



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2013**

**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2013**

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# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## DIRECTORY

### Directors

#### **Cook Islands Government Property Corporation**

The Honourable Henry Puna, *Chairman*

The Honourable Teariki Heather

The Honourable Kiriau Turepu

The Honourable Mark Brown

The Honourable Nandi Glassie

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

### Subsidiaries

#### *Banana Court Company Limited*

Ian Karika Wilmot, *Chairman*

Pato Nicholas

Mary Ann Pirake

Anne Taoro

#### *Bank of the Cook Islands Holdings Corporation*

Jessie Sword, *Chairman*

Richard Neves

Jeane Matenga

Kairangi Samuela

Vaine Arioka

#### *Cook Islands Property Corporation (NZ) Limited*

Julian Dashwood, *Chairman*

Malcolm Sword

#### *Cook Islands Telecommunication Holdings Limited*

Harmon Pou Arere, *Chairman*

George Lindsay Turia

#### *Suwarrow Development Corporation Limited*

Julian Dashwood, *Chairman*

Alfred Morris

# **COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

## **DIRECTORY (continued)**

### **Address**

c/- Cook Islands Investment Corporation  
Level One  
Ministry of Finance & Economic Management Building  
Avarua  
Rarotonga  
Cook Islands

Telephone: (00682) 29 391  
Fax: (00682) 29 381

### **Auditors**

KPMG

### **Solicitors**

Crown Law Office  
Tim Arnold

# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

The Members present their Annual Report, including the financial statements of Cook Islands Government Property Corporation, for the year ended 30 June 2013.

### *Activities*

Cook Islands Government Property Corporation (parent entity) ("the Corporation") is a Government owned body corporate established by Act of Parliament in 1969. The Corporation was created to manage and own Government assets, particularly land, buildings and investments in the equity of Government owned companies.

The Corporation is administered and managed by Cook Islands Investment Corporation and is considered to be an in-substance subsidiary of the later mentioned entity.

### *Cook Islands Government Property Corporation – Parent Company*

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's other major revenue item is the 2013 dividend from Cook Islands Telecommunication Holdings Limited of \$1.3 million.

The Corporation has total assets of \$52,771,123 and equity of \$51,780,123 at 30 June 2013. It made a surplus of \$116,871 this year. The Corporation is tax exempt.

### *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.

The Bank of the Cook Islands Holdings Corporation has total assets of \$67,289,174 and equity of \$15,335,342 at 30 June 2013. It made a tax paid surplus of \$1,532,146 this year.

# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## ANNUAL REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### *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. 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 \$6,608,000 and equity of \$5,907,000 at 30 June 2013. It made a tax paid surplus before dividends payable of \$1,836,675 this year.

### *Cook Islands Property Corporation (NZ) Limited*

Cook Islands Property Corporation (NZ) Limited is incorporated under the New Zealand Companies Act (1993). This company owns the Consulate premises in Wellington. The Consulate premises in Auckland was sold during the year.

Cook Islands Property Corporation (NZ) Limited has total assets of \$724,185 and equity of \$85,557 at 30 June 2013. It made a tax paid profit of \$729,286 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.

### *Banana Court Company Limited*

This company manages the Banana Court commercial retail complex in Avarua.

The Banana Court Company Limited has total assets of \$150,066 and equity \$133,044 at 30 June 2013. It made a tax paid surplus of \$33,434 this year.

### *2009 Pacific Mini Games Limited*

The company was formally incorporated on the 16<sup>th</sup> February 2007. The purpose of the company was to organise and host the VIIIth Pacific Mini Games in the Cook Islands in 2009 and all ancillary matters in relation thereto, and remaining assets were distributed to the sporting bodies in 2012. As a result there are no amounts to consolidate for 30 June 2013.

# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## ANNUAL REPORT (continued)

FOR THE YEAR ENDED 30 JUNE 2013

Results	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
Net surplus for the year	2,410	117	1,121	181
Total assets	118,626	52,771	111,718	54,091
Owners' equity	65,047	51,780	64,266	53,400

### Accounting Policies

Accounting policies are applied according to generally accepted accounting practice as applied in New Zealand (pre NZ International Financial Reporting Standards). The detailed treatments are listed within the Notes to the Financial Statements.

### Changes in Accounting Policies

There have been no changes in accounting policies and the method in which they are applied during the year.

### Audit Report

These financial statements may not be a complete presentation of all fixed assets falling under the ownership or control of the Group as the Corporation does not have complete records of its land leases and buildings. Records continue to be updated as new information becomes available. The assets included in these financial statements are on the basis of our current understanding at the time of preparation.

Furthermore, some of the Group's fixed assets have been included in the Statement of Financial Position based on valuations performed as disclosed in Note 7. Generally accepted accounting practice requires us to obtain valuations from an independent valuer. It is considered unlikely that the Group will have the resources to achieve this in the immediate future.

It has not been possible to disclose future lease commitments due to the incomplete nature of the Corporation's records on its ground leases (Refer note 17). This is a departure from New Zealand Statement of Standard Accounting Practice No 18 - Accounting for Leases.

The Audit Report is qualified and the fundamental uncertainty noted with regard to these matters.

**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

***Dividends***

A distribution of \$1,838,922 (2012: \$1,779,807) was made to the Cook Islands Government during the year. This comprised of the dividends received from Cook Islands Telecommunication Holdings Limited, Banana Court Company Limited, and Bank of Cook Islands Holdings Corporation .

***Members of the Corporation***

The Honourable Henry Puna, *Chairman*  
The Honourable Teariki Heather  
The Honourable Kiriau Turepu  
The Honourable Mark Brown  
The Honourable Nandi Glassie



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

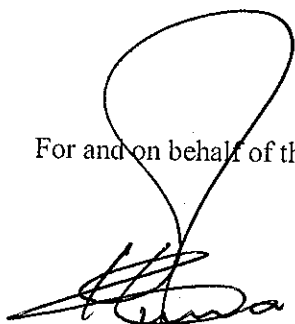
**ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

***Appointment of Auditors***

In compliance with Section 17 of the Cook Islands Investment Corporation Act 1998, KPMG were reappointed as auditor for the 2013 financial year.

For and on behalf of the Members of the Corporation



Prime Minister

17/12/13.

Date



Deputy Prime Minister

20.12.13.

Date



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Parekura House  
Rarotonga  
Cook Islands

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PO Box 691  
Rarotonga  
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## Independent Auditor's Report

### To the Corporation and Group of Cook Islands Government Property Corporation

#### Report on the Corporation and Group Financial Statements

We have audited the accompanying financial statements of Cook Islands Government Property Corporation ("the Corporation") and the group, comprising the Corporation and its subsidiaries, on pages 13 to 47. The financial statements comprise the statements of financial position as at 30 June 2013, the statements of financial performance, movements in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the Corporation and the group.

#### ***Members Of The Corporation's responsibility for the Corporation and group financial statements***

The Members of the Corporation are responsible for the preparation of Corporation and group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate and for such internal control as the Members of the Corporation determines is necessary to enable the preparation of Corporation and group financial statements that are free from material misstatement whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on these Corporation and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Corporation and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Corporation and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on cash flows and our qualified opinion on the financial position and financial performance.

Our firm has also provided other services to the corporation and group in relation to taxation and general accounting services relating to IFRS transition. 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 auditors of the corporation and group. The firm has no other relationship with, or interest in, the corporation and group.

### ***Basis for qualified opinion on financial position and financial performance***

#### **Fundamental Uncertainties**

In forming our qualified opinion we have considered the adequacy of the disclosures made in the financial statements regarding the ownership and completeness of assets.

#### **Ownership and completeness of assets**

As explained in Note 7, the assets disclosed in the financial statements on pages 34 to 38 may not be a complete presentation of all assets falling under the ownership and/or control of the Corporation and Group. The assets presented are included on the basis of the current understanding of the Members at the time the financial statements were prepared.

When deciding which assets should be included in the financial statements on pages 34 to 38, the Members have considered, amongst other things, the assets presented in the initial Statement of Corporate Intent dated 29 April 1998 and approved by Cabinet.

#### **Qualified opinion**

#### **Members' valuation of selected fixed assets**

Except as disclosed in Note 7, fixed assets have been included in the Statement of Financial Position based on valuations performed by the Members. Furthermore, certain assets have been recorded in the financial statements at nil value as disclosed in Note 7. This is due to difficulties experienced in obtaining information relating to these assets.

This treatment is a departure from Financial Reporting Standard No.3 (FRS-3), Accounting for Property, Plant and Equipment, which requires fixed assets to be valued to fair value and for the valuation to be prepared either by an independent valuer, or, where an entity employs a qualified valuer, by an internal valuer, so long as the basis of valuation has been subject to review by an independent valuer.

#### Future lease commitments

As stated in Note 17, the Corporation has not fully disclosed future commitments on its land leases due to incomplete records. This is a departure from the Statement of Standard Accounting Practice No. 18 (SSAP-18), Accounting for Leases and Hire Purchase Contracts, which requires full disclosure of all current and non-current lease commitments in the Financial Statements.

As the Corporation does not have complete records of its leases we were unable to determine the total of any required adjustments to commitments or provisions required for lease liabilities.

In these respects alone:

- we have not obtained all the information and explanations that we have required; and
- we were unable to determine whether proper accounting records have been kept.

Our audit opinion on the financial statements for the year ended 30 June 2012 was also modified in respect of this matter.

#### ***Qualified opinion on financial position and financial performance***

In our opinion, except for the possible effects on the current and corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the financial statements on pages 13 to 47:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of financial position of the Corporation and the group as at 30 June 2013 and of the financial performance of the Corporation and the group for the year then ended.

#### ***Opinion on cash flows***

In our opinion the financial statements on pages 13 to 47 give a true and fair view of the cash flows of the Corporation and the group for the year ending 30 June 2013.

*K Pmg*

23 December 2013

Rarotonga

**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
Trading revenue	2	6,320	619	5,993	732
Other revenue	2	3,818	1,839	3,016	1,780
		<u>10,138</u>	<u>2,458</u>	<u>9,009</u>	<u>2,512</u>
Expenses	3	7,015	2,341	7,240	2,331
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>NET SURPLUS BEFORE TAXATION</b>	3	<b>3,123</b>	<b>117</b>	<b>1,769</b>	<b>181</b>
Taxation expense	4	713	-	648	-
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>NET SURPLUS FOR THE YEAR</b>		<b>2,410</b>	<b>117</b>	<b>1,121</b>	<b>181</b>
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

These accounts should be read in conjunction with the Notes to the Financial Statements on pages 20 to 47



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>OWNERS' EQUITY</b>		<b>65,047</b>	<b>51,780</b>	<b>64,266</b>	<b>53,400</b>
Represented by:					
<b>CURRENT ASSETS</b>					
Cash on hand		961	-	2,239	-
Bank		4,439	-	4,327	-
Short - term deposits		15,013	-	13,435	-
Accounts receivable		2	-	23	-
Sundry debtors and prepayments		285	-	409	-
Related party receivables	5	1,516	1,376	521	1,368
Dividends receivable	5	800	700	600	400
Banking portfolio investments	5,6	6,128	-	5,218	-
Value added tax receivable		-	-	6	-
Property held for sale		-	-	895	-
Income tax receivable		127	-	-	-
Future income tax benefit		24	-	-	-
		<b>29,295</b>	<b>2,076</b>	<b>27,673</b>	<b>1,768</b>
<b>FIXED ASSETS</b>	7	<b>44,529</b>	<b>42,362</b>	<b>45,994</b>	<b>43,980</b>
<b>NON CURRENT ASSETS</b>					
Investments in subsidiaries	8	-	8,205	-	8,205
Investment in associate	9	5,422	-	4,874	-
Investments in shares	10	128	128	138	138
Banking portfolio investments	5,6	38,647	-	32,391	-
Deferred tax asset	13	538	-	523	-
Intangible asset		67	-	125	-
		<b>44,802</b>	<b>8,333</b>	<b>38,051</b>	<b>8,343</b>
<b>TOTAL ASSETS</b>		<b>118,626</b>	<b>52,771</b>	<b>111,718</b>	<b>54,091</b>

These accounts should be read in conjunction with the Notes to the Financial Statements on  
pages 20 to 47

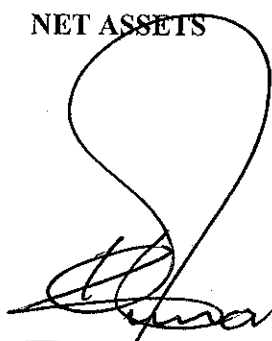


# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2013

	Notes	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>CURRENT LIABILITIES</b>					
Sundry creditors, provisions and accruals	11	1,780	280	1,352	280
Related party payables	5	13,996	-	8,025	-
Banking customer deposits	5,14	35,886	-	32,476	-
Dividends payable	5	700	700	400	400
Income tax payable	12	1	-	146	-
		<b>52,363</b>	<b>980</b>	<b>42,399</b>	<b>680</b>
<b>TERM LIABILITIES</b>					
Banking customer deposits	5,14	1,216	-	1,553	-
Related party payables	5	-	11	3,500	11
		<b>1,216</b>	<b>11</b>	<b>5,053</b>	<b>11</b>
<b>TOTAL LIABILITIES</b>		<b>53,579</b>	<b>991</b>	<b>47,452</b>	<b>691</b>
<b>NET ASSETS</b>		<b>65,047</b>	<b>51,780</b>	<b>64,266</b>	<b>53,400</b>



Prime Minister

17/12/13

Date



Deputy Prime Minister

20.12.13

Date

These accounts should be read in conjunction with the Notes to the Financial Statements on pages 20 to 47



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## STATEMENT OF MOVEMENTS IN EQUITY

**FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>Total recognised revenues and expenses</b>					
Net surplus for the year		2,410	117	1,121	181
<b>Contribution from owners</b>					
Equity injections	5	102	102	762	762
<b>Distribution to owners</b>					
Declared and paid dividends		(1,839)	(1,839)	(1,780)	(1,780)
Tax benefit on dividends		108	-	66	-
<b>Movements in equity for the period</b>		<u>781</u>	<u>(1,620)</u>	<u>169</u>	<u>(837)</u>
<b>Equity at beginning of year</b>		64,266	53,400	64,097	54,237
<b>Equity at end of year</b>		<u>65,047</u>	<u>51,780</u>	<u>64,266</u>	<u>53,400</u>

These accounts should be read in conjunction with the Notes to the Financial Statements on  
pages 20 to 47





# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Receipts from customers	2,278	619	2,324	732
Dividends received	1,400	-	2,200	-
Interest received	4,965	-	3,023	-
Net increase in client term deposit	5,223	-	1,985	-
Net increase in call deposits	919	-	2,305	-
	<u>14,785</u>	<u>619</u>	<u>11,837</u>	<u>732</u>
Cash was applied to:				
Payments to suppliers and employees	2,964	619	3,367	732
Income tax paid	916	-	586	-
Interest paid	1,529	-	1,414	-
Net investment in banking portfolio	6,869	-	939	-
	<u>12,278</u>	<u>619</u>	<u>6,306</u>	<u>732</u>
Net cash inflows from operating activities	<u>2,507</u>	<u>-</u>	<u>5,531</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Sale of fixed assets	1,510	-	101	-
Proceeds from term deposits beyond 3 months	3,098	-	-	-
	<u>4,608</u>	<u>-</u>	<u>101</u>	<u>-</u>
Cash was applied to:				
Purchase of fixed assets	482	-	1,155	762
Investment in term deposits beyond 3 months	-	-	4,192	-
Advance to related parties	140	-	-	-
	<u>622</u>	<u>-</u>	<u>5,347</u>	<u>762</u>
Net cash inflows from investing activities	<u>3,986</u>	<u>-</u>	<u>(5,246)</u>	<u>(762)</u>

These accounts should be read in conjunction with the Notes to the Financial Statements on pages 20 to 47



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**STATEMENT OF CASH FLOWS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash was provided from:				
Equity introduced	-	-	762	762
	<u>-</u>	<u>-</u>	<u>762</u>	<u>762</u>
Cash was applied to:				
Net repayment of term debt	-	-	672	-
Repayment of related party advances	1,445	-	109	-
Dividends paid	1,539	-	2,030	-
	<u>2,984</u>	<u>-</u>	<u>2,811</u>	<u>-</u>
Net cash inflows / (outflows) from financing activities	<u>(2,984)</u>	<u>-</u>	<u>(2,049)</u>	<u>762</u>
Net increase in cash held	<u>3,509</u>	<u>-</u>	<u>(1,764)</u>	<u>-</u>
Add opening cash brought forward	6,566	-	8,330	-
Ending cash carried forward	<u>10,075</u>	<u>-</u>	<u>6,566</u>	<u>-</u>
Cash is made up of:				
Cash on hand	961	-	1,871	-
Bank	4,439	-	908	-
Short term deposits up to 3 months	4,675	-	3,787	-
	<u>10,075</u>	<u>-</u>	<u>6,566</u>	<u>-</u>

These accounts should be read in conjunction with the Notes to the Financial Statements on pages 20 to 47



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>RECONCILIATION OF NET SURPLUS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Reported surplus after taxation	2,410	117	1,121	181
Add / (less): Non cash items				
Depreciation	1,919	1,590	1,804	1,563
Amortisation in investment property	-	-	3	-
Loss / (Gain) on sale of fixed assets	(585)	-	(1)	-
Doubtful debts	(118)	-	402	-
Loss on sale of fixed assets	-	130	-	-
Impairment of share investment	2	2	16	16
Share of associates surplus after tax	(548)	-	(156)	-
(Increase) / decrease in deferred taxation asset	(15)	-	(144)	-
Overstated liability prior year	-	-	-	-
	<u>655</u>	<u>1,722</u>	<u>1,924</u>	<u>1,579</u>
Add / (less): Movements in working capital items				
(Increase) / decrease in receivables	145	-	(1,674)	-
(Increase) / decrease in intangible asset	58	-	58	-
(Increase) / decrease in bank loan portfolio	(6,869)	-	(939)	-
Decrease in related party receivables	-	-	(2)	-
(Increase) / Decrease in dividends receivable	(500)	(300)	150	(250)
Increase / (decrease) in creditors and provisions	497	-	147	20
(Increase) / decrease in loan interest receivable	(179)	-	-	-
Increase / (decrease) in income taxation payable	(188)	-	206	-
Increase / (decrease) in dividends payable	300	300	250	250
Increase / (decrease) in bank customer deposits	6,142	-	4,290	-
(Increase) / decrease in deposit interest receivable	36	-	-	-
	<u>(558)</u>	<u>-</u>	<u>2,486</u>	<u>20</u>
Less: Dividends received by the Government directly from subsidiary as a return of equity	-	(1,839)	-	(1,780)
Net cash inflows from operating activities	<u>2,507</u>	<u>-</u>	<u>5,531</u>	<u>-</u>

These accounts should be read in conjunction with the Notes to the Financial Statements on  
pages 20 to 47



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

### 1. STATEMENT OF ACCOUNTING POLICIES

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

Financial statements for Cook Islands Government Property Corporation (the "Corporation") and consolidated financial statements are presented. The consolidated financial statements comprise the Corporation and its subsidiaries (the "Group") and the Group's interests in associates.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (pre NZ International Financial Reporting Standards). Where no financial reporting standard exists in New Zealand in relation to a particular issue, the accounting policies and disclosures adopted have been determined with regard to other forms of authoritative support.

The financial statements are presented in New Zealand dollars.

To ensure consistency with the current period, comparative figures have been restated where appropriate.

The financial statements have been prepared on the going concern principle, the validity of which is dependent on the continued financial support of its ultimate parent as described in note 21.

#### General Accounting Policies

The Financial statements are prepared under the historical cost method modified for the revaluation of certain assets.

#### Particular Accounting Policies

The following particular accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows, have been applied:

##### (i) Principles of Consolidation

The consolidated financial statements have been prepared from the financial statements of the parent entity and its subsidiaries for the year ended 30 June 2013 using the purchase method.

The equity method has been used for those associate entities in which the Corporation has a significant, but not a controlling interest. All significant transactions between Group entities are eliminated on consolidation.



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

**Particular Accounting Policies (continued)**

**(ii) Revenue**

Revenue shown in the Statement of Financial Performance comprises the amounts received and receivable by the Parent or Group for goods and services supplied to customers in the ordinary course of business. Revenues are stated exclusive of Value Added Tax collected from customers.

Rental income is accounted for on an accruals basis.

Dividend income is recognised when the dividend has been declared.

**(iii) Interest income / fee income / interest expense**

- Interest income is recognised on an accrual basis. Interest on loans ceases to be recognised as income in the statement of financial performance where the account is 90 days in arrears.
- Interest expense is accounted for on an accrual basis.
- Fee income is taken to account on an accrual basis. Dormant account fees are charged on accounts which have been dormant greater than two years at a rate of ten dollars per quarter. Application fees are recognised when the loan is drawn down.

**(iv) Currency of representation / foreign currency translation**

The Financial Statements are stated in New Zealand Dollars (NZD).

Any assets and liabilities denominated in foreign currencies are translated at period end rates, while foreign currency revenue and expense items are translated at the exchange rate current at the date at which these items were recognised in the accounts.

**(v) Taxation**

The parent entity is exempt from taxation under the Income Tax Act 1997.

In respect of the group subsidiaries that are not exempt from taxation, the following have been adopted:

- the liability method of accounting for deferred taxation;



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

**Particular Accounting Policies (continued)**

(v) Taxation (*continued*)

- the taxation charge against the surplus for the year is the estimated liability in respect of that surplus after allowance for permanent differences. This is the comprehensive basis for the calculation of deferred taxation; and
- future taxation benefits attributable to timing differences or losses carried forward are recognised in the Statement of Financial Position only where there is virtual certainty that the benefit of the timing differences or losses will be utilised by the subsidiaries.

(vi) Short-term deposits

Short-term cash deposits are purchased with the intent and ability to hold until maturity and are recorded at cost plus accrued interest.

(vii) Receivables

Receivables are stated at estimated realisable value after providing against debts where collection is doubtful.

(viii) Investments

Investments in associate entities are stated at the lower of cost and the fair value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

Investments in subsidiaries are stated at the lower of cost and realisable value.

Other investments are stated at the lower of cost and realisable value.

(ix) Banking portfolio investments

Loans are valued at net realisable value, after provisions.

Applicable security is obtained depending on the size and nature of loans.

(x) Provisions for doubtful debts for banking portfolio investments

Provision is made for specific loans where recovery is considered doubtful or they have become non-performing. Provision is made in accordance with the Financial Supervisory Commission's prudential guidelines based on asset classifications being pass (0%), special mention (5%), substandard (20%), doubtful (50%) and loss (100%). There is no general provision against loans.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### Particular Accounting Policies (continued)

- (x) Provisions for doubtful debts for banking portfolio investments (*continued*)

Loans are valued at net realisable value after provisions.

Applicable security is obtained depending on the size and nature of the loans.

All bad debts are written off against specific provisions in the period in which they become classified as irrecoverable.

- (xi) Fixed Assets

All Fixed assets are held at cost with the exception of buildings. Buildings are held at cost, deemed cost and old valuations. 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 and are 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.

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.

The cost of assets constructed by the Group includes the cost of all materials used in construction, direct labour on the project, financing costs that are directly attributable to the project. Costs cease to be capitalised as soon as the asset is ready for productive use and do not include any inefficiency costs.

- (xii) Depreciation

Depreciation is charged on a straight line basis so as to write off the cost or valuation 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:

Leased land and leasehold improvements	term of the lease
Buildings	40 years
Furniture and fittings	10 years
Motor vehicles	4 years
Office equipment	3-5 years
Marine equipment	5 years
Harbours	20 years
Runways	20 years



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

**Particular Accounting Policies (continued)**

**(xiii) Leased Assets**

Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the Statement of Financial Performance in the periods in which they are incurred.

**(xiv) Financial Instruments**

The Corporation does not undertake any transactions of an off balance sheet nature.

The nature of activities and management policies with respect to financial instruments are:

*Liquidity*

Within the Group, the Bank of the Cook Islands Limited monitors its liquidity position in accordance with prudential guidelines and ADB funding covenants.

*Credit Risk*

Credit risk is the risk that a loss may occur from the failure of a counterparty to perform according to the terms of a contract.

Within the Group, the Bank of the Cook Islands Limited monitors credit risk through credit policies and security ratio limits. The exposure is monitored on an on-going basis. Security is required in respect of most lending. There are various securities which the Banks hold. These include, but are not limited to, mortgages over lease and occupation rights, personal and company guarantees and Instruments by Way of Security.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position. 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.





# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### Particular Accounting Policies (continued)

#### (xiv) Financial Instruments (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. Within the Group, the Bank of the Cook Islands Limited during their normal course of business, is exposed to interest rate risk. This risk is hedged to some extent given that the Banks have interest bearing assets and liabilities. The Banks regularly monitor interest rate levels and differentials.

##### *Currency Risk*

Currency risk is the risk of unexpected fluctuations in the exchange rate. The Corporation does not hold any material foreign currency assets or liabilities.

##### *Fair Values*

The fair value of all financial assets and liabilities is the equivalent of their carrying values. Interest rates are reviewed on a quarterly basis to ensure they are kept in line with market interest rate movements.

##### *Segmental Reporting*

The Group operates in two geographical segments being the Cook Islands and New Zealand and in four industries being banking, communications, event management and property.

#### (xv) 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, cash at bank and short term deposits in banks with maturity less than 3 months, net of bank overdrafts.
- b) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.
- c) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group.
- d) Operating activities include all transactions and other events that are not investing or financing activities.

#### (xvi) Impairment

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Financial Performance.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### Particular Accounting Policies (continued)

(xvii) Intangible assets

Intangible assets are stated at cost and amortised on a straight line basis over their useful life. The estimated useful life of intangible assets are as follows:

- National stadium naming rights      5 years.

(xviii) Property held for sale

Property held for sale is classified as a current asset and recorded at the lower of carrying value and net realisable value.

### Changes in Accounting Policies

No change in accounting policies during the year.

### Adoption of International Financial Reporting Standards

The corporation intends to first time adopt International Financial Reporting Standards (IFRS) in the year ending 30 June 2014. The impact has not yet been assessed.

## 2. OPERATING REVENUE

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
Trading revenue				
Rental income	865	619	1,021	732
Interest on banking portfolio assets	4,362	-	3,956	-
Fees on banking portfolio assets	1,093	-	1,016	-
	<u>6,320</u>	<u>619</u>	<u>5,993</u>	<u>732</u>
Other revenue				
Equity accounted earnings of associate	2,148	-	1,956	-
Dividends received	-	1,839	-	1,780
Sundry revenue	231	-	197	-
Other interest	724	-	863	-
Gain on sale of property held for sale	715	-	-	-
	<u>3,818</u>	<u>1,839</u>	<u>3,016</u>	<u>1,780</u>
Total operating revenue	<u>10,138</u>	<u>2,458</u>	<u>9,009</u>	<u>2,512</u>



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>3. NET SURPLUS BEFORE TAXATION</b>				
Net surplus before taxation	3,123	117	1,769	181
After charging:				
Advertising	124	-	136	-
Audit fees	138	-	110	-
Other fees paid to auditors	4	-	2	-
Increase / (decrease) in provision for doubtful debts	(118)	-	402	-
Depreciation:				
Leased land	14	14	14	14
Buildings	1,511	1,389	1,506	1,377
Infrastructural – Ports facilities	25	25	25	25
Infrastructural – Airport facilities	6	6	6	6
Leasehold improvements	14	-	5	-
Motor vehicles	10	-	10	-
Furniture and fittings	10	-	6	-
Office equipment	14	-	18	-
Equipment	156	156	141	141
Management information systems	159	-	73	-
Impairment of assets	2	2	16	16
Directors fees and expenses	43	-	48	-
Interest expense	1,565	-	1,450	-
Loss on disposal of fixed assets	130	130	-	-
Office supplies and communication	242	-	247	-
Personnel costs	1,675	-	1,585	-
Rental and operating lease costs	16	-	37	20
Repairs and maintenance	246	-	244	-
Sponsorship	6	-	7	-
Transfer of revenue to Cook Islands Investment- Corporation	619	619	732	732
Other operating expenses	404	-	420	-
Total Expenses	<u>7,015</u>	<u>2,341</u>	<u>7,240</u>	<u>2,331</u>

The audit fees disclosed above relate to the Bank of the Cook Islands Holdings Corporation only. All other audit fees are borne by Cook Islands Investment Corporation (the parent of Cook Islands Government Property Corporation) or Telecom Cook Islands Limited, an associate company of Cook Islands Telecommunication Holdings Ltd that is equity accounted and not consolidated.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>4. INCOME TAX EXPENSE</b>				
The income tax expense has been calculated as follows:				
Net surplus before taxation	3,123	117	1,769	181
Plus / (less)				
Net surplus for tax exempt entities	(117)	(117)	(177)	(181)
Dividends paid and proposed	1,839	1,839	1,780	1,780
	<u>4,845</u>	<u>1,839</u>	<u>3,372</u>	<u>1,780</u>
Equity accounted earnings from associate	(548)	-	(156)	-
	<u>4,297</u>	<u>1,839</u>	<u>3,216</u>	<u>1,780</u>
Prima facie taxation at 20%	859	368	643	356
Plus / (less):				
Adjustment for tax at other rates	(61)	-	(2)	-
Non deductible / taxable items	(121)	-	3	-
Non recognition of deferred tax	-	-	4	-
Dividends non deductible	-	(368)	-	(356)
Tax losses used	36	-	-	-
Income tax expense	<u>713</u>	<u>-</u>	<u>648</u>	<u>-</u>

#### The income tax expense is represented by:

Tax payable in respect of the current year (Note 12)	728	-	792	-
Deferred taxation (Note 13)	(15)	-	(144)	-
	<u>713</u>	<u>-</u>	<u>648</u>	<u>-</u>

#### Income tax losses carried forward:

Individual entities within the Group have combined carried forward tax losses of \$100,544 (2012: \$222,646). These tax losses are unable to be offset and can only be used by the individual companies.

These tax losses have no expiry date provided there is 40% continuity in ownership and the taxation laws in relation to these don't change.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>5. RELATED PARTIES</b>				
<u>Related party receivables</u>				
Current:				
Cook Islands Broadcasting Corporation	17	17	17	17
Cook Islands Investment Corporation	1,465	1,359	504	503
Cook Islands Property Corporation (NZ) Limited	-	-	-	848
Government of Cook Islands (Foreign Affairs)	34	-	-	-
	<u>1,516</u>	<u>1,376</u>	<u>521</u>	<u>1,368</u>

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

Dividends receivable:				
Telecom Cook Islands Limited	800	-	600	-
Cook Islands Telecommunication Holdings Limited	-	700	-	400
	<u>800</u>	<u>700</u>	<u>600</u>	<u>400</u>

In accordance with the requirements of the Cook Island Government Property Corporation Act 1969, the dividend receivable from Telecom Cook Islands Limited is paid directly to the ultimate shareholder, the Cook Islands Government.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
5. RELATED PARTIES (continued)				

### Related party payables

#### Current:

Cook Islands Investment Corporation	1	-	595	-
Government of the Cook Islands	13,995	-	7,430	-
	<u>13,996</u>	<u>-</u>	<u>8,025</u>	<u>-</u>

The balances are repayable on demand, unsecured and no interest is payable.

The current payable to the Government of the Cook Islands includes term deposits with Bank of the Cook Islands of \$13,356,880 (2012: \$6,788,280). The remaining balance payable to the Government of the Cook Islands and the payable to Cook Islands Investment Corporation is due from Cook Islands Property Corporation NZ Limited, Cook Islands Telecommunication Holdings Limited, and Banana Court Company Limited. These balances do not have fixed repayment terms, however each related party above has committed itself to not seek payment for a period of at least twelve months or until the company has the ability to repay the debt.

Included in banking customer deposits are deposits from Cook Islands Government Departments and other entities ultimately owned by the Cook Islands Government. These deposits total \$23,180,951 (2012: \$18,426,383). Interest rates on these balances range from 2.85% to 5.65%. (2012: 2.5% to 7.5%)



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>5. RELATED PARTIES (continued)</b>				
Dividends payable:				
Government of the Cook Islands	700	700	400	400
<u>Related party payables</u>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Term:				
Government of the Cook Islands	-	-	3,500	-
Cook Islands Telecommunication Holdings Limited	-	1	-	1
Bank of Cook Islands Holding Corporation	-	10	-	10
	<u>-</u>	<u>11</u>	<u>3,500</u>	<u>11</u>

The balances do not have fixed repayment terms, are unsecured and do not bear interest.

The term payable to the Government of the Cook Islands includes term deposits with Bank of the Cook Islands of nil. (2012: \$3.5 million.)

### Material related party transactions

- Group entities undertake numerous transactions with other Government entities. These transactions are not material, are conducted at commercial rates and have therefore not been disclosed separately.
- The Group purchased electricity of \$82,966 (2012: \$89,060) from Te Aponga Uira O Tumu-te-Varovaro which is a Government entity.
- The Group provides telecommunication services to various Government entities through its associate, Telecom Cook Islands Limited. The group paid \$58,397 (2012: \$57,315) to Telecom Cook Islands for telecommunication services.
- 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.
- The property owned by Cook Islands Property Corporation (NZ) Limited and tenanted by the Ministry of Foreign Affairs and Immigration is not generating revenue.
- The parent entity made a revenue transfer of \$618,782 (2012: \$732,158) to Cook Islands Investment Corporation in accordance with Section 31 (2) of the Cook Islands Investment Corporation Act 1998. The transfer has been expensed within the Statement of Financial Performance of the parent entity.
- Bank of the Cook Islands Limited paid interest of nil (2012: \$3,566) to the Government of the Cook Islands on the term loan, on lent from Asian Development Bank.



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

**5. RELATED PARTIES (continued)**

Material related party transactions (continued)

- h. The 2009 Pacific Mini Games concluded early in October 2009. The assets held by 2009 Pacific Mini Games Limited and relating to accommodating the representatives have been sold. Sporting equipment have been bequeathed to the appropriate Cook Islands Sporting bodies. The company was struck off the Companies Office register on the 4<sup>th</sup> October 2010.
- i. Equity injection in 2013 was \$102,083 (2012: \$762,234) being asset transfers from Cook Islands Investment Corporation for the Telecom Sports Arena Waste Water project.
- j. The parent received dividends of \$1,838,922 (2012: \$1,780,000) from subsidiaries. These dividends were then paid to the shareholder, Cook Islands Investment Corporation. The group received a tax benefit of \$107,782 (2012:\$66,000) as these dividends were ultimately paid to a tax pay entity being Cook Islands Investment Corporation.





# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

### 6. BANKING PORTFOLIO INVESTMENTS

Within the Group, the Bank of Cook Islands Limited hold banking portfolio investments. The following is a summary of the loans portfolio by industry sector as at 30 June.

	Total		Due within One Year		Over One year	
	2013	2012	2013	2012	2013	2012
Agriculture	77	73	22	19	55	54
Fishing	21	26	9	7	12	19
Pearls	5	2	4	2	1	-
Consumer	7,461	7,074	2,995	2,762	4,466	4,312
Business	10,971	3,787	1,433	757	9,538	3,030
Housing	20,520	22,633	1,522	1,770	18,998	20,863
Staff	2,314	2,336	157	151	2,157	2,185
Tourism	6,221	4,408	690	433	5,531	3,975
	<u>47,590</u>	<u>40,339</u>	<u>6,832</u>	<u>5,901</u>	<u>40,758</u>	<u>34,438</u>
LESS						
Provision for doubtful loans:	2,815	2,730	704	683	2,111	2,047
Net portfolio	<u>44,775</u>	<u>37,609</u>	<u>6,128</u>	<u>5,218</u>	<u>38,647</u>	<u>32,391</u>

The loan portfolio primarily comprises housing, consumer, tourism and business development loans. Housing loans attract interest rates of 6.4% to 16.25% (2012: 8.5% to 16.50%) whereas 8.85% to 13% (2012: 8.5% to 16.50%) applies to developmental (including business) loans. Interest rates of 9.25% to 16.5% (2012: 9.50% to 16.50%) are applicable on consumer loans.



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2013**

**7. FIXED ASSETS**

<u>30 June 2013</u>	Cost / Valuation \$000	Accum Depn \$000	Net Book Value \$000
<b>Group</b>			
Airports facilities	127	44	83
Buildings	59,274	18,715	40,559
Freehold land	428	-	428
Furniture and fittings	275	213	62
Leased land	1,081	87	994
Leasehold improvements	125	49	76
Marine equipment	18	18	-
Motor vehicles	177	98	79
Office equipment	3,063	2,597	466
Plant and equipment	2,001	539	1,462
Ports facilities	493	173	320
	<u>67,062</u>	<u>22,533</u>	<u>44,529</u>
<b>Parent</b>			
Buildings	56,898	17,394	39,504
Leased land	1,081	87	994
Ports facilities	492	172	320
Airport facilities	127	44	83
Plant and equipment	2,001	540	1,461
	<u>60,599</u>	<u>18,237</u>	<u>42,362</u>



**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2013**

**7. FIXED ASSETS (continued)**

	Cost / Valuation \$000	Accum Depn \$000	Net Book Value \$000
<u>30 June 2012</u>			
<b>Group</b>			
Airports facilities	127	38	89
Buildings	59,446	17,267	42,179
Freehold land	428	-	428
Furniture and fittings	244	202	42
Leased land	1,081	73	1,008
Leasehold improvements	91	35	56
Marine equipment	18	18	-
Motor vehicles	106	92	14
Office equipment	2,762	2,444	318
Plant and Equipment	1,899	384	1,515
Ports facilities	492	147	345
	<hr/> 66,694	<hr/> 20,700	<hr/> 45,994
<b>Parent</b>			
Buildings	57,091	16,068	41,023
Leased land	1,081	73	1,008
Ports facilities	492	147	345
Airport facilities	127	38	89
Plant and equipment	1,899	384	1,515
	<hr/> 60,690	<hr/> 16,710	<hr/> 43,980



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### 7. FIXED ASSETS (continued)

#### Valuation Basis:

Details of the valuation basis of each significant class of fixed assets within the Group as at 30 June 2013 are set out below:

	Cost / Valuation \$000	Accum Depn \$000	Net Book Value \$000
<u>Buildings</u>			
<i>Parent</i>			
Cook Islands Government Property Corporation:			
- Auditorium and Surrounding Buildings	13,475	5,390	8,085
- Rental houses	1,891	541	1,350
- Rarotonga Hospital Administration	1,143	343	800
- Multi Sports Complex	7,914	526	7,388
- Court House	3,800	823	2,977
- Police Headquarters	3,456	532	2,924
- Other	25,219	9,239	15,980
	<u>56,898</u>	<u>17,394</u>	<u>39,504</u>
<i>Rest of Group</i>			
Cook Islands Property Corporation (NZ) Limited:	240	94	146
Bank of the Cook Islands Limited:	2,136	1,227	909
	<u>59,274</u>	<u>18,715</u>	<u>40,559</u>

Buildings are held at cost, deemed cost and old valuations as detailed below:

- Rental houses were valued by John McElhinney of Rarotonga, a registered valuer, in May 1999 and are held at this valuation.
- The Rarotonga Hospital Administration Block is valued 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.
- All other Cook Islands Government Property Corporation buildings are stated at the valuation initially recorded in the 1996/97 statutory accounts for the Government of the Cook Islands less accumulated depreciation.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### 7. FIXED ASSETS (continued)

The building owned by Cook Islands Property Corporation (NZ) Limited is valued at cost less accumulated depreciation. In August 2010 Darroch Limited provided valuations on the building based on indemnity values as follows:

Mulgrave Street Wellington: depreciated replacement cost is \$602,000. (Total market value is \$1,500,000, containing \$1,000,000 value of land and \$500,000 value of building. Valuation was provided by DTZ New Zealand Limited in October 2008.)

The building owned by Bank of the Cook Islands Limited is valued at cost less accumulated depreciation.

This building was valued in August 2006 by Colliers International at \$1,950,000.

	Cost / Valuation \$000	Accum Depn \$000	Net Book Value \$000
<u>Freehold Land</u>			
<i>Group</i>			
Cook Islands Property Corporation (NZ) Limited	428	-	428

Freehold land at Mulgrave Street Wellington is valued at cost - \$428,042.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### 7. FIXED ASSETS (continued)

#### Leased Land

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

All other assets are stated at cost less depreciation.

#### Completeness and Valuation of Assets

The list of fixed assets may not be a complete presentation of assets falling under the ownership of the Corporation and Group. In addition some assets have been recorded at nil value due to the absence of adequate and reliable information.

#### Restrictions on Disposals

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

#### 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 and are recognised directly in equity as a contribution from owner.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

### 8. INVESTMENTS IN SUBSIDIARIES

	Parent 2013 \$000	Parent 2012 \$000
Banana Court Company Limited	10	10
Development Finance Limited	10	10
Cook Islands Property Corporation (NZ) Limited	10	10
Cook Islands Telecommunication Holdings Limited	1,019	1,019
Bank of the Cook Islands Holdings Corporation	7,156	7,156
	<u>8,205</u>	<u>8,205</u>

All subsidiary entities are wholly owned.

<i>Entity</i>	<i>Country of incorporation</i>	<i>Ownership interest (%)</i>	<i>Principal activity</i>
Banana Court Company Limited	Cook Islands	100	Property manager
Bank of the Cook Islands Holdings Corporation	Cook Islands	100	Banking
Cook Islands Property Corporation (NZ) Limited	New Zealand	100	Property owner and manager
Cook Islands Telecommunication Assets Limited	Cook Islands	100	Non trading
Cook Islands Telecommunication Holdings Limited	Cook Islands	100	Holding company
Development Finance Limited	Cook Islands	100	Non trading
Suwarrow Development Corporation Limited	Cook Islands	100	Non trading



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>9. INVESTMENT IN ASSOCIATE</b>				
<u>Carrying Amount of Associate</u>				
Carrying amount at beginning of year	4,874	-	4,718	-
Equity accounted earnings of associate	2,148	-	1,956	-
Dividends from associate	(1,600)	-	(1,800)	-
	<u>5,422</u>	<u>-</u>	<u>4,874</u>	<u>-</u>
<u>Equity Accounted Earnings of Associate</u>				
Equity accounted earnings comprise:				
Surplus before income tax	2,291	-	1,997	-
Income tax credit	(143)	-	(41)	-
	<u>2,148</u>	<u>-</u>	<u>1,956</u>	<u>-</u>

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.

At 30 June 2013 Investment in Associate comprises:

	Percentage interest	Balance date
Telecom Cook Islands Limited	40%	30 June

Telecom Cook Islands Limited is incorporated in the Cook Islands and provides telecommunication services to the Cook Islands.

## 10. INVESTMENT IN SHARES

Asian Development Bank	128	128	128	128
Pacific Forum Line Limited	-	-	10	10
	<u>128</u>	<u>128</u>	<u>138</u>	<u>138</u>

During the year the Samoan Government purchased all the shares in Pacific Forum Line Limited for \$8,108 resulting in a loss on sale of \$1,913.





**COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 30 JUNE 2013**

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
<b>11. SUNDRY CREDITORS AND ACCRUALS</b>				
Employee entitlements	248	-	224	-
Lease provisions	280	280	280	280
Deposit held pending sale of asset	-	-	100	-
Audit fee accrual	109	-	85	-
Interest accrual	464	-	428	-
Other	679	-	235	-
	<u>1,780</u>	<u>280</u>	<u>1,352</u>	<u>280</u>

The lease provision relates to outstanding rent reviews and lease payments to land owners expected to be settled within the next 12 months. CIGPC have estimated the provision based on the current status of negotiations with landowners and other available information.

**12. INCOME TAX RECEIVABLE AND PAYABLE**

Income tax receivable - 1 July 2012	(146)	-	(6)	-
Tax on surplus for the year (Note 4)	(728)	-	(792)	-
Income tax paid	916	-	586	-
Tax benefit on dividend paid	108	-	66	-
Income tax receivable / (payable) - 30 June 2013	<u>150</u>	<u>-</u>	<u>(146)</u>	<u>-</u>
Tax receivable	127	-	-	-
Tax Payable	(1)	-	(146)	-
Future income tax benefit	24	-	-	-
	<u>150</u>	<u>-</u>	<u>(146)</u>	<u>-</u>

**13. DEFERRED TAXATION ASSET**

Deferred taxation asset – 1 July 2012	523	-	379	-
Deferred tax recognised in the statement of financial performance (Note 4)	15	-	144	-
Deferred taxation asset – 30 June 2013	<u>538</u>	<u>-</u>	<u>523</u>	<u>-</u>



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

### 14. BANKING CUSTOMER DEPOSITS

Current	35,886	-	32,476	
Term: One to two years	1,216	-	1,553	
	<u>37,102</u>	<u>-</u>	<u>34,029</u>	<u>-</u>

Customer deposits yield interest rates between 0% and 6.75% (2012: 1.33% and 4.63%) and are unsecured.

### 15. SEGMENTAL INFORMATION

#### (i) Industry Segments

The Parent Company operates primarily in the property investment and management sectors. The group also operates in the banking and communication sectors.

	Segment Revenues		Segment Results		Segment Assets	
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
Banking	6,548	6,166	1,532	1,111	67,279	59,547
Communications	2,160	1,969	1,837	1,606	6,607	5,771
Events Management	-	-	-	(4)	-	-
Property	3,280	2,664	880	187	53,645	55,881
Eliminations	(1,850)	(1,790)	(1,839)	(1,779)	(8,905)	(9,481)
<b>Consolidated</b>	<b>10,138</b>	<b>9,009</b>	<b>2,410</b>	<b>1,121</b>	<b>118,626</b>	<b>111,718</b>

All transactions between segments are priced on an arm length/market basis.

#### (ii) Geographic Segments

The Group operates primarily in the Cook Islands. It also operates in New Zealand.

	Segment Revenues		Segment Results		Segment Assets	
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
New Zealand	740	65	729	(27)	724	1,551
Cook Islands	9,398	8,944	1,681	1,148	117,902	110,167
<b>Consolidated</b>	<b>10,138</b>	<b>9,009</b>	<b>2,410</b>	<b>1,121</b>	<b>118,626</b>	<b>111,718</b>



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

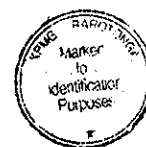
### NOTE 16: INTEREST RATE REPRICING SCHEDULE

Group 30 June 2013	Weighted Average Interest	Note	Total	0-6 months	6-12 months	1-5 years	Over 5 years	Non Sensitive
<b>Assets</b>								
Cash on hand and at bank	0.97%		5,400	5,400	-	-	-	-
Short term deposits	4.44%		15,013	6,853	2,834	5,326	-	-
Stundry debtors	N/A		285	-	-	-	-	285
Deferred tax	N/A	13	538	-	-	-	-	538
Banking portfolio investments	10.41%	5,6	44,775	44,775	-	-	-	-
Fixed assets	N/A	7	44,529	-	-	-	-	44,529
Related party receivables	N/A	5	1,516	-	-	-	-	1,516
Dividends receivable	N/A	5	800	-	-	-	-	800
Accounts & Tax receivable	N/A		2	-	-	-	-	2
Intangible Asset	N/A		67	-	-	-	-	67
Investment in associate	N/A	9	5,422	-	-	-	-	5,422
Investment in shares	N/A	10	128	-	-	-	-	128
Income tax receivable	N/A		127	-	-	-	-	127
Future income tax benefit	N/A		24	-	-	-	-	24
<b>Total assets</b>			<b>118,626</b>	<b>57,028</b>	<b>2,834</b>	<b>5,326</b>	<b>-</b>	<b>53,438</b>
<b>Liabilities &amp; Equity</b>								
Stundry creditors and accruals	N/A	11	1,780	-	-	-	-	1,780
Related party payable	4.99%	5	13,996	11,857	1,500	-	-	639
Income tax payable	N/A		1	-	-	-	-	1
Banking customer deposits	3.58%	5,14	37,102	25,034	10,855	1,213	-	-
Dividends payable	N/A	5	700	-	-	-	-	700
Equity	N/A		65,047	-	-	-	-	65,047
<b>Total liabilities &amp; equity</b>			<b>118,626</b>	<b>36,891</b>	<b>12,355</b>	<b>1,213</b>	<b>-</b>	<b>68,167</b>
<b>Interest Rate Gap</b>			<b>-</b>	<b>20,137</b>	<b>(9,521)</b>	<b>4,113</b>	<b>-</b>	<b>(14,729)</b>

The maturity of financial assets and liabilities is disclosed in the individual notes.

Group 30 June 2012	Weighted Average Interest	Note	Total	0-6 months	6-12 months	1-5 years	Over 5 years	Non Sensitive
<b>Assets</b>								
Cash on hand and at bank	0.70%		6,566	6,566	-	-	-	-
Short term deposits	4.90%		13,435	4,297	6,706	2,432	-	-
Stundry debtors	N/A		409	-	-	-	-	409
Deferred tax	N/A	13	523	-	-	-	-	523
Banking portfolio investments	10.88%	5,6	37,609	37,609	-	-	-	-
Fixed assets	N/A	7	45,994	-	-	-	-	45,994
Related party receivables	N/A	5	521	-	-	-	-	521
Dividends receivable	N/A	5	600	-	-	-	-	600
Accounts & Tax receivable	N/A		29	-	-	-	-	29
Intangible Asset	N/A		125	-	-	-	-	125
Investment in associate	N/A	9	4,874	-	-	-	-	4,874
Investment in shares	N/A	10	138	-	-	-	-	138
Property held for sale	N/A		895	-	-	-	-	895
<b>Total assets</b>			<b>111,718</b>	<b>48,472</b>	<b>6,706</b>	<b>2,432</b>	<b>-</b>	<b>54,108</b>
<b>Liabilities &amp; Equity</b>								
Stundry creditors and accruals	N/A	11	1,352	-	-	-	-	1,352
Related party payable	4.36%	5	11,525	8,025	-	3,500	-	-
Income tax payable	N/A		146	-	-	-	-	146
Banking customer deposits	4.63%	5,14	34,029	26,674	5,802	1,553	-	-
Dividends payable	N/A	5	400	-	-	-	-	400
Equity	N/A		64,266	-	-	-	-	64,266
<b>Total liabilities &amp; equity</b>			<b>111,718</b>	<b>34,699</b>	<b>5,802</b>	<b>5,053</b>	<b>-</b>	<b>66,164</b>
<b>Interest Rate Gap</b>			<b>-</b>	<b>13,773</b>	<b>904</b>	<b>(2,621)</b>	<b>-</b>	<b>(12,056)</b>

The maturity of financial assets and liabilities is disclosed in the individual notes.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

### NOTE 16: INTEREST RATE REPRICING SCHEDULE (Continued)

Parent 30 June 2013	Weighted Average Interest	Note	Total	0-6 months	6-12 months	1-2 years	Over 5 years	Non Sensitive
<b>Assets</b>								
Fixed assets	N/A	7	42,362	-	-	-	-	42,362
Related party receivables	N/A	5	1,376	-	-	-	-	1,376
Dividends receivable	N/A	5	700	-	-	-	-	700
Investments in subsidiaries	N/A	8	8,205	-	-	-	-	8,205
Investment in shares	N/A	10	128	-	-	-	-	128
<b>Total assets</b>			<b>52,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,771</b>
<b>Liabilities &amp; Equity</b>								
Steady creditors and accruals	N/A	11	280	-	-	-	-	280
Related party payable	N/A	5	11	-	-	-	-	11
Dividends payable	N/A	5	700	-	-	-	-	700
Equity	N/A		51,780	-	-	-	-	51,780
<b>Total liabilities &amp; equity</b>			<b>52,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,771</b>
<b>Interest Rate Gap</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Parent 30 June 2012</b>	<b>Weighted Average Interest</b>	<b>Note</b>	<b>Total</b>	<b>0-6 months</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>Over 5 years</b>	<b>Non Sensitive</b>
<b>Assets</b>								
Fixed assets	N/A	7	43,980	-	-	-	-	43,980
Related party receivables	N/A	5	1,368	-	-	-	-	1,368
Dividends receivable	N/A	5	400	-	-	-	-	400
Investments in subsidiaries	N/A	8	8,205	-	-	-	-	8,205
Investment in shares	N/A	10	138	-	-	-	-	138
<b>Total assets</b>			<b>54,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,091</b>
<b>Liabilities &amp; Equity</b>								
Steady creditors and accruals	N/A	11	280	-	-	-	-	280
Related party payable	N/A	5	11	-	-	-	-	11
Dividends payable	N/A	5	400	-	-	-	-	400
Equity	N/A		53,400	-	-	-	-	53,400
<b>Total liabilities &amp; equity</b>			<b>54,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,091</b>
<b>Interest Rate Gap</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

### 17. FINANCIAL AND CONTRACTUAL COMMITMENTS

#### Bank of the Cook Islands Limited

At balance date the Bank had approved loan facilities which had not been disbursed to the value of \$1,575,154 (2012: \$1,215,905).

#### Cook Islands Government Property Corporation

Cook Islands Government Property Corporation is a party to long term land leases. Most of these leases are for 20-30 year terms and are perpetually renewable. It has not been possible to disclose the future commitments due to the incomplete nature of the Corporation's records on its leases.

There were no further financial or contractual commitments as at balance date.

### 18. OPERATING LEASE OBLIGATIONS

Obligations payable after balance date on operating leases not subject to cancellation are as follows:

	Group 2013 \$000	Parent 2013 \$000	Group 2012 \$000	Parent 2012 \$000
Within one year	6	-	6	-
One to two years	6	-	6	-
Two to five years	16	-	16	-
Beyond five years	48	-	54	-
	<u>76</u>	<u>-</u>	<u>82</u>	<u>-</u>

### 19. CONTINGENT LIABILITIES

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.



# COOK ISLANDS GOVERNMENT PROPERTY CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013

### 19. CONTINGENT LIABILITIES (continued)

#### Land Warrant

In 2008 the Corporation initially entered into a Lease for 60 years for a parcel of land situated on Tepuka Section 106C. It paid consideration of \$525,875 to the Church for the granting of the Lease. The purpose of obtaining the Lease was to construct an indoor multi sports complex. The funding of the same was from Chinese Aid. As a result of challenges to the legal validity of the Lease by descendants of historical landowners the Government took the land by Warrant pursuant to Section 357 of the Cook Islands Act 1915. In taking the land by warrant the Government was legally obliged to compensate the CIC Church as Landowners for the compulsory acquisition. An application to determine compensation and seeking some \$2.75m was filed in the High Court. That application has not been heard.

If and when the Court determines the amount of compensation, this will become a crown liability pursuant to Section 24 of the Crown Proceedings Act 1950 and there will be no opportunity to fall back on the Lease position. Consequently the Corporation has prepared a briefing paper for Government to re-consider its options including revoking the warrant taking the land before compensation is determined and /or paid and falling back onto the Lease.

Cabinet resolved, CM(11) 0371, on 12<sup>th</sup> September 2011 to revoke the warrant and continue with its Lease the consideration of which has been paid in full. The compensation application was called in the October Land Court session where we believed that the proceedings would be struck out save as to costs. Instead the matter was adjourned for submission to be filed and served by the Church on or before 31<sup>st</sup> January 2012 and for the Corporation to respond taking the land was revoked or whether the Lease remained extinguished having been extinguished when the land was taken by warrant. If the latter then the Corporation does not have a lease nor owns the land by warrant (i.e. has no legal interest in the land) but will have to pay legal costs of approximately \$60,000.

To date no submission has been filed by the Church, the Corporation is seeking legal advice to settle this claim.

The Corporation may cover the Church's legal costs in order to bring the proceedings to an end. This is estimated to be up to \$40,000.

In relation to the Australian maritime surveillance houses on the Tepuka land in late 2011 the Church requested that the Corporation enter into a new lease for the houses or vacate the properties. The Church has requested \$960,000 for new leases plus \$450,000 for back rentals from 1999. The Corporation dispute both these claims and their position is that these houses were never surrendered in 1999 and both parties have acted at all times as if there was no surrender of these properties in 1999. The Corporations through it's lawyer has written to the Church outlining it's position and supporting evidence. To date there has been no response from the Church's lawyer on this.

There were no further contingent liabilities as at balance date.



**7. TRANSFER BACK**

- 7.1** If the purchaser ceases to use the land or part of the land as defined in clause 7.3 below for the Specified Purpose the purchaser may transfer the land or that part of the land back to the vendor for consideration of not more than the purchase price per square metre such consideration to be calculated at 5% less than the purchase price per square metre for each whole year that the land or that part of the land is in possession of the purchaser and as described in Schedule 2 attached to this agreement until the consideration to be paid to the vendor reduces to \$1.00, thereafter the land or that part of the land must be transferred back to the vendor for the nominal consideration of \$1.00.
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# **COOK ISLANDS GOVERNMENT PROPERTY CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2013**

### **20. ULTIMATE PARENT**

The Corporation is wholly owned by the Government. Under the provisions of the Cook Islands Government Property Corporation Act 1969 and Cook Islands Investment Corporation Act 1998 the Corporation is considered to be an in-substance subsidiary of Cook Islands Investment Corporation.

### **21. GOING CONCERN**

Cook Islands Government has provided a letter of support stating that they are not aware of any immediate intention to claim payment from Cook Islands Property Corporation (NZ) Limited of any part of the \$637,252 owed to them.

These financial statements have been prepared on the going concern basis. The Corporation is dependent on the support of Cook Islands Investment Corporation and ultimately, the Government. 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 or Cook Islands Investment Corporation 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 going concern basis is therefore considered appropriate.

### **22. SUBSEQUENT EVENTS**

During October 2013, a fire caused significant partial damage to a Rarotonga primary school. Insurance recovery of the full loss is expected.

There have been no other events subsequent to balance date which would materially affect the financial statements.

