

TELECOM NIUE LIMITED

Financial Statements

For the year ended 30 June 2022

Telecom Niue Limited
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For the year ended 30 June 2022

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Telecom Niue Limited
Directors' statement
For the year ended 30 June 2022

The Board of Telecom Niue Limited ('the Company') is pleased to present the Company's financial statements for the year ended 30 June 2022.

We hereby declare that:

- We have been responsible for the preparation of these financial statements and the judgments made in them.
- We are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- We confirm that all statutory requirements in relation to the financial statements have been complied with, unless stated otherwise in these financial statements.
- In our opinion these financial statements fairly reflect the financial position and operations of the Company for the year ended 30 June 2022.

The financial statements were authorised for issue by the Board on 01st July 2024.



Director



Director

Telecom Niue Limited
Statement of financial performance
For the year ended 30 June 2022

	Note	2022 Actual \$	2017 - 2021* Restated** \$
Recurrent income			
Sale of goods and services	4	2,327,188	7,672,230
Donor revenue		-	138,406
Donated goods and services		-	329,448
Interest received		2,295	2,889
Miscellaneous revenue	5	1,131,926	3,076,035
COVID-19 response support		-	82,000
Total income		3,461,409	11,301,008
Cost of goods sold		1,210,322	5,495,164
Gross profit		2,251,087	5,805,844
Expenditure			
Personnel	6	760,453	3,266,283
Depreciation and amortisation	6	148,594	1,632,234
Maintenance and materials	6	137,942	923,020
Travel and transport	6	65,083	491,987
Other expenses	6	432,964	2,231,340
Total expenditure		1,545,036	8,544,864
Income tax expense for the year	8	-	-
Net profit/(loss) for the year		706,051	(2,739,020)

*The previous period was a multi-year period, with one set of financial statements compiled for the period 1 July 2016 to 30 June 2021.

**Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made. Refer to Note 3.3.

Telecom Niue Limited
Statement of changes in equity
For the year ended 30 June 2022

	Share capital	Retained earnings / (deficit)	Total equity
	Actual	Restated*	Restated*
	\$	\$	\$
Balance at 30 June 2016	-	-	-
Transfer of assets from Government of Niue	2,168,044	-	2,168,044
Restated net loss	-	(2,739,020)	(2,739,020)
Balance at 30 June 2021	2,168,044	(2,739,020)	(570,976)
Net profit	-	706,051	706,051
Balance at 30 June 2022	2,168,044	(2,032,969)	135,075

**Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made.
Refer to Note 3.3.*

Telecom Niue Limited
Statement of financial position
As at 30 June 2022

	Note	2022 Actual \$	2021 Restated* \$
Assets			
Current assets			
Cash and cash equivalents	9	756,483	422,066
Trade and other debtors	10	459,774	458,139
Inventories	11	193,408	242,593
Prepayments		11,818	5,000
Total current assets		1,421,483	1,127,798
Non-current assets			
Property, plant and equipment	13	692,480	762,331
Software	14	27,930	40,760
Total non-current assets		720,410	803,091
Total assets		2,141,893	1,930,889
Liabilities			
Current liabilities			
Trade and other creditors	12	1,601,530	1,599,604
Revenue in advance		30,111	39,391
Donated goods and services in advance		17,707	-
Employee entitlements	15	70,141	57,973
Borrowings	16	-	773,876
Total current liabilities		1,719,489	2,470,844
Non-current liabilities			
Employee entitlements	15	14,873	31,021
Borrowings	16	272,456	-
Total non-current liabilities		287,329	31,021
Total liabilities		2,006,818	2,501,865
Net assets/(liabilities)		135,075	(570,976)
Equity			
Share capital		2,168,044	2,168,044
Retained earnings		(2,032,969)	(2,739,020)
Total equity		135,075	(570,976)

**Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made.
Refer to Note 3.3.*

Telecom Niue Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 Actual \$	2017 - 2021* Actual \$
Cash flows from operating activities			
Receipts from customers		2,939,295	10,830,892
Receipts from donors		17,707	82,000
Receipts of interest		2,295	2,889
Payments to suppliers and employees		<u>(2,557,547)</u>	<u>(10,964,158)</u>
Net cash generated by / (used in) operations		401,750	(48,377)
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,913)	(416,068)
Purchase of intangible assets		-	(64,150)
Net cash used in investing activities		(65,913)	(480,218)
Cash flows from financing activities			
Proceeds from borrowings		30,545	967,014
Repayments of borrowings		<u>(31,965)</u>	<u>(193,137)</u>
Net cash (used in) / generated by financing activities		(1,420)	773,877
Net increase in cash and cash equivalents		334,417	245,282
Cash and cash equivalents at the beginning of the year		422,066	-
Transfer of assets from Government of Niue		-	176,784
Cash and cash equivalents at the end of the year	9	756,483	422,066
Reconciliation from net profit/(loss) to net cash flows from operations			
Net profit/(loss)**		706,051	(2,739,020)
Adjustments for non cash items			
Depreciation and amortisation		148,594	1,632,234
Loss on disposal of property, plant and equipment		-	314,556
Movement in provision for doubtful debts		8,904	(40,380)
Movement in NCT payable		126,820	-
Donated assets		-	(211,406)
Total adjustments for non cash items		284,318	1,695,004
Movements in working capital			
Increase in debtors		(510,539)	(157,349)
Increase in prepayments		(6,818)	(5,000)
Decrease/(Increase) in inventories		49,185	(228,551)
(Decrease)/increase in creditors**		(124,894)	1,342,402
Increase in revenue and donor revenue in advance		8,427	39,391
(Decrease)/increase in employee entitlements		<u>(3,980)</u>	<u>4,746</u>
Total movements in working capital		(588,619)	995,639
Net cash flows from operating activities		401,750	(48,377)

*The previous period was a multi-year period, with one set of financial statements compiled for the period 1 July 2016 to 30 June 2021.

**Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made. Refer to Note 3.3.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

1 Reporting entity

Telecom Niue Limited (hereafter: "the Company") was established on 24 February 2016 to assume the business and operations of the department of post and telecommunications that was under the Government of Niue. The Company began operations on 1 July 2016 with the assets being transferred from the Government on this date. The Company operates under the Niue Communications Act 1989. The Government of Niue is the sole owner of the Company.

The primary function of the Company is to provide mobile and fixed telephone services in Niue. The Company is also the main provider of internet services in Niue.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared on a historical cost and deemed cost basis.

These functional and presentation currency is New Zealand Dollars ('NZD').

These financial statements have been prepared on a going concern basis. This is on the basis that the Government of Niue will continue to financially support the Company in the foreseeable future. The Board, after making enquiries, has a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future, based on current trading terms and legislative requirements. The Board has reached this conclusion having regard to circumstances that it considers likely to affect the Company during the period of one year from the date of signing the 30 June 2022 financial statements, and to circumstances that it knows will occur after that date that could affect the validity of the going concern assumption. The key considerations included the Board receiving a letter of comfort, dated 6 September 2023, from the Minister of Finance and the Financial Secretary which states that the Government of Niue will continue to provide support to the Company to ensure that it remains a going concern.

2.2 Statement of compliance

These financial statements include the financial information of the Company for the year ended 30 June 2022.

The financial statements have been prepared using the accounting policies described on pages 7 to 10 and comply with Government of Niue Accounting Policies.

In preparing the financial statements, management has prepared a statement of financial position as at 30 June 2022 and a statement of financial performance, statement of cash flows, and statement of changes in equity for the year ended 30 June 2022. This differs from the prior period comparative information, where financial statements were prepared for a multi-year period, with a singular statement of financial position as at 30 June 2021 and a statement of financial performance, statement of cash flows, and statement of changes in equity for the five-years ended 30 June 2021.

2.3 Share capital

On 1 July 2016, the assets and liabilities of Telecom Niue department within the Government of Niue were transferred to a separate legal entity called Telecom Niue Limited (the Company). The transfer cost of the assets and liabilities is the closing balance of these assets and liabilities in the Telecom Niue department as at 30 June 2016. This transfer cost is the share capital held by the Government of Niue Limited in the Company.

2.4 Property, plant and equipment, and software

2.4.1 Recognition of property, plant and equipment, and software

Property, plant, and equipment consists of: land, infrastructure assets, building and site improvements, motor vehicles, electronic equipment (including computer equipment), and furniture and fittings. Software consists of separately purchased and installed software, and excludes OEM software.

Property, plant, and equipment, and software is measured at cost less accumulated depreciation/amortisation and impairment losses. Generally, individual assets, or groups of assets, are capitalised if their cost is greater than \$1,000.

2.4.2 Additions

The cost of an item of property, plant, and equipment, or software is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment, or software is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

2.4.3 Disposals

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

2.4.4 Depreciation and amortisation

Depreciation is provided on a straight-line basis on all property, plant and equipment, and software at rates that will write down the cost of the assets to their estimated residual values over their useful lives. The economic lives of assets and resulting depreciation/amortisation rates are as follows:

- Infrastructure assets	2-40 years	3 - 50%
- Building and site improvements	5-25 years	4 - 20%
- Plant and equipment	2.5-10 years	7 - 40%
- Motor vehicles	5-10 years	10 - 20%
- Computer equipment	2-20 years	5 - 50%
- Furniture & fixings	5-20 years	5 - 20%
- Software assets	5-14 years	7 - 20%

(These estimated useful lives and resulting depreciation/amortisation rates result from application of the Company's accounting policies, but are themselves not part of these accounting policies.)

2.4.5 Impairment of property, plant and equipment, and software

Property, plant and equipment, and software that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and funds on deposit with banks and are measured at their face value.

2.6 Trade and other debtors

Trade and other debtors are measured at their expected realisable value, which is generally the original amount less a provision for uncollectible amounts. Bad debts are written off when approved by the Telecom Niue Board.

2.7 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Cost includes all expenses incurred to bring goods to the Company: purchase price, import duties, freight and handling costs.

2.8 Trade and other creditors

Trade and other creditors are recognised for benefits that were received by balance date but had not been paid for. They are measured at the expected amounts to be paid after balance date.

2.9 Current liabilities

Provision is made for all known and identifiable liabilities existing at balance date.

2.10 Employee entitlements

The monetary value of benefits earned but not yet utilised by employees is recognised as a liability if employees are entitled to monetary compensation upon resigning or retiring, or if they are certain to enjoy the benefits after a minimum length of service. Employee entitlements comprise mainly accrued salaries, annual leave, and accrued long service leave and retiring leave.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

2.10 Employee entitlements (continued)

Accrued salaries comprise the portion of salaries that are earned prior to balance date but are paid after balance date. Annual leave is the value of leave days granted at the beginning of each leave year but not yet taken at balance date, valued using the salaries at balance date.

The provisions for long service leave and retiring leave are measured by first calculating the expected future value of these entitlements at the time that employees are expected to become entitled to them. The future values of these entitlements are increased by estimated average salary increases over time, and decreased by an estimated average resignation rate and by a discount rate reflecting the passage of time.

Benefits that have been earned and are due within one year from balance date, are recognised under short-term liabilities; the likelihood of these benefits being utilised by employees is under short-term liabilities; the likelihood of these benefits being utilised by employees is deemed high enough, and the measurement of them accurate enough, to consider the accrued value to be a liability. The non current portion of long service leave and retiring leave entitlements is recognised as a non current provision.

2.11 Niue Consumption Tax

All income and expenditure items are recognised net of Niue Consumption Tax ("NCT"). Assets and liabilities are recognised net of NCT, except for trade receivables and trade payables.

2.12 Revenue

2.12.1 Measurement of revenue

Revenue is measured at the fair value of consideration received or receivable.

2.12.2 Sale of services

Sales of services performed such as international and local mobile and fixed telephone services and internet services are recognised when the service has been performed for the customer. The recorded revenue is the gross amount of the sale.

2.12.3 Sale of goods

Sales of physical goods such as mobile equipment, telephone equipment, accessories and stationary, are recognised when the product is sold to the customer. The recorded revenue is the gross amount of the sale.

2.12.4 Rent Income

Rent income is recognised in the periods that the rental charges relate to.

2.12.5 Donor revenue

In order to determine whether Telecom is an agent or principal in relation to funding arrangements, the following shall be considered:

- whether Telecom has the right to arrange for the provision of services by other parties, and;
- whether Telecom controls the services, and;
- whether Telecom has the primary responsibility for fulfilling the contracted services.

Telecom will be considered an agent if the Company has the right to arrange for the provision of services by other parties and does not control or have primary responsibility of the contracted services.

2.13 Income tax

Income tax expense is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Income tax expense is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date. Income tax expense is recognised against the surplus or deficit for the period.

2.14 Commitments

Expenses yet to be incurred on non-cancellable contracts that have been entered into on or before balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Cancellable commitments that have penalty or exit costs explicit in the agreement on exercising that option to cancel are included in commitments at the value of that penalty or exit cost.

2.15 Statement of cash flows

Cash and cash equivalents in the cash flow statement comprise cash on hand and bank account balances which form part of the day to day management of the Company.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

2.16 Financial instruments

Financial instruments include bank accounts, investments, debtors, creditors and borrowings. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

2.17 Changes in accounting policies

Changes in accounting policies are applied retrospectively, and comparatives are restated. The effect of these changes, if any, is disclosed in Note 3.1 below.

New accounting policies may be adopted for types of transactions that have become material to the financial statements for the first time. These are not considered changes in accounting policies. Likewise, some accounting policies may be reworded to better reflect the treatment of transactions; such rewording is also not considered a change in accounting policies.

2.18 Changes in accounting estimates

Material effects of changes in accounting estimates are recognised in the Statement of Financial Position in the current year to the extent that they have an effect on the current year or previous years. They are disclosed in Note 3.2 below.

2.19 Material prior year errors

If errors are detected that have a material impact on prior years, then these are applied retrospectively, and comparatives are restated. The effect of such errors, if any, is disclosed in Note 3.3 below.

3 Events and decisions with significant accounting impacts

3.1 Changes in accounting policies

There were no changes to accounting policies during the year.

3.2 Changes in accounting estimates

There were no changes in accounting estimates during the year.

3.3 Prior year errors

The Government of Niue and Ministry of Foreign Affairs and Trade New Zealand ("MFAT") signed Grant Funding Arrangement on 24 March 2020, and appointed Telecom Niue Limited ("Telecom") as the project manager to deliver the following two projects:

- Upgrade of Niue's Domestic Fibre Network: Deployment of additional fibre backbone ring network in addition to the current fibre ring.
- Upgrade of the Government of Niue's Information Communications and Technology ("ICT") Network: Replacement of the ICT network for the Niue civil service including the existing network, desktop clients, data storage and the provision of new security controls.

Telecom is determined to be an agent for these projects for the following reasons:

- Telecom has arranged for the provision of the upgrades by other parties, and;
- Does not control the services of the upgrades of the Networks, and;
- Does not have the primary responsibility for fulfilling the promise to provide the upgrades.

MFAT provided total funding of \$2.915 million between 23 April 2020 and 21 May 2021 to Telecom.

The funding received from MFAT was then spent towards these projects starting from 24 April 2020, and majority of the fund was spent as at 30 June 2021.

The unspent portion of the fund is treated as donor revenue received in advance and recognised as payable to the Government of Niue within the financial statements.

For the five years ended 30 June 2021, the payable to The Government of Niue was \$893,629 and this balance included donor revenue received in advance of \$421,070 as at that date.

However, based upon the detailed analysis performed by management the unspent portion of the fund as at 30 June 2021 should have been \$61,338.

Therefore, there has been a restatement to correct the 2021 amounts in respect of project fund that was already spent as at 30 June 2021. The restatement results in a \$359,732 decrease of the payable to the Government of Niue and a corresponding decrease of \$359,732 in Other expenses. The impact of the prior period error on the financial statements is summarised below.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

3.3 Prior year errors (continued)

Analysis of funding received

Date	Funding Spent	Total
FY20 (April 2020)	1,524,417	
FY21 (July 2020 - June 2021)	1,329,245	
		2,853,662
FY22	43,631	
FY23	10,717	
FY24	3,605	
Funding not spent	3,385	
		61,338
Total funding received		2,915,000

211 balance for donor revenue adjustment	(421,070)
Unspent portion of fund	61,338
Adjustment for funding already spent	(359,732)

For the five years ended 30 June 2021	As Previously Reported	Adjusted	As Restated
	\$	\$	\$

Statement of financial performance

Expenditure			
Other expenses	2,591,072	(359,732)	2,231,340
Total expenditure	8,904,596	(359,732)	8,544,864
Net profit/(loss) for the year	(3,098,752)	359,732	(2,739,020)

Statement of financial position

Current liabilities			
Trade and other creditors	1,959,336	(359,732)	1,599,604
Total current liabilities	2,830,576	(359,732)	2,470,844
Total liabilities	2,861,597	(359,732)	2,501,865
Net assets	(930,708)	359,732	(570,976)

Statement of changes in equity

Retained earnings / (deficit)	(3,098,752)	359,732	(2,739,020)
Total equity	(930,708)	359,732	(570,976)

The comparative figures in the corresponding notes 6 (Expenditure), 12 (Trade and other creditors) and 20 (Related party transactions) have also been restated.

3.4 Discussion of financial performance

Revenue has decreased by \$7,839,599 to \$3,461,409 for the financial year as a result of the prior period being a multi-year period of five years, whereas the current financial period is one year.

Gross margin has decreased by \$3,554,757 as a result of the prior period being a multi-year period of five years, whereas the current financial period is one year.

Operating expenditure decreased by \$6,999,828 to \$1,545,036 due to the prior period being a multi-year period of five years, whereas the current financial period is one year.

3.5 Major events

No major events occurred during the year that had a significant impact on these financial statements.

3.6 Subsequent events

There were no subsequent events that may have a significant impact on these Financial Statements.

3.7 Compliance with legislation

Telecom Niue Limited is governed by the Companies Act 2006. Section 130(1)a states that the Company shall within four months after the end of the Company's financial year prepare and furnish to shareholders financial statements in respect of that year. Section 131 requires that the Financial Statements be audited. These financial statements were prepared and audited outside of the four month requirement.

4 Sale of goods and services

	2022 Actual \$	2017 - 2021 Actual \$
International communication	45,988	575,461
Local communication	41,339	427,412
Leased circuits	218,700	896,904
Settlement telephones	158,208	1,000,336
Mobile prepaid services	-	264,563
Shop sales (Internet access)	1,862,953	4,294,640
SIM cards and wifi vouchers	-	212,914
Total sale of goods and services	2,327,188	7,672,230

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

5 Miscellaneous and other revenue

	2022 Actual \$	2017 - 2021 Actual \$
Government contracts	176,000	890,861
Telephone line rental	78,594	439,064
ICT sales	134,199	230,542
Mobile handset sales	-	59,318
Other income	743,133	1,456,250
Total miscellaneous revenue	<u>1,131,926</u>	<u>3,076,035</u>

6 Expenditure

	2022 Actual \$	2017 - 2021 Restated* \$
Salaries and wages	661,490	2,777,959
Contractor wages	54,490	237,776
Staff amenities	25,021	119,214
Superannuation subsidy	19,452	131,334
Personnel expenses	<u>760,453</u>	<u>3,266,283</u>
Depreciation of property, plant and equipment	135,764	1,593,173
Amortization of software	12,830	39,061
Depreciation and amortisation	<u>148,594</u>	<u>1,632,234</u>
Repairs and maintenance	100,846	699,007
Other supplies	37,096	224,013
Maintenance and materials	<u>137,942</u>	<u>923,020</u>
External freight	8,152	191,866
Fuel	51,908	202,992
Other travel and transport expenses	5,023	97,129
Travel and transport	<u>65,083</u>	<u>491,987</u>
Communication	5,498	87,278
Electricity	158,706	523,335
Professional fees	98,309	152,172
Other expenses	163,777	1,124,456
Loss on disposal of fixed assets	-	314,556
Staff training and seminars	750	12,304
Subsidies and welfare	5,924	17,239
Other expenses	<u>432,964</u>	<u>2,231,340</u>
Total expenditure	<u>1,545,036</u>	<u>8,544,864</u>

*Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made. Refer to Note 3.3.

7 Audit fees

Professional fees includes the estimated audit fees for the current year amounting to \$61,038 (2017 - 2021: \$60,521).

8 Taxation

	2022 Actual \$	2017 - 2021 Restated* \$
Net profit/(loss) before tax	706,051	(2,739,020)
Deduct: Interest income not subject to Niue income tax	(2,295)	(2,889)
Deduct: Donated goods and services income not subject to Niue income tax	-	(329,448)
Income subject to Niue income tax	<u>703,756</u>	<u>(3,071,357)</u>
Income tax rate	30%	30%
Income tax for the current year	<u>211,127</u>	<u>(921,407)</u>
(Prior year losses utilised) / Losses not recognised	(211,127)	921,407
Income tax expense	<u>-</u>	<u>-</u>
Total net losses not recognised	<u>710,280</u>	<u>921,407</u>

The tax expense recognised in the Statement of Financial Performance relates to income tax and approved issuer levies paid in New Zealand on income derived in New Zealand (which is not subject to Niue income tax).

*Net loss shown here does not correspond to the 2021 financial statements and reflects adjustments made. Refer to Note 3.3.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

9 Cash and cash equivalents

	2022 Actual \$	2021 Actual \$
Current account	75,290	105,797
Call accounts	680,817	315,634
Telecom debit card	376	635
Total cash and cash equivalents	<u>756,483</u>	<u>422,066</u>

10 Trade and other debtors

	2022 Actual \$	2021 Actual \$
Trade debtors	31,947	12,211
Provision for doubtful debts	(13,795)	(4,891)
Related party debtors	441,622	450,819
Total trade and other debtors	<u>459,774</u>	<u>458,139</u>

11 Inventories

	2022 Actual \$	2021 Actual \$
Consumer electronics and supplies	188,148	227,543
SIM cards	5,260	15,050
Total inventories	<u>193,408</u>	<u>242,593</u>

12 Trade and other creditors

	2022 Actual \$	2021 Restated* \$
Creditors and accruals	281,145	311,461
Related party creditors	442,988	537,566
NCT payable	877,397	750,577
Total trade and other creditors	<u>1,601,530</u>	<u>1,599,604</u>

*Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made. Refer to Note 3.3.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

13 Property, plant and equipment

	Infrastructure assets	Building and site improvements	Plant and equipment	Motor vehicles	Electronic equipment	Furniture and fittings	Total
Cost at 1 July 2021	\$ 2,150,215	\$ 54,774	\$ 133,987	\$ 241,153	\$ 101,380	\$ 24,163	\$ 2,705,672
Additions	-	1,124	25,937	-	38,853	-	65,914
Cost at 30 June 2022	2,150,215	55,898	159,924	241,153	140,233	24,163	2,771,586
Accumulated depreciation at 1 July 2021	1,662,859	40,015	55,700	97,239	79,641	7,887	1,943,341
Depreciation	31,226	3,039	29,031	43,739	25,468	3,262	135,764
Accumulated depreciation at 30 June 2022	1,694,085	43,054	84,731	140,978	105,109	11,149	2,079,105
Net book value at 1 July 2021	487,356	14,759	78,287	143,914	21,739	16,276	762,331
Net book value at 30 June 2022	456,130	12,844	75,193	100,175	35,124	13,014	692,481

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

14 Intangible assets

	Software Actual \$	Total Actual \$
Cost at 1 July 2021	64,150	64,150
Cost at 30 June 2022	<u>64,150</u>	<u>64,150</u>
Accumulated amortisation at 1 July 2021	23,390	23,390
Amortisation	12,830	12,830
Accumulated amortisation at 30 June 2022	<u>36,220</u>	<u>36,220</u>
Net book value at 1 July 2021	<u>40,760</u>	<u>40,760</u>
Net book value at 30 June 2022	<u>27,930</u>	<u>27,930</u>

15 Employee entitlements

	2022 Actual \$	2021 Actual \$
Accrued salaries and wages	14,674	11,906
Leave entitlements (see below for classification)	70,340	77,088
Total employee entitlements	<u>85,014</u>	<u>88,994</u>

Leave entitlements include current and non-current entitlements, as follows:

Current entitlements	55,467	46,067
Non-current entitlements	14,873	31,021
Total leave entitlements	<u>70,340</u>	<u>77,088</u>

Movements in the leave entitlements can be shown as follows:

Opening balance 1 July	77,088	-
Transfer of liability from Government of Niue	-	82,902
Effect of salary increases	791	13,455
Effect of discounting	(1,864)	(9,518)
Effect of expected resignations	(1,119)	(5,711)
Net effect of additional and utilised entitlements	(4,556)	(4,040)
Total leave entitlements	<u>70,340</u>	<u>77,088</u>

16 Borrowings

	2022 Actual \$	2021 Actual \$
Bank loans	272,456	773,876
Total borrowings	<u>272,456</u>	<u>773,876</u>

Amount due for settlement within 12 months
Amount due for settlement after 12 months

-	773,876
272,456	-

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Notes to the financial statements for the year ended 30 June 2022

16 Borrowings (continued)

Summary of borrowing arrangements

On 21 December 2017, a business loan agreement totalling \$803,000 "and further advances" was agreed to between Niue Development Bank and the Company. This loan has been secured with a debenture over the Company and 8.2 hectares of Crown Land that is managed by the Company. The term of the business loan agreement is initially three years interest only to 21 December 2020 and then the business loan agreement is to be placed on a reducing basis over a term of up to 10 years to 21 December 2030, once the Manatua submarine cable is operational and cost saving benefits are flowing into the Company from this submarine cable.

On 1 February 2022, the Government of Niue paid \$500,000 to Niue Development Bank, with the funds used to reduce the bank loan. At 30 June 2022, \$272,456 was drawn down from the business loan agreement.

Interest was charged on the business loan agreement throughout this financial year at an interest rate of 6-7% per annum.

Compliance with loan covenants

The business loan agreement and the debenture agreement over the Company contains various undertakings and requires compliance with several covenants.

All undertakings and covenants were met during the financial year.

17 Financial instruments

17.1 General

The Company is party to financial instruments as part of its normal operations. These financial instruments may include bank accounts, investments, debtors, creditors and borrowings. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

17.2 Credit risk

The exposure to credit risk is monitored by reviewing the amounts that individual debtors owe on a regular basis. The Company does not have any significant concentrations of credit risk.

17.3 Currency risk

The Company has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. The Company does not hedge against these exposures.

17.4 Interest rate risk

The Company is exposed to interest rate risk through borrowings outstanding as at 30 June 2022.

17.5 Fair value

The fair value of financial instruments is equivalent to their carrying value in the Statement of Financial Position.

18 Commitments

	2022	2021
	Actual	Actual
	\$	\$
Due within 1 year	649,490	367,567
Due within 1 to 2 years	396,063	104,139
Due within 2 to 5 years	662,862	83,116
Total commitments*	<u>1,708,415</u>	<u>554,822</u>

* The commitments include payments to Digicel (Samoa) Limited for Leased Capacity on the Network until 31 March 2027 as Telecom Niue Limited makes the monthly payments. The Capacity Lease agreement was signed between Digicel (Samoa) Limited and Government of Niue on 9 July 2021.

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Notes to the financial statements for the year ended 30 June 2022

19 Contingencies

There were no contingencies as at 30 June 2022 (2021: nil).

20 Related party transactions

The Company is an entity wholly owned by the Government of Niue. The Government of Niue significantly influences the role of the Company and is its major source of revenue. The Company enters into transactions with other government departments and other government owned entities on an arm's length basis.

Transactions entered into with related parties during the year, can be summarised as follows (net of NCT).

	2022	2021
	Actual	Actual
	\$	\$
Sale of goods and services to:		
Government of Niue	791,175	3,591,364
Broadcasting Corporation of Niue	1,293	15,936
Niue Development Bank	51,604	204,127
Niue Philatelic Numismatic Corporation	1,622	142,006
Niue Bond Liquor Company	18,599	46,671
	864,293	4,000,104
Purchases of goods & services from:		
Government of Niue - purchases of electricity	158,705	1,056,023
Government of Niue - other payments including prepaid electricity tokens and NCT	561,391	-
Broadcasting of Corporation of Niue	-	24,478
Niue Development Bank	12,000	-
Niue Commercial Entities Limited	21	10,309
Niue Philatelic Numismatic Corporation	-	172,078
Niue Bond Liquor Company	2,502	6,912
	734,619	1,269,800

Government of Niue provides electricity and sells it through cash and prepaid tokens. Telecom Niue Limited sells prepaid tokens on behalf of Government of Niue, to other entities and customers, and then passes the payment to the electricity provider. The comparative period payments to Government of Niue were disclosed on an aggregate basis.

These and other events resulted in the following balances owing to and owed by the Company as at 30 June 2022:

	2022	2021
	Actual	Actual
	\$	\$
Owed By:		
Receivable from Government of Niue	431,223	447,406
Receivable from Broadcasting Corporation of Niue	5,937	1,500
Receivable from Niue Philatelic Numismatic Corporation	1,962	1,913
Receivable from Niue Bond Liquor Company	2,500	-
	441,622	450,819
	2022	2021
	Actual	Restated*
	\$	\$
Owing to:		
Payable to Government of Niue	442,954	533,897
Payable to Broadcasting Corporation of Niue	34	-
Payable to Niue Development Bank	272,456	776,856
Payable to Niue Philatelic Numismatic Corporation	-	194
Payable to Niue Bond Liquor Company	-	495
	715,444	1,311,442

*Certain amounts shown here do not correspond to the 2021 financial statements and reflects adjustments made. Refer to Note 3.3.

The company makes regular tax payments to the Tax Office (Treasury). PAYE is paid on behalf of its employees.

Telecom Niue Limited
Notes to the financial statements for the year ended 30 June 2022

21 Directors

The following Directors were in office during the year:

RUBIN, Avraham (CHAIR)
FITZGERALD, Ian Robert
HEKAU, Kahealani Sarah Sinahemana
SIONEHOLO, Dessyo Peniamina Lika-Kipiro