AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Niue Philatelic and Numismatic Corporation's financial statements for the year ended 30 June 2025

The Auditor-General is the auditor of the Niue Philatelic and Numismatic Corporation (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 3 to 16, that comprise the statement of financial position as at 30 June 2025, 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 14 May 2026. This is the date at which our qualified opinion is expressed.

Basis for our qualified opinion

The scope of our audit was limited because we were unable to obtain sufficient appropriate audit evidence for the matters described below to determine whether they were 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.

Our work over property, plant and equipment and the associated depreciation expense was limited

Our audit opinion for the year ended 30 June 2024 was qualified in respect to property, plant and equipment because the Corporation did not maintain adequate systems and controls, nor provide all supporting documentation for recording property, plant and equipment. Although we have been able to obtain assurance over additions to property, plant and equipment for the year ended 30 June 2025, the flow on effect of the qualification on the opening balance has meant we were unable to determine whether any adjustments were needed to the net book value of property, plant and equipment of $759,908 as at 30 June 2025 and the associated depreciation of property, plant and equipment expense of $73,260.

Our work over income tax expense and provision for income tax was limited

Note 2 on page 9 explains that the Corporation has not complied with tax laws in relation to income tax and the Corporation did not maintain adequate systems, and controls, nor provide all supporting documentation for income tax. Therefore, we were unable to determine whether any adjustments were needed to the income tax expense of $190,517 and provision for income tax of $316,565. The failure to comply with these laws exposes the Corporation to penalties under the relevant tax legislation.

Our work over the comparative information was limited

Our work over income tax expense, provision for income tax, NCT payable, property, plant and equipment and depreciation expenses was limited in the prior year.

There were no satisfactory audit procedures that we could adopt to determine the effect of these limitations in scope. As a consequence, no assurance can be provided in relation to these matters on the comparative information presented in the 30 June 2025 financial statements.

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.

Report on other legal requirements

In accordance with Niue Philatelic and Numismatic Act 1996 (the Act) we report that, in our opinion:

- except for the matters described in the basis for our qualified opinion section of the report, proper accounting records have been kept by the Corporation, as far as appears from an examination of those records; and
- the financial statements comply with applicable regulations made under the Act.

Responsibilities of the Board for the financial statements

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

The Board 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 is responsible on behalf of the Corporation for assessing the Corporation's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Corporation, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Niue Philatelic and Numismatic Act 1996 and Niue Philatelic and Numismatic Amendment Act 2021.

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 Article 60 of the Constitution of Niue 1974.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 2, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

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) (for audits of public interest entities) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the Corporation.

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