

**NIUE BOND LIQUOR
COMPANY LIMITED**

Financial Statements

For the year ended 30 June 2022

Niue Bond Liquor Company Limited
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For the year ended 30 June 2022

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Niue Bond Liquor Company Limited
Directors' statement
For the year ended 30 June 2022

The Board of the Niue Bond Liquor Company Limited 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 28/05/2024



Dalton Tagelagi
Director



Doreen Siataga
Director

Niue Bond Liquor Company Limited
Statement of financial performance
For the year ended 30 June 2022

	Notes	2022 Actual \$	2019 - 2021* Actual \$
Sales		1,526,728	5,268,929
Interest		576	4,360
Total revenue		1,527,304	5,273,289
Cost of goods sold	7	(1,253,344)	(3,063,998)
Gross profit		273,960	2,209,291
Expenditure			
Personnel expenses		(130,771)	(612,664)
Depreciation and amortisation	11,12	(61,382)	(175,470)
Maintenance and materials		(18,870)	(77,011)
Travel expenses		(10,793)	(37,158)
Other expenses		(261,676)	(352,596)
Other donations		(22,000)	(523,889)
Total expenditure	4	(505,492)	(1,778,788)
Net (loss)/profit before tax		(231,532)	430,503
Income tax refund /(expense)	6	69,632	(143,510)
Net (loss)/profit for the year		(161,900)	286,993

**The previous period was a multi-year period, with one set of financial statements compiled for the period 1 July 2018 to 30 June 2021.*

Niue Bond Liquor Company Limited
Statement of changes in equity
For the year ended 30 June 2022

	Share capital Actual	Retained earnings Actual	Total equity Actual
	\$	\$	\$
Balance at 30 June 2018	467,799	1,280,930	1,748,729
Net profit for the year	-	286,993	286,993
Balance at 30 June 2021	467,799	1,567,923	2,035,722
Net loss for the year	-	(161,900)	(161,900)
Reclassification*	(8,000)	8,000	-
Balance at 30 June 2022	459,799	1,414,023	1,873,822

**In the previous period, it was concluded that the land upon which the Company resided should not have been transferred to the Company, but should have remained with the Government of Niue. This was recorded as a disposal through profit or loss for the period ended 30 June 2021, however the land had to be returned in the form of an equity transaction, as it formed part of the consideration for shares when the Company incorporated on 24 November 2011.*

The amount is not material therefore the opening balances were not restated, but this has been reclassified in the current year to ensure the correct reflection of equity transaction.

Niue Bond Liquor Company Limited
Statement of financial position
As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents		793,727	354,223
Inventories	7	813,271	1,540,836
Trade and other debtors	8	88,866	3,125
Related party debtors	16	719,102	777,140
Deferred tax asset	6	69,632	-
Total current assets		2,484,598	2,675,324
Non-current assets			
Property, plant and equipment	11	186,557	185,259
Intangible assets	12	23,895	20,012
Total non-current assets		210,452	205,271
Total assets		2,695,050	2,880,595
Liabilities			
Current liabilities			
Trade and other creditors	9	115,837	142,253
Employee entitlements	10	15,341	12,570
Provision for income tax	6	690,050	690,050
Total current liabilities		821,228	844,873
Total liabilities		821,228	844,873
Net assets		1,873,822	2,035,722
Equity			
Share capital		459,799	467,799
Retained earnings		1,414,023	1,567,923
Total equity		1,873,822	2,035,722

Niue Bond Liquor Company Limited
Statement of cash flows
For the year ended 30 June 2022

	2022	2019 - 2021*
	Actual	Actual
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,403,784	5,338,829
Receipts of interest	576	4,360
Payments to suppliers	(827,835)	(3,981,531)
Payments to employees	(128,000)	(617,630)
Donations made to related parties	-	(504,407)
Income tax payments	-	(9,442)
Net cash generated by operations	448,525	230,179
Cash flows from investing activities		
Purchase of property, plant and equipment	(54,225)	(164,007)
Purchase of intangible assets	(12,338)	(10,037)
Net cash used in investing activities	(66,563)	(174,044)
Cash flows from financing activities		
Repayments of loans from related parties	57,542	77,500
Net cash generated by financing activities	57,542	77,500
Net increase in cash and cash equivalents	439,504	133,635
Cash and cash equivalents at the beginning of the year	354,223	220,588
Cash and cash equivalents at the end of the year	793,727	354,223

Reconciliation from net (loss)/profit to net cash flows from operations

Net (Loss)/profit	(161,900)	286,993
Adjustments for non cash items		
Depreciation and amortisation	61,382	175,470
Loss on disposal of property, plant and equipment	-	27,482
Intercompany adjustments	378	-
Recognition of deferred tax asset	(69,632)	-
Total adjustments for non cash items	(7,872)	202,952
Movements in working capital		
(Increase)/decrease in debtors	(85,741)	70,254
Decrease/(increase) in inventories	727,565	(471,006)
(Decrease)/increase in creditors	(23,645)	6,918
Increase in other creditors	118	134,068
Total movements in working capital	618,297	(259,766)
Net cash flows from operating activities	448,525	230,179

**The previous period was a multi-year period, with one set of financial statements compiled for the period 1 July 2018 to 30 June 2021.*

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

1 Reporting entity

The Niue Bond Liquor Company Limited (hereafter: "the Company") was established on 24 November 2011 to assume the Bond Store's sales of alcoholic beverages from 1 July 2012. The Company is wholly owned by the Government of Niue.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a going concern.
The financial statements have been prepared on a historical cost basis except for financial instruments which are recorded at fair value.

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 8 to 11 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 three-years ended 30 June 2021.

2.3 Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Company is New Zealand dollars.

2.4 Revenue

Revenue is measured at the fair value of consideration received or receivable. Sales are recognised when the products are sold to the customer.

2.5 Cash and cash equivalents

Cash includes cash on hand and funds on deposit, for less than 12 months with banks and is measured at its face value.

2.6 Debtors

Debtors are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment charges.

Impairment of a receivable is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debt may be impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment account, and the amount of the loss is recognised in the surplus or deficit. Overdue receivables that are renegotiated are reclassified as current (that is, not past due).

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 Bond Store: purchase price, import duties, freight and handling costs.

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

2.8 Property, plant and equipment, and software

2.8.1 Recognition of property, plant and equipment, and software

Property, plant, and equipment consists of: land, buildings, 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 and amortisation, and impairment losses. Generally, individual assets, or groups of assets, are capitalised if their cost is greater than \$1,000.

2.8.2 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.

2.8.3 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.

2.8.4 Depreciation and amortisation

Depreciation and amortisation are provided on a straight-line basis on all property, plant and equipment, at rates that will write down the cost of the assets to their estimated residual values over their useful lives.

The useful lives of major classes of property, plant and equipment and software have been estimated as follows:

- Buildings	10 - 40 Years
- Vehicles	5 Years
- Electronic Equipment	3 - 5 Years
- Furniture & Fixings	10 - 20 Years
- Software	5 Years

2.8.5 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.

2.9 Creditors

Creditors are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned but not yet taken at balance date and expected to be settled within 12 months.

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

2.11 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.

2.12 Niue Consumption Tax

All income and expenditure items are recognised net of NCT. Assets and liabilities are recognised net of NCT, except for accounts receivable and accounts payable.

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. The income tax calculated on losses that are carried forward in order to compensate with future taxable income, is not recognised as an asset unless it is virtually certain that future taxable income will be available for such compensation.

2.14 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.

2.15 Changes in accounting estimates

Material effects of changes in accounting estimates are recognised in the Income Statement 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.

2.16 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 have been no changes in accounting policies during the year.

3.2 Changes in accounting estimates

There have been no changes in accounting estimates during the year.

3.3 Prior year errors

No material prior year errors were identified.

3.4 Discussion of financial performance

Sales decreased 10% from last year when prior year is annualised from a multi-year period. Gross margin decreased from 42% to 17%, which resulted in \$0.47 million less profit. Operating expenditure decreased by \$80,491 on an annualised basis, mainly as a result of lower personnel costs (due to staff shortages) and donations paid.

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

3.5 Subsequent events

There were no subsequent events after balance date.

3.5 Compliance with legislation

3.5.1 Financial Statements not submitted on time

The Niue Bond Liquor Company 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.

3.5.2 Breaches of tax laws

Income Tax returns must be filed with the Niue Tax Office no later than five months after the end of the tax year (30 June for the Company). The Company has not yet filed its tax return for the years ending 30 June 2013 to 30 June 2022, and has also failed to request filing extensions.

4 Operating expenditure

	2022	2019 - 2021*
	Actual	Actual
	\$	\$
Salaries & wages (employees)	125,697	567,869
Payments to contractors	2,529	15,003
Other staff benefits	2,545	29,792
Personnel expenses	130,771	612,664
Depreciation of property, plant & equipment	52,927	154,578
Amortisation of software	8,455	20,892
Depreciation & amortisation (Note 11 and 12)	61,382	175,470
Repairs & maintenance	17,141	34,296
Minor asset purchases	1,096	30,983
Losses on disposals	0	-
Other supplies	633	11,732
Maintenance & materials	18,870	77,011
External freight	-	1,314
Fuel	10,793	35,165
Other travel & transport expenses	-	679
Travel & transport	10,793	37,158
Communication	212	19,407
Electricity	26,539	48,000
Professional fees	158,165	171,428
Debtor impairments (see Note 8)	37,203	-
Operational lease and rent	23,000	-
Other expenses	16,557	113,761
Other expenses	261,676	352,596
Donations to related parties	22,000	523,889
Other grants	22,000	523,889
Total operating expenditure	505,492	1,778,788

*The previous period was a multi-year period, with one set of financial statements compiled for the period 1 July 2018 to 30 June 2021.

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

5 Audit fees

Other expenses include the agreed audit fees for the current year amounting to \$61,650 (2021: \$33,300).

6 Taxation

	2022 Actual \$	2021 Actual \$
Net (loss)/profit before tax	(231,532)	430,503
Deduct: Income not subject to Niue income tax	(576)	(4,360)
Add: Non-deductible expenditure	-	20,750
Income subject to Niue income tax	(232,108)	446,893
Income tax rate	30%	30%
Income tax for the current year	(69,632)	134,068
Tax losses recognised as deferred tax asset	69,632	-
Income tax expense	-	143,510
Tax paid in other jurisdictions	-	9,442

Deferred tax asset have been recognised as this is expected to be realised in the near future (2021: no deferred tax asset recognised). Utilisation of tax losses are subject to compliance with statutory requirements.

	2022 Actual \$	2021 Actual \$
Provision for income tax		
Opening balance	690,050	555,982
Additional tax expense	-	134,068
Closing balance	690,050	690,050

7 Inventories

	2022 Actual \$	2021 Actual \$
Opening balance	1,540,836	1,069,830
Purchases	525,779	3,535,004
Cost of goods sold	(1,253,344)	(3,063,998)
Total inventories	813,271	1,540,836

Split between:

Inventory in transit	-	145,866
Inventory on hand	813,271	1,394,970
	813,271	1,540,836

8 Trade and other debtors

	2022 Actual \$	2021 Actual \$
Trade debtors	116,316	3,125
NCT receivable	9,753	-
Provision for doubtful debts	(37,203)	-
Total debtors	88,866	3,125

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

9 Trade and other creditors

	2022 Actual \$	2021 Actual \$
Audit fees	93,190	53,665
Other liabilities	22,647	88,588
Total trade and other creditors	115,837	142,253

10 Employee entitlements

	2022 Actual \$	2021 Actual \$
Accrued salaries and wages	3,704	2,469
Annual leave	11,637	10,101
Total employee entitlements	15,341	12,570

11 Property, plant and equipment

	Buildings Actual \$	Vehicles Actual \$	Electronic equipment Actual \$	Furniture and fittings Actual \$	Total Actual \$
Cost at 1 July 2021	114,354	67,278	53,850	160,488	395,970
Additions	-	8,889	9,711	35,625	54,225
Disposals	-	(6,222)	-	-	(6,222)
Cost at 30 June 2022	114,354	69,945	63,561	196,113	443,973
Accumulated depreciation at 1 July 2021	34,709	39,720	49,810	86,472	210,711
Depreciation	7,435	12,736	6,171	26,585	52,927
Eliminated on disposals	-	(6,222)	-	-	(6,222)
Accumulated depreciation at 30 June 2022	42,144	46,234	55,981	113,057	257,416
Net book value at 1 July 2021	79,645	27,558	4,040	74,016	185,259
Net book value at 30 June 2022	72,210	23,711	7,580	83,056	186,557

12 Intangible assets

	Software Actual \$	Total Actual \$
Cost at 1 July 2021	46,512	46,512
Additions	12,338	12,338
Cost at 30 June 2022	58,850	58,850
Accumulated amortisation at 1 July 2021	26,500	26,500
Amortisation	8,455	8,455
Accumulated amortisation at 30 June 2022	34,955	34,955
Net book value at 1 July 2021	20,012	20,012
Net book value at 30 June 2022	23,895	23,895

Niue Bond Liquor Company Limited

Notes to the Financial Statements for the year ended 30 June 2022

13 Financial instruments

13.1 Credit risk

The Company is from time to time exposed to a small credit risk resulting from sales that are settled overnight. The exposure is monitored regularly by reviewing amounts owing.

13.2 Currency risk

The Company purchases most goods from New Zealand and in New Zealand dollars, but is from time to time exposed to foreign exchange risk as a result of purchases from suppliers outside Niue and New Zealand. The exposure is managed by reviewing the foreign exchange rate at the time of purchase before confirming the purchase. All sales are in New Zealand dollars, so the Company is not exposed to currency risk on sales.

13.3 Interest rate risk

The Company is not exposed to significant interest rate risk.

13.4 Fair value

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

14 Commitments

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

15 Contingent liabilities

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

16 Related party transactions

The Company regularly enters into transactions with the Government of Niue and other entities within the group. Significant transactions (excluding NCT) during the year were as follows.

	2022 Actual \$	2019 - 2021* Actual \$
Sales to Government (Treasury)	17,605	15,804
Sales to Telecom Niue Limited	2,502	6,543
Sales to Broadcasting Corporation of Niue	297	495
Purchases of electricity and services from Niue Power	-	(28,500)
Purchases from Broadcasting Corporation of Niue	-	(670)
Purchases from Government	(40)	-
Purchases of communication services from Telecom Niue Limited	(377)	(37,643)
Purchases of electricity prepaid tokens from Telecom Niue Limited	(18,222)	-
Purchases of goods from Niue Philatelic and Numismatic Corporation	-	(10,680)
Donations to Government (Treasury)	-	(133,000)
Donations to Niue Philatelic and Numismatic Corporation	-	(371,407)
Repayments of loans from Niue Power	-	25,000
Repayments of loans from Government departments	-	115,689
Total transactions	<u>1,765</u>	<u>(418,369)</u>

The prepaid tokens for electricity are purchased from Telecom Niue Limited, who then passes the payment to the electricity provider, Government of Niue. The comparative period payments were included within purchases of communication services from Telecom Niue Limited.

These and other events resulted in the following balances (including NCT if applicable) owing to/(owed by) the Company as at 30 June.

Niue Bond Liquor Company Limited
Notes to the Financial Statements for the year ended 30 June 2022

16 Related party transactions (continued)

	2022	2021
	Actual	Actual
	\$	\$
Payable to Niue Power (via Treasury)	-	(118)
Payable to Telecom Niue Limited	(2,500)	-
Total payable	(2,500)	(118)
	2022	2021
	Actual	Actual
	\$	\$
Receivable from Government Departments	597,589	655,132
Receivable from Niue Philatelic and Numismatic Corporation	119,893	119,893
Receivable from Broadcasting Corporation Niue	1,620	1,620
Receivable from Telecom Niue Limited	-	495
Total receivable	719,102	777,140

The Company also makes regular tax payments to the Tax Office (Treasury). PAYE is paid on behalf of its employees. Details of Company Income Tax are disclosed in Note 6.

*The previous period was a multi-year period, with one set of financial statements compiled for the period 1 July 2018 to 30 June 2021.

17 Directors

The following Directors were in office during the year:

Hon Premier Mr Dalton Tagelaa (Chair)
 Hon. Mr Crossley Tatui
 Mrs Doreen Siataqa
 Mr Justin Kamupala