of:



Rarotonga

12 December 2024

TE MANA UIRA O ARAURA LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Revenue			
Trading revenue	2	2,864,244	2,341,576
Sundry income		7,567	24,341
Total Revenue		<u>2,871,811</u>	<u>2,365,917</u>
Expenditure			
Audit fees	3	35,434	30,011
Personnel costs		472,648	512,282
Directors Fees		41,034	36,600
Depreciation and amortisation	13	443,561	615,271
Provision for Doubtful Debts		7,111	-
Interest		12,356	-
Fuel		1,944,870	1,688,660
Professional Fees		22,118	45,105
Repairs and maintenance		111,937	130,040
Other costs		163,893	134,587
Total Expenditures		<u>3,254,962</u>	<u>3,192,556</u>
Surplus / (deficit) before taxation		<u>(383,151)</u>	<u>(826,639)</u>
Income tax expense / (credit)	4	-	-
Net surplus / (deficit) after tax		<u>(383,151)</u>	<u>(826,639)</u>
Other comprehensive income		-	-
Total Comprehensive Revenue and Expenses for the year		<u>(383,151)</u>	<u>(826,639)</u>

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 25.

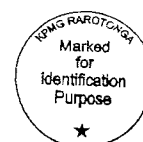


TE MANA UIRA O ARAURA LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Note	Share Capital \$	Accumulated comprehensive revenue and expenses \$	Asset Revaluation \$	Total Equity \$
Equity At 1 July 2023		7,957,043	(3,724,695)	935,575	5,167,923
Capital Introduced	8	-	-	-	-
Net Earnings For The Year	8	-	(383,151)	-	(383,151)
Asset Revaluation	8	-	-	-	-
Dividends		-	-	-	-
Equity At 30 June 2024		<u>7,957,043</u>	<u>(4,107,846)</u>	<u>935,575</u>	<u>4,784,772</u>

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

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 25.



TE MANA UIRA O ARAURA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 \$	2023 \$
EQUITY			
Total Equity		<u>4,784,772</u>	<u>5,167,923</u>
Non Current Liabilities			
Loan - BCI	14	356,556	-
Total Non Current Liabilities		<u>356,556</u>	
Current Liabilities			
Trade and other payables	11	553,716	513,426
Current Portion - Loan BCI	14	117,120	-
Taxation payable	5	-	6,464
Value Added tax payable		11,150	13,980
Related party payables	12	35,935	26,434
Total Current Liabilities		<u>717,921</u>	<u>560,304</u>
Total Equity & Liabilities		<u>5,859,249</u>	<u>5,728,227</u>
Current Assets			
Cash and cash equivalents	6	552,508	262,591
Trade receivables	9	265,151	257,324
Other receivables	10	83,331	84,107
Value added tax receivable		-	-
Taxation receivable	5	-	-
Prepayments		242,563	2,725
Inventories	7	428,385	500,555
Related party receivable	12	1,000	1,000
Total Non Current Assets		<u>1,572,938</u>	<u>1,108,301</u>
Non Current Assets			
Property, plant and equipment	13	4,272,731	4,606,346
Deferred tax	5	13,580	13,580
Total Non Current Assets		<u>4,286,311</u>	<u>4,619,926</u>
Total Assets		<u>5,859,249</u>	<u>5,728,227</u>

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

 Director

 Director ALICE HOFF

Dated: 12 December 2024

Dated: 12 December 2024

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 25.



TE MANA UIRA O ARAURA LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
Cash Flows from Operating Activities			
Cash receipts from customers		2,859,011	2,263,300
Cash paid to suppliers and employees		(2,932,825)	(2,223,457)
Other		-	-
Net Cash Inflows/(Outflows) from Operating Activities	15	<u>(73,814)</u>	<u>39,843</u>
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(109,945)	-
Other		-	-
Net Cash Flows from Investing Activities		<u>(109,945)</u>	<u>-</u>
Cash Flows from Financing Activities			
Debt Funding		473,677	-
Cash introduced		-	-
Net Cash Flows from Financing Activities		<u>473,676</u>	<u>-</u>
Net Increase/(Decrease) In Cash Held		<u>289,917</u>	<u>39,843</u>
Net Increase/(Decrease) In Cash Held		289,917	39,843
Add Opening Cash Brought Forward		262,591	222,748
Ending Cash Carried Forward		<u>552,508</u>	<u>262,591</u>

This statement is to be read in conjunction with the notes to the financial statements on pages 11 to 25.

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES

a) Reporting Entity and Statutory Base

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

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

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

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

b) Basis of Preparation

i. Basis of preparation

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

ii. Basis of measurement

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

iii. Functional and presentation currency

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

iv. Use of estimates and judgements

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

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

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

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

c) Effects of Changes in Accounting Policies

There are no new revised or amended standards that are applicable to the company for the year ended 30 June 2024.

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

d) General Accounting Policies

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

Particular Accounting Policies

(i) Revenue Recognition

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business. Revenue is stated exclusive of Value Added Tax. The majority of the Company's revenue is derived from providing electricity with revenue recognised as the electricity is consumed. The contracts with customers only have one component and price is based on the Company's standard electricity rates. Invoices are issued on a monthly basis for services provided and usually payable within 30 days.

Revenue from the sale of goods & services in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, and the revenue and associated costs can be estimated and measured reliably.

(ii) Taxation

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

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

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

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

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

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

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

(iii) Statement of Cash Flows

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

- (a) Cash is considered to be cash on hand, current accounts in banks and short term deposits, net of bank overdrafts.
- (b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and of investments. Investments can include securities not falling within the definition of cash.



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

- (c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Company. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- (d) Operating activities include all transactions and other events that are not investing or financing activities.

(iv) **Employee Benefits**

Short term benefits

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

Defined contribution plans

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

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

(v) **Impairment**

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

(vi) **Financial Instruments**

Financial Assets

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

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

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

Financial Liabilities

Financial liabilities comprises trade and other payables and borrowings. These are measured at amortised cost. A financial liability is derecognised when the Company has discharged its obligation or the contract is cancelled or expired.

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE

	2024 \$	2023 \$
Trading Revenue		
Commercial	1,476,482	1,334,823
Domestic	1,251,800	971,529
Government and Island Government	9,891	28,031
Other	126,071	7,193
	<u>2,864,244</u>	<u>2,341,576</u>

3. REMUNERATION OF AUDITORS

Included in Trade and other payables are fees payable of \$38,257 (2023: \$27,186) to KPMG of which \$28,000 is in respect of the audit of the financial statements for the year ended 30 June 2024 and the balance of \$10,257 relates to the audit of the financial statements for the year ended 30 June 2023.

4. INCOME TAX EXPENSE

	2024 \$	2023 \$
Net Earnings for the year	(383,151)	(826,639)
Taxation at 20%	(76,630)	(165,328)
Add/(Deduct) Tax Effect of Permanent Differences	-	-
Add/(Deduct) Tax Losses not recognised	(76,630)	(165,328)
	<u>-</u>	<u>-</u>
The Income Tax Expense is represented by:		
Current Tax	-	-
Deferred Tax (Note 5)	-	-
	<u>-</u>	<u>-</u>

Judgements:

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

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

5. TAXATION BENEFIT AND PAYABLE

Taxation Payable	2024	2023
	\$	\$
Income Tax Payable At The Beginning of The Year	6,464	6,464
Income Tax correction	(6,464)	-
Current Year Tax (Note 4)	-	-
Income Tax Paid	-	-
Income Tax Payable At End of The Year	<u>-</u>	<u>6,464</u>
Deferred Tax Asset		
Opening Balance	13,580	13,580
Current Year Tax (Note 4)	-	-
Closing Balance	<u>13,580</u>	<u>13,580</u>
Deferred Tax relates to provisions for doubtful debts.		
Taxation Losses (Not Recognised)		
Tax Losses At The Beginning of The Year	3,707,079	2,880,440
Current Year Losses (Note 4)	383,150	826,639
Utilisation of Tax Losses	-	-
Tax Losses At End of The Year	<u>4,090,229</u>	<u>3,707,079</u>

6. CASH AND CASH EQUIVALENTS

	2024	2023
	\$	\$
Cash at bank	552,508	262,591

7. INVENTORIES

	2024	2023
	\$	\$
Fuel	251,109	231,969
Oil	3,966	179
Generation and network inventory	75,310	96,076
Stock-in-transit	98,000	175,279
Provision for stock obsolescence	-	(2,948)
	<u>428,385</u>	<u>500,555</u>

Accounting Policy:

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

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

8. EQUITY

Share Capital

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

The Company's shareholders are:

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

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

Capital Introduced

On the 1st of July 2017, net assets of Aitutaki Power Supply of \$3,843,149, a division of the Cook Islands Government, transferred to Te Mana Uira o Araura Limited (formerly Aitutaki Power Supply Limited). The net assets transferred at their carrying values taken from the 30 June 2017 audited financial statements of Aitutaki Power Supply (previous entity). The entity's 30 June 2017 financial statements were audited by the Cook Islands Audit Office.

There were no assets transferred to the Company during the 30 June 2024 financial year.

Capital Introduced

	2024	2023
	\$	\$
Balance At The Beginning of The Year	7,957,043	7,957,043
Current year movements:		
Total current year capital introduces	<u>-</u>	<u>-</u>
Total Capital Introduced	<u><u>7,957,043</u></u>	<u><u>7,957,043</u></u>

Asset Revaluation Reserve

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

Retained Earnings

	2024	2023
	\$	\$
Balance at the Beginning of the Year	(3,724,695)	(2,898,056)
Net Earnings for the Year	<u>(383,151)</u>	<u>(826,639)</u>
Total Retained Earnings	<u><u>(4,107,846)</u></u>	<u><u>(3,724,695)</u></u>



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

9. TRADE RECEIVABLES

	2024	2023
	\$	\$
Current receivables	307,528	325,223
Less: Provision for doubtful debts	<u>(42,377)</u>	<u>(67,899)</u>
	<u>265,151</u>	<u>257,324</u>
Provision for doubtful debt introduced 1 July	(67,899)	(67,899)
Current year charge	<u>25,522</u>	<u>-</u>
Provision for Doubtful Debt 30 June	<u>(42,377)</u>	<u>(67,899)</u>

The ageing analysis of trade receivables is as follows:

	Total	Neither past due or impaired	31 – 60 days	61 – 90 days	>90 days
	\$	\$	\$	\$	\$
2024	307,528	154,456	73,722	43,143	36,207
2023	325,223	182,878	41,358	16,566	84,421

Accounting Policy:

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

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

Impairment

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

- Cash and cash equivalents
- Trade and other receivables

Measurement of Expected Credit Loss

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

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

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



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

10. OTHER RECEIVABLES

	2024	2023
	\$	\$
Accrued revenue	83,331	84,107

Accrued revenue includes electricity unbilled being the electricity supplied to consumers from the last invoiced date to balance date, 30 June 2024. No charge has been made to the customer debtor account for this.

11. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Trade creditors	398,355	240,315
Other creditors and accruals	92,759	189,183
Payroll accrual	17,244	20,904
Employee entitlements	45,358	63,024
	553,716	513,426

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

12. RELATED PARTIES

Related party receivables

	2024	2023
	\$	\$
Current assets		
Cook Islands Investment Corporation	1	1
Cook Islands Government Property Corporation	999	999
	1,000	1,000

Related party payables

	2024	2023
	\$	\$
Current liabilities		
Cook Islands Investment Corporation	35,935	26,434
Current Portion – Loan BCI	117,120	-
	153,055	26,434
Non-Current liabilities		
Non-current Portion – Loan BCI	356,566	-
	509,611	26,434

Related parties include Government Ministries, agencies, State Owned Enterprises by way of common owner. Electricity goods and services supplied to related parties are transacted on normal trading terms.

Key Management Personnel

	2024	2023
Board members remuneration	41,034	36,600
Number of Directors	6	5
Senior management remuneration	215,764	215,764
Full time equivalent staff	5	5



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
Cost									
At June 2023	\$ 1,727,293	\$ 5,567,426	\$ 1,510,512	\$ 752,344	\$ 77,496	\$ 302,722	\$ 22,630	\$ -	\$ 9,960,423
Write-down of impaired assets	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Additions	-	-	107,757	-	2,188	-	-	-	109,945
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At June 2024	1,727,293	5,567,426	1,618,269	752,344	79,684	302,722	22,630	-	10,070,368
Depreciation and impairment									
At June 2023	\$ 130,044	\$ 3,089,111	\$ 1,126,384	\$ 734,211	\$ 68,754	\$ 193,190	\$ 12,382	\$ -	\$ 5,354,076
Revaluation	-	-	-	-	-	-	-	-	-
Write-down of impaired assets	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	43,348	307,735	60,721	4,440	9,381	16,349	1,587	-	443,561
At June 2024	173,392	3,396,846	1,187,105	738,651	78,135	209,539	13,969	-	5,797,637



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
Cost									
At June 2022	\$ 1,727,293	\$ 5,567,426	\$ 1,510,512	\$ 752,344	\$ 77,496	\$ 302,722	\$ 22,630	\$ -	\$ 9,960,423
Write-down of revalued assets to NBV	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At June 2023	-	5,567,426	1,510,512	752,344	77,496	302,722	22,630	-	9,960,423

	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
Depreciation and impairment									
At June 2022	\$ 86,696	\$ 2,610,708	\$ 1,065,663	\$ 731,316	\$ 57,217	\$ 176,410	\$ 10,795	\$ -	\$ 4,738,805
Revaluation	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Depreciation	43,348	478,403	60,721	2,895	11,537	16,780	1,587	-	615,271
At June 2023	130,044	3,089,111	1,126,384	734,211	68,754	193,190	12,382	-	5,354,076

	Buildings	Generation Plant & Equipment	Distribution Systems	Plant & equipment	Computer equipment	Motor vehicles	Furniture & fittings	Work in progress	Total
Net Book Value									
At June 2024	\$ 1,553,901	\$ 2,170,580	\$ 431,164	\$ 13,693	\$ 1,549	\$ 93,183	\$ 8,661	\$ -	\$ 4,272,731
At June 2023	1,597,249	2,478,315	384,128	18,133	8,741	109,532	10,248	-	4,606,346



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting Policy:

Recognition & measurement

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

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

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

Subsequent expenditure

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

Depreciation

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

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

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

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

Impairment

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

Impairment losses are recognised in the surplus or deficit.

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

There have been no impairment write-downs in the current or previous year.

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting Policy:

Historical property, plant and equipment

The Company has been unable to substantiate the carrying value of certain items of property, plant and equipment amounting to \$Nil (2023: \$24,144) due to the loss of historical accounting records.

14. BORROWINGS

	2024	2023
	\$	\$
Current Portion	117,120	-
Long Term Portions	356,556	-
Total Borrowing	<u>473,676</u>	<u>-</u>

The borrowings are with the Bank of Cook Islands at a fixed interest rate of 6% and are secured by a charge over all the assets of the company.

The Bank of the Cook Islands is a related party of Te Mana Uira by way of common owner under the Cook Islands Investment Corporation group.

15. RECONCILIATION OF NET EARNINGS AFTER TAX WITH OPERATING CASHFLOW

	2024	2023
	\$	\$
Net Earnings After Taxation	(383,151)	(826,639)
Add depreciation	443,560	615,271
Add impairment	-	-
Add doubtful debts	-	-
Add/(Less) Movements in Other Working Capital Items:		
(Increase) / Decrease in trade receivables	(7,827)	(83,718)
(Increase) / Decrease in other receivables	776	
(Increase) / Decrease in prepayments	(239,839)	21,123
(Increase) / Decrease in inventories	72,170	155,147
Increase / (Decrease) in tax payable	(6,464)	-
Increase / (Decrease) in trade and other payables	40,290	163,979
Increase / (Decrease) in related party payables	9,501	(5,320)
Increase / (Decrease) in VAT payable	(2,830)	-
Net Cash Inflow/(Outflow) from Operating Activities	<u>(73,814)</u>	<u>39,843</u>

16. FINANCIAL INSTRUMENTS

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

TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

16. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

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

	Carrying amount 2024	Carrying amount 2023
Financial Assets	\$	\$
Trade receivables	265,151	257,324
Other receivables	83,331	84,107
Cash and cash equivalents	552,508	262,591
Term Deposits	-	-
Value added tax receivable	-	-
Related party receivable	1,000	1,000
	<u>901,990</u>	<u>605,022</u>

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

	Carrying amount 2024	Carrying amount 2023
Financial Liabilities	\$	\$
Trade and other payables	553,716	513,426
Taxation payable	-	6,464
Value Added tax payable	11,150	13,980
Related party payables	35,935	26,434
Loan – BCI	473,676	-
	<u>1,074,477</u>	<u>560,304</u>

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

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

Credit risk

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



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

16. FINANCIAL INSTRUMENTS (CONTINUED)

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

	2024	2023
	\$	\$
Trade and other receivables	348,482	409,330
Cash and cash equivalents	552,508	262,591
Related party receivable	1,000	1,000
	<u>901,990</u>	<u>672,921</u>

Significant Concentrations of Credit Risk

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

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

	Credit rating	2024	2023
		\$	\$
Bank of South Pacific	B-	552,508	262,591
Bank of Cook Islands	N/A	-	-
Value added tax receivable	N/A	-	-
Trade and other receivables	N/A	348,482	341,430
		<u>900,990</u>	<u>604,021</u>

Liquidity risk

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

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

Capital management

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

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



TE MANA UIRA O ARAURA LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Company has a capital commitment to Pacific Generator Services Ltd, for the installation and commissioning of a new generation plant and equipment. At 30 June 2024 a total of \$229,717 (2023: \$0) was outstanding on the contract.

18. GOING CONCERN

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

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

19. SUBSEQUENT EVENTS

Nil.



TE MANA UIRA O ARAURA LIMITED
SERVICE PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

The Company's Purpose

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

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

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

The Company's Performance

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

Efficiency and Reliability					
Activity	Measure	2024		2023	Ref
Efficient generation of power	Litres of fuel consumed per unit of power	0.21		0.23	(1)
Maintaining power supply	Number of outages	16		15	(2)
	Average length of outages	35 Minutes		31 Minutes	
Affordability					
Activity	Measure	2024		2023	Ref
A fair tariff: The price of tariffs compared against the national comparative: Rarotonga	Customer Usage Category	TMU Tariff	Rarotonga Tariff	TMU Tariff	Rarotonga Tariff
	Domestic up to 60 units	0.69c	0.58c	0.67c	0.55c
	Domestic 61 to 300 units	0.69c	0.82c	0.67c	0.76c
	Domestic 300 to 1000 units	0.69c	0.84c	0.67c	0.78c
	Domestic over 1000 units	0.69c	0.84c	0.67c	0.78c
	Commercial up to 1000 units	0.69c	0.82c	0.67c	0.76c
	Commercial over 1000 units	0.55c	0.82c	0.53c	0.76c
(3)					
Sustainability					
Activity	Measure	2024		2023	Ref
Use of renewables	Percentage of power from renewables	18%		29%	(4)
Keeping staff safe	Number of accidents	0		1	(5)

- 1) The average number of litres of fuel consumed, per unit of power received by customers in the financial year.
- 2) The delay in phase two of the solar project originally planned in 2019 has resulted in some of the generation equipment being fully depreciated and reaching end of life which has resulted in a higher number of outages in 2023 and 2024.
- 3) Given the similarities in the economic, geographic and operational environments, Rarotonga is considered to be the best comparison to Aitutaki for tariff pricing. There is only one electricity provided in Aitutaki, and one provider in Rarotonga. The tariffs disclosed have been adjusted to include the impact of fuel surcharges applied throughout the year.
- 4) The percentage of power from renewables is power generated from the Company's solar farm, compared with power used by customers in the financial year.
- 5) Keeping staff safe is required for the retention of expertise and sustainability of the Company. A workplace accident relates to an event that threatens the safety of employees, customers, or the Company's equipment.



TE MANA UIRA O ARAURA LIMITED
SERVICE PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

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

The Company's disclosure of Judgement

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

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



CORPORATE DIRECTORY

SHAREHOLDERS

Cook Islands Government Property Corporation
Cook Islands Investment Corporation

DIRECTORS

John Baxter	Chair
Janet Maki	(retired April 2024)
Paul Henry	
Stephen Doherty	
Alice Hoff	
Katrina Armstrong	(Appointed 1 May 2024)
Trevor Hemmingson	(appointed 1 May 2024)

REGISTERED OFFICE

Cook Islands Investment Corporation
Avarua
PO Box 51
Rarotonga
Cook Islands

AUDITORS

KPMG
PO Box 691
Rarotonga
Cook Islands

SOLICITORS

Crown Law Office

BANKERS

Bank of South Pacific