

NIUE COMMERCIAL ENTERPRISES LIMITED

Financial Statements

For the year ended 30 June 2023


Niue Commercial Enterprises Limited
STATEMENT OF RESPONSIBILITY

The Board of Niue Commercial Enterprises Limited is pleased to present the Company's Financial Statements for the year ended 30 June 2023.

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 2023.

The Financial Statements were authorised for issue by the Board on 17 June 2024.



Doreen Siataga
Director



Ida Hekesi
Director

Niue Commercial Enterprises Limited
STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2023

	2023	2022
	Actual	Actual
Notes	\$	\$
Western Union Commission	13,773	8,134
Change Order Revenue	1,199	1,059
EFTPOS Commission	13,005	1,931
Mail Services	21,547	30,990
Prepaid Power Commission	9,989	20,004
Other Revenue	3,407	104
REVENUE	<u>62,920</u>	<u>62,222</u>
Depreciation & Amortisation	9 3,747	4,310
Travel and Transport	6,715	2,969
Other Expenses	5 82,085	80,947
OPERATING EXPENDITURE	<u>4 92,547</u>	<u>88,226</u>
NET (DEFICIT)	<u>(29,627)</u>	<u>(26,004)</u>

The accompanying notes form part of these Financial Statements.

Niue Commercial Enterprises Limited
STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2023

	2023 Actual \$	2022 Actual \$
EQUITY AS AT 1 JULY	471,518	497,522
Net (Deficit)	(29,627)	(26,004)
Total Recognised Revenue and Expenses	(29,627)	(26,004)
EQUITY AS AT 30 JUNE	<u>441,891</u>	<u>471,518</u>

The accompanying notes form part of these Financial Statements.

Niue Commercial Enterprises Limited
STATEMENT OF FINANCIAL POSITION as at 30 June 2023

	2023 Actual	2022 Actual
Notes	\$	\$
EQUITY		
Share Capital	350,000	350,000
Retained Earnings	91,891	121,518
TOTAL EQUITY	<u>441,891</u>	<u>471,518</u>
 REPRESENTED BY:		
Current Assets		
Cash and Cash Equivalents	6 626,017	995,562
Debtors	7 30,800	33,962
Inventories	10,690	9,548
Total Current Assets	<u>667,507</u>	<u>1,039,072</u>
Less Current Liabilities		
Trade and Other Creditors	8 227,089	572,774
Total Current Liabilities	<u>227,089</u>	<u>572,774</u>
WORKING CAPITAL	<u>440,418</u>	<u>466,298</u>
Non Current Assets		
Property, Plant and Equipment	9 1,473	5,220
Total Non Current Assets	<u>1,473</u>	<u>5,220</u>
TOTAL NET ASSETS	<u>441,891</u>	<u>471,518</u>

The accompanying notes form part of these Financial Statements.

Niue Commercial Enterprises Limited
STATEMENT OF CASH FLOWS for the year ended 30 June 2023

	2023 Actual \$	2022 Actual \$
Cash Flows from/(used in) Operating Activities		
Net Movement of Funds Held on Behalf of Customers	(366,191)	50,346
Other Receipts from Customers and Others	66,082	61,110
Payments to Suppliers	(69,436)	(50,918)
Net Cash Flows from/(used in) Operating Activities	<u>(369,545)</u>	<u>60,538</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(369,545)</u>	<u>60,538</u>
Cash and Cash Equivalents as at 1st July	995,562	935,024
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	<u><u>626,017</u></u>	<u><u>995,562</u></u>
 RECONCILIATION FROM NET SURPLUS TO NET CASH FLOWS FROM OPERATIONS		
Net Surplus	(29,627)	(26,004)
Adjustments for Non Cash Items		
Depreciation & Amortisation	3,747	4,310
Total adjustments for Non Cash Items	<u>3,747</u>	<u>4,310</u>
Movements in Working Capital		
(Increase)/Decrease in Debtors	3,162	(1,112)
(Increase)/Decrease in Inventories	(1,142)	1,741
Increase/(Decrease) in Creditors	(345,685)	81,603
Total movements in Working Capital	<u>(343,665)</u>	<u>82,232</u>
Net Cash Flows from/(used in) Operating Activities	<u><u>(369,545)</u></u>	<u><u>60,538</u></u>

The accompanying notes form part of these Financial Statements.

Niue Commercial Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

1 REPORTING ENTITY

Niue Commercial Enterprises Limited (hereafter: "the Company") was incorporated on 21 February 2013. The Government of Niue is the sole shareholder of the Company. The primary objective of the Company is to facilitate the provision of transactional banking services in Niue as an "approved agent" of Kiwibank Limited under the Niue Bank Act 1994, as amended by the Niue Bank Amendment Act 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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 have been prepared in accordance with the Company's significant accounting policies.

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 consists mainly of fees received from customers.

The main commercial revenue streams include Western Union commission, merchant coin orders (change order fees), EFTPOS commission, revenue from postal services, and commission received for selling prepaid power tokens.

Western Union commission, change order fees, EFTPOS commission and power token sales commission are fees received from customers for facilitating international payments, changing cash denominations, and taking EFTPOS payments, respectively. This revenue is recognised in the period that the services are provided.

Revenue from mail services results from the sale of postage stamps and from settlements with NZ Post. Revenue from the sale of postage stamps is recognised upon the sale of the stamps; the Bank estimates that the costs associated with providing the related mail service are generally incurred within the same period that the stamps are sold. Revenue from settlements with NZ Post relate to the net payment received from or paid to NZ Post for mail sent to or received from New Zealand, and is recognised in the periods that the settlements relate to.

2.5 Cash and Cash Equivalents

Cash includes cash on hand and funds on deposit with banks and is measured at its face value. Most cash on hand is cash held for customers of Kiwibank.

Niue Commercial Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

The primary objective of the Company is to provide over-the-counter banking services to the Niue community on behalf of customers of Kiwibank. The main services are to receive cash deposits from and to provide cash withdrawals to these customers. These transactions result in changes to the customers' account balances with Kiwibank. Cash held at the Company's premises is owned by the Company; increases and decreases in the Company's cash levels as a result of transactions with Kiwibank's customers need to be settled periodically with Kiwibank and are recognised as a liability or a debtor, respectively.

2.6 Debtors

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

Kiwibank customers are not customers of the Company and their transactions do not give rise to a debtor or creditor relationship with the Company.

2.7 Inventories

Inventories consist mainly of postage stamps, to be sold in return for the provision of postal services. Limited stocks of mail bags and other mail related goods are kept in order to support the Bank's mail services. Inventories are measured at the lower of cost and net realisable value, calculated on a first in first out basis. Costs include all expenses incurred in bringing inventory items to their present location and condition, including freight and import duties.

2.8 Property, Plant and Equipment

2.8.1 Recognition of Property, Plant and Equipment

Property, plant, and equipment consists of: machinery, vehicles, electronic equipment (including computer equipment), and furniture and fittings.

Property, plant, and equipment is measured at cost less accumulated depreciation 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 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 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.

Niue Commercial Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

2.8.4 Depreciation

Depreciation is 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 and associated depreciation rates of major classes of property, plant and equipment have been estimated as follows:

- Machinery	10 years	(10%)
- Vehicles	5 years	(20%)
- Electronic Equipment	3 years	(33.3%)
- Furniture & Fittings	3 - 10 years	(10-33.3%)

2.8.5 Impairment of Property, Plant and Equipment

Property, plant and equipment 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 Goodwill

Goodwill arises from business combinations, and is measured at the positive difference between the acquisition price and the fair value of the net assets obtained.

Goodwill is amortised over a maximum period of five years.

The carrying value of Goodwill is reviewed annually for potential impairments. Impairment losses are recognised in the surplus or deficit.

2.10 Creditors

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

Kiwibank customers are not customers of the Company and their transactions do not give rise to a debtor or creditor relationship with the Company.

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

The Company is not registered for NCT.

Niue Commercial Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

2.13 Income Tax

Although the Company is subject to income tax, its aggregate taxable income has to date been a taxable loss. As it is unlikely that the Company's previously incurred tax losses can be offset against future profits before they expire, no tax asset has been recognised in the Statement of Financial Position. Refer Note 11, below.

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 Statement of Financial Performance 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 prior year errors were found during the year.

3.4 Discussion of Financial Performance

The Company suffered a deficit of \$29,627, compared to a deficit of \$26,004 in the previous year.

Revenue remained stable overall, but with increases in Western Union commission income of \$5,639 and EFTPOS commission income of \$11,074, and decreases in mail services income of \$9,443 and prepaid power commission income of \$10,015.

Niue Commercial Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

Operating expenditure increased by \$4,321. Transport costs increased by \$3,746, and other expenses increased by \$1,138. Other expenses include an increase in the interest paid to Kiwibank of \$20,714, and a debtor impairment of \$7,394 (included under Miscellaneous Expenses), but these increases were partially offset by a decrease in the contribution towards shared expenses with NDB of \$28,250. Refer Note 4, below, for details.

3.5 Major Events

No major events occurred during the year that had a significant impact on these Financial Statements.

3.6 Subsequent Events

No significant events happened after balance date that might have a significant impact on the Bank's financial performance and position for the year.

4 OPERATING EXPENDITURE

	2023 Actual \$	2022 Actual \$
Depreciation of property, plant & equipment <i>Depreciation & Amortisation (see Notes 8 and 9)</i>	3,747	4,310
External freight <i>Travel & Transport</i>	6,715	2,969
Audit fees	34,922	31,383
Interest paid on Kiwibank settlement account	22,277	1,563
Contribution towards shared expenses	1,750	30,000
Miscellaneous Expenses <i>Other Expenses</i>	23,136	18,001
	82,085	80,947
TOTAL OPERATING EXPENDITURE	<u>92,547</u>	<u>88,226</u>

5 AUDIT FEES

Other Expenses include the proposed audit fees for the current year amounting to \$34,922 (2022: \$31,383). The Board has not approved these fees.

6 CASH AND CASH EQUIVALENTS

	2023 Actual \$	2022 Actual \$
Company's operating account	7,990	4,847
Other customer related accounts	103,660	143,700
Cash float for Kiwibank's customers	350,000	350,000
Excess cash deposited by Kiwibank's customers (held on their behalf)	164,367	497,015
TOTAL CASH AND CASH EQUIVALENTS	<u>626,017</u>	<u>995,562</u>

Niue Commercial Enterprises Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

The Company holds a cash float to conduct transactions with Kiwibank's customers on Kiwibank's behalf. This cash is owned by the Company. Increases in cash levels resulting from customers' deposits are settled with Kiwibank periodically.

7 DEBTORS

The Debtors balance is net of a provision for doubtful debts of \$7,394 (2022: nil).

8 TRADE AND OTHER CREDITORS

	2023 Actual \$	2022 Actual \$
Trade creditors payable to other suppliers	71,358	50,852
Trade creditors	<u>71,358</u>	<u>50,852</u>
To settle with Kiwibank	164,367	497,015
To settle with Western Union	(32,334)	(29,523)
To settle with Niue Power	23,698	54,430
Required settlements (see Note 6, above)	<u>155,731</u>	<u>521,922</u>
TOTAL TRADE AND OTHER CREDITORS	<u><u>227,089</u></u>	<u><u>572,774</u></u>

The balance to settle with Kiwibank represents increases in cash levels resulting from deposits made by Kiwibank's customers that need to be settled with Kiwibank.

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Movements in Property, Plant and Equipment

	2023 Actual \$	2022 Actual \$
Gross carrying amount as at 1 July	71,942	71,942
Disposals	(8,500)	0
Gross carrying amount as at 30 June	<u>63,442</u>	<u>71,942</u>
Accumulated depreciation as at 1 July	66,722	62,412
Depreciation charge for the period	3,747	4,310
Disposals	(8,500)	0
Accumulated depreciation as at 30 June	<u>61,969</u>	<u>66,722</u>
NET BOOK VALUE - PROPERTY, PLANT AND EQUIPMENT	<u><u>1,473</u></u>	<u><u>5,220</u></u>

Niue Commercial Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

9.2 Asset Classes

	2023	2022
	Actual	Actual
	\$	\$
Machinery	817	3,805
Furniture and fittings	656	1,415
NET BOOK VALUE - PROPERTY, PLANT AND EQUIPMENT	<u>1,473</u>	<u>5,220</u>

9.3 Movements per Asset Class

	2023	2022
	Actual	Actual
	\$	\$
Machinery		
Gross carrying amount as at 1 July	34,883	34,883
Gross carrying amount as at 30 June	<u>34,883</u>	<u>34,883</u>
Accumulated depreciation as at 1 July	31,078	27,594
Depreciation charge for the year	2,988	3,484
Accumulated depreciation as at 30 June	<u>34,066</u>	<u>31,078</u>
Net Book Value - Machinery	<u>817</u>	<u>3,805</u>
Vehicles		
Gross carrying amount as at 1 July	8,500	8,500
Disposals	(8,500)	0
Gross carrying amount as at 30 June	<u>0</u>	<u>8,500</u>
Accumulated depreciation as at 1 July	8,500	8,500
Disposals	(8,500)	0
Accumulated depreciation as at 30 June	<u>0</u>	<u>8,500</u>
Net Book Value - Vehicles	<u>0</u>	<u>0</u>
Electronic Equipment		
Gross carrying amount as at 1 July	16,791	16,791
Gross carrying amount as at 30 June	<u>16,791</u>	<u>16,791</u>
Accumulated depreciation as at 1 July	16,791	16,791
Accumulated depreciation as at 30 June	<u>16,791</u>	<u>16,791</u>
Net Book Value - Electronic Equipment	<u>0</u>	<u>0</u>
Furniture and Fittings		
Gross carrying amount as at 1 July	11,768	11,768
Gross carrying amount as at 30 June	<u>11,768</u>	<u>11,768</u>
Accumulated depreciation as at 1 July	10,353	9,527
Depreciation charge for the year	759	826
Accumulated depreciation as at 30 June	<u>11,112</u>	<u>10,353</u>
Net Book Value - Furniture and Fittings	<u>656</u>	<u>1,415</u>
NET BOOK VALUE - PROPERTY, PLANT AND EQUIPMENT	<u>1,473</u>	<u>5,220</u>

Niue Commercial Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

10 FINANCIAL INSTRUMENTS

10.1 Credit Risk

The Company is not exposed to significant credit risk from its operations.

10.2 Currency Risk

All Kiwibank transactions are in New Zealand dollars, and the Company is not exposed to currency risk on these. The Company facilitates overseas customer transactions through Western Union, and is also not exposed to currency risk on these transactions

10.3 Interest Rate Risk

The Company is not exposed to interest rate risk.

10.4 Fair Value

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

11 TAX LOSSES TO CARRY FORWARD

	2023 Actual \$	2022 Actual \$
Net surplus/(deficit)	(29,627)	(26,004)
Taxable (Deficit)	<u>(29,627)</u>	<u>(26,004)</u>
Income tax rate	30%	30%
TAX/(TAX REFUND) THEREON	<u>(8,888)</u>	<u>(7,801)</u>
Tax on taxable loss for the year ended 30 June 2019	1,291	1,291
Tax on taxable loss for the year ended 30 June 2020	3,489	3,489
Tax on taxable profit for the year ended 30 June 2022	7,801	7,801
Tax on taxable profit for the year ended 30 June 2023	8,888	0
TOTAL TAX LOSSES TO CARRY FORWARD AS AT 30 JUNE	<u>21,469</u>	<u>12,581</u>

As a registered company, the Company is subject to income tax. Section 58 of the Income Tax Act 1961 allows taxable losses to be carried forward and offset against future taxable profits for up to six years. As it is unlikely that the Company's previously incurred tax losses can be offset against future profits before they expire, no tax asset has been recognised in the Statement of Financial Position.

12 COMMITMENTS

There were no commitments as at 30 June 2023 (2022: nil).

13 CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 June 2023 (2022: nil).

Niue Commercial Enterprises Limited
NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2023

14 RELATED PARTY TRANSACTIONS

The Government of Niue and most of its subsidiaries have bank accounts with Kiwibank; as a result of this the Company routinely provides financial services to these entities during the normal course of business.

As part of the resource sharing with the Niue Development Bank, the latter usually pays for all overheads. However, the Company may from time to time purchase goods and services from the Government of Niue and its subsidiaries at normal arms' length terms.

15 FINANCIAL SUSTAINABILITY

The Company's primary objective is to provide over-the-counter banking services to the Niue community on behalf of Kiwibank. The Company currently charges no fees for these service, and generates only a small amount of revenue through non-Kiwibank financial services such as Western Union, merchant coin orders, EFTPOS cash withdrawals, and postal services.

As part of the resource sharing with the Niue Development Bank, the latter usually pays for all overheads. However, the Company contributes to these shared expenses to the extent that its financial performance allows for it. During the year, the Company contributed \$1,750 to these shared expenses (2022: \$30,000).

16 DIRECTORS

The following Directors were in office during the year.

Ian Fitzgerald (Chair)
Ida Hekesi
Brent Duff
Doreen Siataga (ex officio - Treasury)

These Directors also serve as the Board of the Niue Development Bank; any related party transactions are disclosed in the Financial Statements of the Niue Development Bank.
Brent Duff is employed by Kiwibank Ltd in New Zealand.