

## Independent Auditor's Report

### To the readers of Broadcasting Corporation of Niue's financial statements for the year ended 30 June 2022

The Auditor-General is the auditor of Broadcasting Corporation of Niue (the Corporation). The Auditor-General has appointed me, Rehan Badar, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Corporation on his behalf.

We have audited the financial statements of the Corporation on pages 2 to 15, that comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

#### Qualified opinion

In our opinion, except for the possible effects of the matters described in the *Basis for our qualified opinion* section of our report, the financial statements of the Corporation have been prepared, in all material respects, in accordance with the accounting policies described in note 2, Summary of Significant Accounting Policies.

Our audit was completed on 7 March 2024. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below, and we draw attention to other matters. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our qualified opinion

##### ***Revenue from provision of goods and services - Our work was limited for revenue from the provision of goods and services, the associated debtor amounts, Niue Consumption Tax (NCT) payable, and the calculation of taxable losses to carry forward***

The scope of our audit was limited because the Corporation did not maintain adequate systems, controls and supporting documentation for recording revenue from the provision of goods and services (note 4) and debtors including the provision for doubtful debts (note 8). Therefore, we were unable to obtain sufficient appropriate audit evidence to determine whether these items have been completely and properly recorded and disclosed. There were no satisfactory audit procedures that we could adopt to determine the effect of these limitations in scope.

Due to the limitations in scope explained above for revenue, we are consequently unable to gain assurance that the associated Niue Consumption Tax (NCT) payable (note 9) and the calculation of taxable losses to carry forward (note 12) are fairly reflected.

Attention is drawn to the fact that we issued a qualified opinion on the Corporation's 30 June 2021 financial statements for the same reasons outlined above. As a consequence, no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2022 financial statements.

***Our work over certain expenses and the consequential impact on NCT and PAYE payable was also limited in the prior year***

As well as the matters above, the scope of our work in the prior year for the three-year period ended 30 June 2021 was also limited because some supporting documentation was destroyed in a fire and the Corporation did not maintain adequate systems, controls and supporting documentation to confirm certain expenditure items. These limitations affected Materials, Supplies and Services, Travel and Transport, Other operating expenses and Contract wages (included in personnel expenses in Note 5) as well as the consequential impact on associated NCT amounts and PAYE payable. Accordingly, we expressed a qualified opinion on these items in the 30 June 2021 financial statements. As a consequence, no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2022 financial statements.

***Failure to keep proper accounting records***

Due to the limitations of scope noted above, the Corporation did not comply with section 32 of the Broadcasting Act 1989, which requires the corporation to keep proper accounts and records of its transactions and affairs.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of matters**

Without further modifying our opinion, we draw attention to the following disclosures.

**Reliance on the Government of Niue for financial support**

Note 2.1 on page 8 outlines the Corporation preparing its financial statements using the going concern assumption, on the basis that the Board of Directors has obtained a letter of support from the Government of Niue which confirms that it will continue to provide support to the Corporation to ensure that it remains a going concern.

## **Comparative financial statements were prepared for a multi-year period**

The footnotes to the statement of financial performance and the statement of cashflows outline that the comparative period was a multi-year period, with one set of financial statements compiled for the period 1 July 2018 to 30 June 2021. As a result, the financial performance and cash flows for the comparative period are not directly comparable with those for the year ended 30 June 2022.

## **Responsibilities of the Board of Directors for the financial statements**

The Board of Directors is responsible on behalf of the Corporation for preparing financial statements that comply with the accounting policies described in note 2, Summary of Significant Accounting Policies.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible on behalf of the Corporation for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

The Board of Director's responsibilities arise from the Broadcasting Act 1989.

## **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. 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 of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We 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 Corporation's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Broadcasting Act 1989.

## **Independence**

We are independent of the Corporation in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Corporation.



Rehan Badar  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand