PORTS AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Contents

Ports Authority
Annual Financial Report 2023
For the year ended 30 June 2023

Statement of responsibility

We are responsible for the preparation of Ports Authority's financial statements and statement of performance, and for the judgements made in them.

We are responsible for any end of year performance information provided by Ports Authority under section 68 of the Ports Authority Act 1994-95 Amendment.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of Ports Authority for the year ended 30 June 2023.

Signed on behalf of the Board:

Chair of Ports Authority Board	**Chief Executive Officer**
Vaine Nooana-Arioka	Okesene Moananu
13 May 2024	13 May 2024

COOK ISLANDS
GOVERNMENT

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Independent Auditor's Report

To the readers of the financial statements of the Ports Authority for the year ended 30 June 2023.

Report on the audit of the financial statements

Unmodified Opinion

In my opinion, the accompanying financial statements of the Ports Authority ("the Authority") on pages 7 to 31:

i. present fairly in all material respects the Authority 's financial position as at 30 June 2023 and its financial performance and cash flows for the year ended on that date; and
ii. comply with New Zealand Public Benefit Entity (PBE) International Public Sector Accounting Standards (IPSAS) – Tier 2 Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2023;
- the statement of comprehensive revenue and expenses, the statement of changes in equity, the statement of appropriations and cash flow statement for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

My audit was completed on 13 May 2024. This is the date on which my opinion is expressed.

The basis for my opinion is explained below. I outline the responsibilities of the Chief Executive Officer (CEO) and my responsibilities for the financial statements and audit of the Authority. I also comment on other information.

Basis for opinion

I carried out my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI), which incorporate ISSAI 130 Code of Ethics issued by the International Organization of Supreme Audit Institutions (INTOSAI Code of Ethics). My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of this report.

I have fulfilled my responsibilities in accordance with ISSAI. Other than in my capacity as auditor I have no relationship with, or interests in, the Authority. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive Officer and the Board of Directors for the financial statements

The CEO on behalf of the Authority is responsible for:

- the preparation and fair presentation of the financial statements in accordance with PBE IPSAS;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements of the Authority as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions readers make based on the financial statements of the Authority.

As part of an audit in accordance with ISSAI, I exercise professional judgement and maintain professional skepticism throughout the audit. Also:

- I identify and assess the risks of material misstatement of the financial statements of the Authority. whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud can involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control used by the CEO to prepare the financial statements of the Authority.
- I evaluate the appropriateness of accounting policies used, and the reasonableness of accounting estimates and related disclosures made by the CEO.
- I conclude on the appropriateness of using the going concern basis of accounting that has been used by the CEO to prepare the financial statements of the Authority, up to the date of my auditor's report, based on the audit evidence I have obtained.
- I evaluate the overall presentation, structure, and content of the financial statements of the Authority, including the disclosures, and whether the financial statements of the Authority represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the CEO, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

I am responsible for expressing an independent opinion on the financial statements of the Authority and reporting that opinion to you based on my audit. My responsibility arises from the Public Expenditure Review Committee and Audit Act 1995-96.

Other Information

The CEO is responsible for the other information. The other information comprises the information included on pages 1 to 31 but does not include the annual financial statements of the Authority and my auditor's report thereon.

My opinion on the financial statements of the Authority does not cover the other information and I do not express any form of audit opinion or assurance conclusion on that information.

In connection with my audit of the financial statements of the Authority, my responsibility is to read the other information. In doing so, I consider whether the other information is materially inconsistent with the financial statements of the Authority, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on my work, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Independence

While carrying out this audit, my staff and I have complied with ISSAI 130 Code of Ethics issued by the International Organization of Supreme Audit Institutions (INTOSAI Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Desmond Wildin
Director of Audit
Rarotonga, Cook Islands

Ports Authority

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

	Notes	Actual	Budget	Restated
		2023	2023	2022
Revenue from exchange transactions				
Revenue from operations	2	3,469,673	3,108,610	2,716,472
Rental income		243,171	266,002	236,756
Other revenue	2	(2,899)	46,149	4,779
Revenue from non-exchange transactions				
Corporate social responsibility	2	82,556	0	76,154
Total revenue		**3,792,501**	**3,420,761**	**3,034,161**
Expenses				
Personnel costs	3	(870,593)	(877,722)	(833,067)
Depreciation and amortisation expense	12 & 13	(1,402,270)	(1,506,375)	(1,332,616)
Maintenance of wharf, properties and equipment		(132,430)	(236,594)	(221,575)
Other operating expenses	4	(735,400)	(583,787)	(645,335)
Total expenses		**(3,140,693)**	**(3,204,478)**	**(3,032,593)**
Finance income	5(b),25	53,098	69,429	93,138
Loan Interest	15	(836,313)	(684,516)	(624,569)
Net Finance costs		**(783,215)**	**(615,087)**	**(531,431)**
Operating surplus		**(131,407)**	**(398,804)**	**(529,863)**
Income tax (expense)/benefit	6	(13,638)	19,952	(3,734)
Net surplus for the year		**(145,045)**	**(378,852)**	**(533,597)**
Other comprehensive revenue and (expense)	5(a)	(260,154)	(250,000)	(279,768)
Net (deficit)/surplus after comprehensive revenue and expense		**(405,199)**	**(628,852)**	**(813,365)**

Explanations of major variances against budget are provided in Note 23.

The accompanying notes form part of these financial statements.

Ports Authority
Statement of changes in net assets/equity
For the year ended 30 June 2023

	Note	Actual 2023	Budget 2023	Restated 2022
Balance at 1 July	25	**13,557,904**	**16,408,723**	**14,327,261**
Changes in net assets/equity				
(Deficit)/surplus for the period		(405,199)	(628,852)	(813,365)
Net deficit/surplus after comprehensive revenue and expense for the period		**(405,199)**	**(628,852)**	**(813,365)**
Transactions with owners				
Net movement from corporate social obligations	17	42,891	-	44,009
Transfer of assets out		-	-	-
Balance at 30 June 2023		**13,195,596**	**15,779,871**	**13,557,904**

The accompanying notes form part of these financial statements.

Ports Authority
Statement of financial position
For the year ended 30 June 2023

	Notes	Actual 2023	Budget 2023	Restated 2022
Current assets				
Cash and cash equivalents	7	2,542,761	552,595	2,160,014
Investments	8	2,037,276	1,686,096	1,995,000
Receivables	9	263,134	338,845	309,853
Inventories	10	20,945	16,576	32,911
Other assets	11	174,287	28,751	86,839
Total current assets		**5,038,403**	**2,622,863**	**4,584,617**
Non-current assets				
Investment property	12	1,175,119	1,111,049	1,224,225
Property, plant and equipment	13	28,017,899	28,457,499	28,602,685
Total non-current assets		**29,193,018**	**29,568,548**	**29,826,910**
Total assets		**34,231,421**	**32,191,411**	**34,411,527**
Current liabilities				
Payables	14	104,739	243,369	105,727
Asian Development Bank Borrowings	15, 25	1,032,878	1,635,343	783,711
Income taxes payable	6(c)	(160,670)	(96,100)	(186,689)
Employee entitlements	16	22,878	21,362	25,062
Total current liabilities		**999,825**	**1,803,974**	**727,811**
Non-current liabilities				
Asian Development Bank Borrowings	15,25	15,280,235	14,364,681	16,335,979
Cook Islands Government Borrowings	15,25	4,537,796	-	3,559,485
Deferred tax liabilities	6(d)	217,968	242,885	230,348
Total non-current liabilities		**20,035,999**	**14,607,566**	**20,125,812**
Total liabilities		**21,035,824**	**16,411,540**	**20,853,623**
Net assets		**13,195,596**	**15,779,871**	**13,557,904**
Equity				
Accumulated surplus/(deficit)	17	13,195,596	15,779,871	13,557,904
Total equity		**13,195,596**	**15,779,871**	**13,557,904**

Chair of Ports Authority Board
Vaine Nooana-Arioka

Chief Executive Officer
Okesene Moananu

Explanations of major variances against budget are provided in Note 23.
The accompanying notes form part of these financial statements.

Ports Authority

Statement of cash flows

For the year ended 30 June 2023

	Note	Actual 2023	Budget 2023	Actual 2022
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		5,584,932	4,953,377	5,172,285
Interest received		64,442	67,444	55,898
		5,649,374	**5,020,821**	**5,228,183**
Cash was applied to:				
Payments to employees		(778,313)	(800,020)	(641,207)
Payments to suppliers		(2,023,844)	(1,946,596)	(2,370,574)
Payment of interest		(823,804)	(754,450)	-
Net Vat paid		(437,739)	(331,014)	(345,641)
		(4,063,700)	**(3,832,080)**	**(3,357,422)**
Net cash inflow from operating activities		**1,585,674**	**1,188,741**	**1,870,761**
Cash flows from investing activities				
Cash was applied to:				
Purchase of property, plant and equipment		(861,413)	(1,613,744)	(562,868)
Increase in short term investments		(341,514)	-	(500,384)
		(1,202,927)	**(1,613,744)**	**(1,063,252)**
Net cash flows from investing activities		**(1,202,927)**	**(1,613,744)**	**(1,063,252)**
Cash flows from financing activities				
Cash was applied to:				
Repayment of borrowings		-	(857,401)	-
		-	**(857,401)**	**-**
Net cash flows from financing activities		**-**	**(857,401)**	**-**
Net (decrease)/increase in cash and cash equivalents		382,747	(1,282,404)	807,509
Cash and cash equivalents at beginning of the year		2,160,014	1,834,999	1,352,505
Cash and cash equivalents at the end of the year	7	**2,542,761**	**552,595**	**2,160,014**

Explanations of major variances against budget are provided in Note 23.

The accompanying notes form part of these financial statements.

1 Statement of accounting policies

REPORTING ENTITY

The reporting entity is the Ports Authority of Cook Islands which was established by the Ports Authority Act 1994-1995 on 1 July 1995. The effect of the Act was to create a separate legal entity, which took over all the operational assets, liabilities, and other obligations of the Waterfront Commission. The legal vesting and ownership of all the assets and liabilities as set out in the Ports Authority Act 1994-1995 was subsequently approved by the Leases Approval Tribunal on 17th August 2012.

The Ports Authority is a subsidiary of the Cook Islands Investment Corporation governed under the Cook Islands Investment Corporation Act 1998. Its operations are based at Avatiu in Rarotonga and Aitutaki.

The Ports Authority's primary objective is to provide efficient and reliable port services through a port infrastructure and facility that will enable and promote development of trade in the port.

The Ports Authority has designated itself as a public benefit entity for financial reporting purposes.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements have been prepared in accordance with New Zealand Tier 2 Public Benefit Entity (PBE) IPSAS accounting standards. The Ports Authority has designated itself a Public Benefit Entity whose primary objective is to provide port infrastructure and services for public benefit. The Ports Authority adopts the PBE accounting standards applicable under a Reduced Disclosure Regime (RDR) with an expense threshold greater than $2 million and less than $30 million. The financial statements also comply with the Ports Authority Act 1994-1995.

Functional and presentation currency

The financial statements are presented in New Zealand dollars ($), which is the Authority's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Budget figures

The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practices, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. The figures are derived from the approved Budget statements prior to the commencement of the financial year.

Changes in accounting policy

There was no change in accounting policies.

Comparative figures

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year amounts.

1 Statement of accounting policies *(continued)*

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classified at initial recognition, as financial assets at fair value through surplus or deficit, loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives as appropriate. All financial assets are recognized at fair value plus, in the case of financial assets not recorded at fair value through surplus and deficit, transaction costs that are attributable to the acquisition of the financial asset.

The Authority's financial assets include: cash and term deposits, trade and other receivables, and derivative financial instruments.

Financial liabilities

Classified at initial recognition, as financial liabilities at fair value through surplus or deficit, loans and borrowings, and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of payables and loans and borrowings, net of directly attributable transaction costs.

The Authority's financial liabilities include: trade and other payables, loans and borrowings and derivative financial instruments.

Value added tax (VAT)

All items in the financial statements are presented exclusive of VAT, except for receivables and payables, which are presented on a VAT-inclusive basis. Where VAT is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of VAT recoverable from, or payable to, Ministry of Finance and Economic Management (MFEM) is included as part of the receivables or payables in the statement of financial position. The net VAT paid to, or received from, MFEM including the VAT relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. The applicable VAT rate is 15%.

Critical accounting estimates and assumptions

Preparation of the financial statements requires management to make estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities affecting future periods are discussed below;

- Property, plant and equipment requiring estimation of the assets useful lives.

Critical judgments in applying accounting policies

In particular, information about significant areas of requiring critical judgments in applying accounting policies that have significant effect on the amount recognized in the financial statements, are detailed below;

- Classification of assets under Investment Properties
- Impairment of property, plant and equipment

2 Revenue

Accounting policy

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Authority and the revenue can be reliably measured, regardless of when payment is made.

Revenue is measured at their fair value of the consideration received or receivable taking into account contractual defined terms of payment and excluding taxes.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions

Government grants and funding
Revenues from non-exchange transactions with Government and other agencies is recognised when the Authority obtains control of the transferred assets (cash, goods, services or property), and:

It is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably; and

The transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services or property) transferred over to the Authority at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of the revenue. Revenue is then recognised instead only once the Authority has satisfied these conditions.

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

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

Donated assets
Where a physical asset is gifted or acquired by Ports Authority for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and the fair value of the asset is recognised as revenue.

Revenue from exchange transactions

Revenue from operations
Comprises gross inflows of economic benefits or service potential received and receivable from the rendering of port services and facilities in the ordinary course of the Authority's activities.

2 Revenue *(continued)*

Accounting policy *(continued)*

Rental

Rental revenue is derived from property leased under operating lease and recognized on a straight-line basis and is included in the statement of comprehensive revenue and expense due to its operating nature.

Revenue breakdown and further information	Note	2023	2022
Revenue from exchange transactions			
Vessel Operations		861,659	627,129
Ports Operations		2,366,524	1,898,704
Facility Services		241,490	190,639
		3,469,673	**2,716,472**
Other Revenue			
Other		(2,899)	4,779
Total Other Revenue		**7,282**	**4,779**
Revenue from non-exchange transactions			
Corporate Social Responsibility	24	82,556	76,154
Total Other Revenue		**82,556**	**76,154**

The Authority supported community, government, and non-profit initiatives through waiver of port fees.
2023: $82,556 (2022: $76,154).

3 Personnel expense

Accounting Policy

Obligations for contributions to the Cook Islands National Superannuation Fund are accounted for and recognised as an expense in the surplus or deficit as incurred.

Breakdown of personnel expense	2023	2022
Salaries and wages	812,162	786,084
Allowances	18,085	5,430
Superannuation	39,361	37,206
Increase/(decrease) in leave entitlement	985	4,347
Total personnel expense	**870,593**	**833,067**

4 Other operating expense

Breakdown of other operating expenses	**2023**	**2022**
Auditor's fees	15,100	15,050
Communications	11,148	11,383
Consultants	34,043	39,209
COVID related expenses	-	3,869
Directors fees	75,030	88,681
Directors' expenses	47,891	14,513
Electricity	78,149	60,071
Fuel	132,802	89,932
Insurance expenses	204,265	149,797
Vehicle operating expenses	35,401	10,114
Stationery, printing and office supplies	29,303	22,744
Staff provisions and safety attire	54,445	21,184
Training expenses	2,737	11,891
Travel expenses	12,806	15,518
Other expenses	2,280	91,379
Total operating expenses	**735,400**	**645,335**

5 (a) Foreign currency movement

Accounting policy

Foreign exchange gain and losses resulting from settlement of transactions at prevailing spot rates and from translation at period end exchange rates of liabilities denominated in foreign currencies are recognized in the surplus or deficit.

The movement in foreign currency is from translation of Loan 2473 denominated in Special Drawing Rights (SDR). The conversion rates at financial year end was SDR/NZD $2.19. (2022: $2.14)

	2023	**2022**
Unrealised (loss)/gain from foreign currency movement	(260,154)	(279,768)

(b) Finance income and expense

Accounting policy

Finance income

All financial instruments and interest-bearing financial assets are measured at amortised cost using the effective Interest rate method. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of financial performance.

	2023	**2022**
Interest income	53,098	93,138

Accounting policy

Finance expense

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. No interest was recorded in line with Government's COVID response concessions resulting in deferred loan repayments since May 2020 and ending in June 2023.

5 (b) Finance income and expense (continued)

	2023	Restated 2022
Breakdown of finance expense		
Interest expense on ADB Loan 2472	454,877	470,108
Interest expense on ADB Loan 2473	73,016	74,461
Interest expense on ADB Loan 2739	308,420	80,001
Total Finance Costs (refer to note 15 for further information)	836,313	624,569

6 Income tax

Accounting policy

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it is related to items recognized directly in equity in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income account for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of prior years.

Deferred tax is recognized using the balance sheet method providing for 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 recognized for the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be recognized. 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 recognized.

Breakdown of income taxes and further information	**2023**	**2022**
a) **Current income tax:**		
Current income tax charge	26,016	26,336
Deferred tax:		
Relating to origination and reversal of temporary differences	(12,378)	(22,602)
Income tax expense/(benefit) reported in the statement of financial performance	**13,638**	**3,734**
b) **Reconciliation of tax expense and the accounting profit**		
Accounting profit/(loss) before income tax	**131,407**	**94,707**
At statutory rate of 20% (2022: 20%)	26,281	18,941
Add back non-deductible expenses and/or less non-taxable income:		
Interest expense	-	-
Revenue from non-exchange transactions	(16,511)	(15,231)
(Gain)/loss from foreign exchange movement	(1,367)	-
Other provisions	-	(24)
	11,137	**3,734**

6 Income tax *(continued)*

c) **Income tax liability**

	2023	2022
Current year tax expense	26,016	26,336
Income tax paid	-	-
Closing balance	**(160,674)**	**(186,690)**

d) **Deferred tax liability**

Difference arising from the carrying amount of Assets	**217,968**	**230,348**

7 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term high liquid investments with original maturities of three months or less.

Breakdown of cash and cash equivalents and further information	2023	2022
Operating cash balances	1,413,387	1,176,938
Term deposits with maturities less than 3 months	1,129,374	983,076
Total	**2,542,761**	**2,160,014**

8 Investments

Accounting Policy

Investments in bank term deposits are initially measured at their fair value. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Breakdown of investments and further information	2023	2022
Term deposits held at banks	2,037,276	1,995,000
Total investments	**2,037,276**	**1,995,000**

The Authority holds various term deposits with Bank of South Pacific, Australia and New Zealand Bank, Bank of the Cook Islands

The terms of maturity ranges from 3 months to a maximum of 12 months. The rates on these deposits range from 1.15% to 3.70%.

9 Receivables

Accounting Policy

Receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that the Authority will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

9 Receivables *(continued)*

Breakdown of receivables and further information	**2023**	**2022**
Trade receivables	263,134	240,565
	263,134	**240,565**
Accrued receivables	40,641	41,825
Other receivables	68,872	-
	372,647	**282,390**
Interest accrued	16,033	27,463
Total receivables	**388,681**	**309,853**

The ageing of trade receivables at reporting date was:		
Current	231,892	239,880
Past due 30 – 60 days	15,851	(3,552)
Past due 60 – 90 days	(56)	1,480
More than 90 days	15,448	2,756
Total	**263,134**	**240,565**

Receivables are non-interest bearing and are generally on terms 30 to 60 days. Impairment of trade receivables is taken up when identified. Impaired receivables for the period was nil. (2022 nil)

10 Inventories

Accounting Policy

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost of for a nominal cost), the cost of the inventory is measured as its fair value at the date of acquisition.

Inventories comprise of consumable stores, stationery and equipment spare parts. The costs of the inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location. Inventories are mainly for consumption in the course of the Authority's operations or rendering services and are not supplied on a commercial basis. These are measured at cost (using FIFO method), adjusted, when applicable, for any loss of service potential.

The Authority does not hold any inventory acquired through a non-exchange transaction.

The amount of any write-down for the loss of service potential or from cost to net realizable value is recognized in surplus or deficit in the period of write down.

Breakdown of inventories and further information	**2023**	**2022**
Tyres	9,168	11,325
Others	11,778	21,586
Total	**20,945**	**32,911**

11 Other assets

Breakdown of other assets	**2023**	**2022**
Prepayment	46,048	84,149
Other Assets	2,690	2,690
	48,738	86,839

12 Investment property

Accounting Policy

Investment property compromises of buildings (warehouses) held by the Authority to earn rental income and these properties is not used for the production of and supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to day maintenance of an investment property. The Authority adopts a cost model approach for measurement after its initial recognition.

Transfers are made to investment property when, and only when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when there is a change in use, evidenced by commencement of owner-occupation or commencement with a view to sell.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal.

Breakdown of Investment property and further information	**2023**	**2022**
Balance at 1 July – Cost	2,236,585	2,236,585
Acquisitions/construction	63,560	-
	2,300,145	2,236,585
Opening accumulated depreciation	(1,012,360)	(899,172)
Depreciation for the period	(112,666)	(113,188)
Accumulated depreciation	(1,125,026)	(1,012,360)
Balance 30 June	**1,175,119**	**1,224,225**

Investment property comprises of buildings and wharf sheds leased on annual tenancy agreements. Subsequent renewals are negotiated with the lessee and on average of one-to-two-year renewals. Property values are carried at initial cost on and after recognition. The depreciation rate for the investment property is 5% per annum. Annual rental income from properties is $136,127 (2022: $139,794)

13 Property, plant and equipment

Accounting Policy

Initial recognition and subsequent expenditure:

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant and equipment is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the Authority, and if the item's cost or fair value can be measured reliably. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the item of property, plant and equipment. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repairs and maintenance costs are recognised in surplus or deficit as incurred.

Measurement subsequent to initial recognition

All asset classes consisting of buildings, wharf structure, wharf fixtures, barges and boats vehicle and machinery, general plant and equipment and furniture and office equipment are measured at cost, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the asset over the assets' useful lives. The useful lives and associate depreciation rates of major classes of property, plant and equipment have been estimated as follows:

Barges and boat	- 10% - 20%
Buildings	- 5% - 10%
General plant & equipment	- 20%
Furniture and office equipment	- 20%
Heavy Machinery	- 10% - 20%
Motor Vehicles	- 20% - 25%
Wharf Structure	- 2.5%
Wharf Fixtures	- 5% - 20%

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. These are reported net in surplus or deficit.

Impairment of property, plant and equipment and investment property

The Authority holds property, plant and equipment that are classified as cash generating assets and non-cash generating assets. Assets considered cash-generating where their primary objective is to generate a commercial return.

13 Property, plant and equipment *(continued)*

The Authority determines the appropriate classification by establishing the primary objective of the respective assets and considers those assets established as a public good are classified as non-cash generating assets. All other assets are treated as cash generating assets.

The Authority assesses at each reporting date whether there is an indication that a non-cash generating asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Authority estimates the asset's recoverable service amount.

Impairment of cash generating assets
For cash generating assets, recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted prices or other available fair value indicators.

Impairment of non-cash generating assets
For non-cash generating assets, the Authority estimates the asset's recoverable service amount. An assets recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the Authority has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset, whichever is the lower, and less accumulated depreciation calculated on the basis of such cost, to reflect already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the asset in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset, is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Authority determines the fair value less cost to sell based on the best available information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in surplus or deficit. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

Ports Authority

Notes to the financial statements

For the year ended 30 June 2023

13 Property, plant and equipment (continued)

	Wharf Structure	Wharf Fixtures & Fittings	Buildings	Heavy Duty Machinery	Vehicles	Barges & Boats	Gen P&E	Office eqpt & furns.	Work In Progress	Total
Gross carrying amount:										
Balance at 1 July 2021	33,745,321	325,565	1,165,621	1,213,724	296,234	946,898	303,155	101,956	752,744	38,851,218
Additions	0	2,705	32,030	0	3,800	28,000	11,133	27,128	471,556	576,352
Disposals	0	0	0	0	0	(2,127)	(1,947)	(5,417)	0	(9,491)
Transfers from work in progress	0	0	0	0	0	1,214,300	0	0	1,224,300	(10,000)
Balance at 30 June 2022	33,745,321	328,270	1,197,651	1,213,724	300,034	2,187,071	312,341	123,667	0	39,408,078
Gross carrying amount:										
Balance at 1 July 2022	33,745,321	328,270	1,197,651	1,213,724	300,034	2,187,071	312,341	123,667	0	39,408,078
Additions	505,500	0	0	72,145	0	87,334	11,933	21,073	0	697,985
Disposals	0	0	0	0	(2,957)	0	0	0	0	(2,957)
Transfers from work in progress	0	0	0	0	0	0	0	0	6,851	6,851
Balance at 30 June 2023	34,250,821	328,270	1,197,651	1,285,869	297,077	2,274,405	324,274	144,740	6,851	40,109,957
Accumulated depreciation and impairment:										
Balance at 1 July 2021	7,292,457	180,443	407,667	653,163	255,464	503,879	227,105	75,277	0	9,595,456
Depreciation expense	865,381	20,548	59,973	88,006	17,471	127,735	27,472	12,842	0	1,219,428
Disposals	0	0	0	0	0	(2,128)	(1,948)	(5,415)	0	(9,491)
Balance at 30 June 2022	8,157,838	200,991	467,640	741,169	272,935	629,486	252,629	82,704	0	10,805,393
Accumulated depreciation and impairment:										
Balance at 1 July 2022	8,157,838	200,991	467,640	741,169	272,935	629,486	252,629	82,704	0	10,805,393
Depreciation expense	874,712	20,074	50,465	77,270	8,304	217,363	26,440	14,994	0	1,289,622
Disposals	0	0	0	0	(2,957)	0	0	0	0	(2,957)
Balance at 30 June 2023	9,032,550	221,065	518,105	818,439	278,282	846,849	279,069	97,698	0	12,092,058
Carrying amounts:										
Net book value as at 30 June 2021	**26,452,864**	**145,121**	**757,954**	**560,561**	**40,770**	**443,019**	**76,050**	**26,678**	**752,744**	**29,255,762**
Net book value as at 30 June 2022	**25,587,483**	**127,278**	**730,011**	**472,555**	**27,099**	**1,557,585**	**59,711**	**40,962**	**0**	**28,602,685**
Net book value as at 30 June 2023	**25,218,271**	**107,204**	**679,546**	**467,430**	**18,795**	**1,427,556**	**45,204**	**47,041**	**6,851**	**28,017,899**

AUDIT OFFICE COOK ISLANDS

14 Payables

Accounting Policy

Short-term payables are recorded at their amortised cost and undiscounted due to their short-term nature.

Breakdown of payables and further information	2023	2022
Payables	35,670	23,244
Accruals	-	41,204
Income received in advance	2,210	1,274
Vat payables	36,351	35,755
Others	30,508	4,250
Total payables	**104,739**	**105,727**

15 Borrowings

Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Cook Islands Government Borrowings			**2023**	**2022 Restated**
Breakdown of borrowings			**Total**	**Total**
Non-current liability				
Loan 2472			2,232,916	1,841,689
Loan 2473			1,647,547	1,230,782
Loan 2739			657,332	487,015
Total			**4,537,796**	**3,559,485**
Asian Development Bank Loan				
Current Liability			**2023**	**Restated**
Loan 2472	15-Nov-33		431,328	426,259
Loan 2473	15-May-34		413,775	117,244
Loan 2739	15-Nov-35		187,775	240,207
Total			**1,032,878**	**783,711**
Non-current liability	**Maturity**			
Loan 2472	15-Nov-33		7,064,943	7,461,111
Loan 2473	15-May-34		4,077,877	4,657,072
Loan 2739	15-Nov-35		4,137,415	4,217,796
Total			**15,280,235**	**16,335,979**
Total Borrowings			**16,313,113**	**17,119,690**

15 Borrowings (continued)

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

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

CI Govt Loans represent repayments deferred following Government's concessionary repayment terms offered to the Authority since May 2020.

15 Borrowings *(continued)*

ADB L2472
This loan is for a period of 20 years plus a 5 year grace period with repayments commencing on 15 May 2014.This concessionary loan was fully drawn by May 2013. The full draw down was US$8,419,792.

ADB L2473
The Loan is fixed for a period of 24 years plus an 8 year grace period with equal repayments commencing on 15 May 2017. This concessionary loan was fully drawn by February 2014. The full draw down was SDR 4,519,038. The nominal interest rate for Loan 2473 is 1% per annum for the 8 year grace period and 1.5% thereafter.

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

ADB L2739
Loan 2739 is supplementary to L2473 and L2472 for USD $4.7 million and is fixed for a period of 20 years plus a 5 year interest grace period with repayments commencing on 15 May 2016. The full draw down was US$4,428,273 by May 2013 and a further NZ$32,425 was drawn on January 2014 after the loan was converted to NZD currency.

Loan 2472 and Loan 2739 was converted to NZD on 15th May 2013 with a fixed interest rate of 5.77% and an average floating interest rate of 2.00% (2022: 2.16%) for the respective loans.

Cook Islands Government Loan	L2472	L2473	L2739	Total
As at 1 July 2022	-	-	-	-
Restatement of prior period balance	1,841,689	1,230,782	487,015	3,559,486
As at 1 July 2022 - Restated	**1,841,689**	**1,230,782**	**487,015**	**3,559,486**
Payments made during the year	391,227	416,765	170,317	978,310
As at 30 June 2023	**2,232,916**	**1,647,547**	**657,332**	**4,537,796**
Non-current liability	**2,232,916**	**1,647,547**	**657,332**	**4,537,796**

Asian Development Bank Loan	L2472	L2473	L2739	Total
As at 1 July 2022	**8,732,962**	**5,879,738**	**4,901,706**	**19,514,406**
Restatement of prior period balance	845,592	1,105,422	443,703	2,394,717
As at 1 July 2022 - Restated	**7,887,370**	**4,774,316**	**4,458,003**	**17,119,689**
Payment towards Loan Interest	(448,830)	(73,016)	(194,148)	(715,994)
Payment towards Loan Principle	(397,146)	(22,510)	(247,085)	(666,741)
Interest accrued during the year	454,877	73,016	308,420	836,313
Movement in unrealised foreign exchange	-	(260,154)	-	(260,154)
As at 30 June 2023	**7,496,271**	**4,491,652**	**4,325,190**	**16,313,113**
Current Liability	**431,328**	**413,775**	**187,775**	**1,032,878**
Non-Current Liability	**7,064,943**	**4,077,877**	**4,137,415**	**15,280,235**

15 Borrowings *(continued)*

During the year, the Authority received concessionary deferred loan repayments with principal and interest payments deferred since May 2020. Government's concessionary repayment terms ends in June 2023. During the period from this point, principal and interest repayments are expected to resume in accordance with the amended subsidiary loan agreement signed 8 September 2022. The Authority commenced interest payment only during financial year 2022-2023 with principal loan repayment deferred. (Ref: CEO letter dated 13/6/2022). Recommencement of loan repayments interest and principal will begin in November 2023.

16 Employee entitlements

Accounting Policy

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to the balance date and annual leave earned to but not yet taken at balance date.

Long service leave obligations

The liability measured is the actual provisions owing at period end representing employees that have attained the long service awards. The Authority during the year have revised its long service leave awards and considered immaterial for any future provisions to be made therefore recognised when attained.

16 Employee entitlements

Breakdown of employee entitlements	2023	2022
Current Liability		
Annual leave	21,247	20,262
Long service leave	1,632	4,800
	22,878	25,062

17 Equity

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated surplus/(deficit); and
- Corporation social obligations. Refer Note 24 for further information.

Breakdown of Equity	2023	2022
Accumulated surplus/(deficit)		**Restated**
Balance at 1 July	13,762,114	14,575,479
(Deficit)/surplus for the year	(405,199)	(813,365)
Transfer of assets out	-	-
Balance at 30 June	13,356,915	13,762,114
Corporate Social Obligations		
Balance at 1 July	(204,210)	(248,219)
Current year	(83,723)	(82,605)
Funding received during the year	126,614	126,614
Balance at 30 June	(161,319)	(204,210)
Total equity	**13,195,596**	**13,557,904**

18 Provisions

A provision is recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. There were no provisions recognised at report date. (2022: nil)

19 Commitments and Contingencies

Commitments

There were no significant commitments standing at report date. (2022: nil)

Contingencies

There were no recognition made for any contingent asset and liability. (2022: nil)

20 Related party transactions

Parent and controlling party

Transaction with its parent company Cook Islands Investment Corporation Ltd was nil.

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity.

The names of persons who are directors of Ports Authority Cook Islands at any time during the financial year were as follows: Samuel Crocombe, William Kauvai, Geoffrey Vazey, Clive Baxter, William Bill Kelley John N Ingram, Timaau-Ariki Mokoroa, Sean Smith and Maeva Henry.

	2023	2022
Director Fees	97,167	88,681

During the year the following persons were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Authority were Nooroa (Bim) Tou (Chief Executive) until his resignation in 25 November 2022 and the appointment of new CEO Okesene Moananu 16 January 2023, John Jessie (Harbour Master), Willie Miria (Asset & Operations Manager) appointed 29 March 2023, Emi Carl (Port Aitutaki Supervisor), Marina Andersen-Rima (Finance & Administration Manager).

	2023	2022
Key management salaries and benefits – 5 personnel	275,044	244,011

21 Principal activities

The principal activity of the Authority is providing and managing port infrastructure and services within declared ports at Rarotonga and Aitutaki.

22 Subsequent Events

No significant subsequent events noted.

23 Explanation of major variances against budget

Explanations for major variances from the Authority's approved budgets with respect to the financial statements are as follows;

Statement of comprehensive revenue and expense

Revenue from operations

The favourable variance of $371,740 above the budget was mainly due economic recovery and gradual opening of borders restoring some tourism activity into the economy.

Other Operating Expenses

The adverse variance of $183,466 is due to the high maintenance costs due to wear and tear of aging equipment's.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents was greater than the budget by $1,990,166 as a result of timing in the incurrence of capital projects.

Investments

Investments was above the budget by $351,180 due to reclassification of investments funds to cash and cash equivalents given maturity placements were within 3 months from report date.

Statement of cash flows

Cash flows from financing activities

Repayment of borrowings

Payment for the half-yearly loan repayments were further negotiated with CI Government resulting in interest only paid during financial year 2022-2023.

24 Community Service Obligation (CSO)

Pursuant to the Ports Authority Act 1994-95, Community Service Obligations (CSO) consists of domestic shipping service operations, the Cook Islands Government Patrol Boat service charges with its Administration Building rentals, and any Board waived charges approved on behalf of the Cook Islands Government under its Community Service Obligations. The Authority recognizes these transactions under Community Social Obligations as operating revenue arising from non-exchange transactions and at fair value, with a debit to equity in lieu of services provided under its community service obligations.

24 Community Service Obligation (CSO) *continued*

Social Costs Report for the year ended 30 June 2023

Rarotonga	Total	Berthage	Lease Rental
Cook Islands General Transport	20,228	20,228	-
Ministry of Marine Resources	9,600	-	9,600
Maritime Surveillance	34,956	23,676	11,280
Taro Enterprise	9,762	9,762	-
Taio Shipping	8,010	8,010	-
Total Rarotonga	82,556	61,676	20,880
Aitutaki	-	-	
Total Corporate Social Costs	82,556		

Social Costs Report for the year ended 30 June 2022

Rarotonga	**Total**	**Berthage**	**Lease Rental**
Cook Islands General Transport	19,333	19,333	-
Ministry of Marine Resources	9,600	-	9,600
Maritime Surveillance	19,017	7,737	11,280
Taro Enterprise	8,963	8,963	-
Taio Shipping	19,241	19,241	-
Total Rarotonga	**76,154**	**55,274**	**20,880**
Aitutaki	-	-	
Toral Corporate Social Costs	**76,154**		

25 Restatement of prior year adjustments

Extract Statement of Comprehensive revenue and expense	Notes	Restated 2022	Prior Year 2022	Restatement Adjustment
Expenses				
Finance expense	(a)	624,570	-	624,570
Net effect of restatement		624,570	-	624,570

(a) Interest expense was revised to align with ADB Loan liability repayment schedule.

Extract of Statement of changes in net assets /equity	Notes	Restated 2022	Prior Year 2022	Restatement Adjustment
Balance at 1 July	(b)	**14,327,261**	**14,867,459**	**(540,198)**
Changes in net assets/equity				
Deficit for the period	(c)	(813,365)	(188,795)	(624,570)
Net deficity/surplus after comprehensive revenue and expenses for the period		**(813,365)**	**(188,795)**	**(624,570)**
Balance at 30 June	(d)	**13,557,904**	**14,722,672**	**(1,164,768)**

(b) Net assets/equity movement of $540,198 related to restatement of opening balances as result of interest expense adjustment for 2022
(c) Net movement in surplus for the period 2022 of $624,570 as a result of restatements in the statement of Comprehensive Revenue and Expenses 2022
(d) Net adjustment of $1,164,768 arising from restatements in (d) and (e)

25 Restatement of prior year adjustments (continued)

Extract Statement of Financial position	Notes	Restated 2022	Prior Year 2022	Restatement Adjustment
Current liabilities				
Asian Development Bank Borrowings	(e)	783,711	-	783,711
Net effect of adjustments		783,711	-	783,711
Non-current liabilities				
Cook Islands Government Borrowings	(f)	3,559,485	-	3,559,485
Asian Development Bank Borrowings	(g)	16,335,979	19,514,407	(3,178,428)
Net effect of adjustments		19,895,464	19,514,407	381,057
Equity				
Accumulated surplus/(deficit)		13,557,904	14,722,672	(1,164,768)
Net effect of adjustments	(h)	**13,557,904**	**14,722,672**	**(1,164,768)**

(e) Borrowings due to Asian Development Bank (current liability) increased by $783,711.
(f) Borrowings due to Cook Islands Government increased by $3,559,485.
(g) Borrowings due to Asian Development Bank decreased by $3,178,428.
(h) Net effects of (e) and (f) relating to restatement of the financial statements 2022.