



PORTS AUTHORITY

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009



PORTS AUTHORITY
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FOR THE YEAR ENDED 30 JUNE 2009

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AUDIT REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE PORTS AUTHORITY FOR THE YEAR ENDED 30 JUNE 2009

We have audited the financial statements on pages 5 to 17. The financial statements provide information about the past financial performance of the Ports Authority and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out on pages 10 to 11.

Director's Responsibilities

The directors are responsible for the preparation of the financial report, including financial statements that give a true and fair view of the financial position of the Ports Authority as at 30 June 2009, and the results of its operations and cash flows for the year ended 30 June 2009.

Auditor's Responsibilities

It is the responsibility of the Cook Islands Audit Office to express an independent opinion on the financial statements and reports presented by the directors and report the auditors opinion to the readers of the financial report.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgments made by the directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Ports Authority's circumstances, and consistently applied.

We conducted our audit in accordance with New Zealand Codified Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Fundamental Uncertainty

In forming our unqualified opinion we have considered the adequacy of the disclosures made in the financial statements concerning the vesting and ownership of the fixed assets of the Ports Authority. At the date of completion of the financial statements the legal ownership of all fixed assets remains with the Cook Islands Government awaiting an executive order vesting all fixed assets to the Ports Authority. The fixed assets are included in the financial statements as if the legal ownership was transferred on 1 July 1995, the date from which the Ports Authority took over responsibility for managing the Ports of the Cook Islands and the planned date for vesting the assets. Should the executive order vesting the fixed assets to the Ports Authority not be forthcoming, some or all of the fixed assets may need to be returned to the Cook Islands Government. It is not practicable to quantify the possible effect of returning some or all of the assets to the Cook Islands Government would have on the financial statements of the Ports Authority. Details relating to the fundamental uncertainty are described in Note 11.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Ports Authority as far as appears from our examination of those records; and
- the financial statements of the Ports Authority :
 - complies with New Zealand Generally Accepted Accounting Standards; and
 - gives a true and fair view of:
 - the financial position as at 30 June 2009;
 - the results of its operations and cash flows for the year ended on that date; and
 - the statement of borrowings, commitments and specific fiscal risks as at 30 June 2009.

Our audit was completed on 17 September 2009 and our unqualified opinion is expressed as at that date.



Paul R S Allsworth
Director of Audit
Cook Islands Audit Office
Rarotonga, Cook Islands



PORTS AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE - AITUTAKI

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009	2008
AITUTAKI REVENUE	2	321,871	314,641
AITUTAKI EXPENSES			
Bank charges		\ 308	659
Barge expenses		\ 9,555	8,488
Crane expenses		\ 2,656	14,636
Communications		\ 6,341	5,174
Consultants fees		-	2,720
Depreciation	2	\ 235,777	231,370
Directors' fees and expenses		-	3,430
Electricity		\ 3,833	3,732
Entertainment		-	972
Forklift expenses		\ 3,754	4,880
Fuel		\ 44,405	43,780
Loss on disposal of property, plant & equipment		-	305
Printing & stationery		\ 1,318	485
Payroll expenses		\ 140,326	168,212
Repairs & maintenance		\ 3,203	11,332
Staff training & expenses		\ 3,644	9,425
Travel expenses		\ 3,277	4,262
Other operating expenses		\ (2,494)	<u>5,078</u>
TOTAL EXPENSES		<u>455,903</u>	<u>518,940</u>
AITUTAKI OPERATING DEFICIT FOR THE YEAR		<u>(\$134,032)</u>	<u>(\$204,299)</u>

These Financial Statements should be read in conjunction with the Notes to the Financial Statements.



PORTS AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE - RAROTONGA

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009	2008
RAROTONGA REVENUE	2	1,757,784	1,854,537
RAROTONGA EXPENSES			
Audit fees		12,683	13,000
Communications		23,081	25,676
Consultants fees		8,726	12,745
Depreciation	2	587,375	603,398
Directors' fees and expenses		25,520	26,812
Electricity		64,732	72,687
Entertainment		4,444	5,769
Forklift costs		22,325	49,395
Fuel		34,670	38,367
General office expenses		1,901	8,864
Insurance & compensation		77,052	79,560
Interest		13,546	20,624
Loss on disposal of property, plant & equipment		-	921
Management & accounting fees		12,000	12,000
Printing & stationery		10,474	4,431
Provision for doubtful debts		(7,000)	(10,325)
Repairs and maintenance		36,377	48,712
Payroll expenses		417,902	406,273
Staff training & expenses		9,387	14,813
Travel expenses		18,907	13,023
Vehicle expenses		3,778	3,155
Other operating expenses		9,224	7,405
TOTAL EXPENSES		1,387,104	1,457,305
RAROTONGA OPERATING SURPLUS		370,680	397,232
AITUTAKI OPERATING DEFICIT		(134,032)	(204,299)
TOTAL OPERATING SURPLUS / (DEFICIT) BEFORE TAX		236,648	192,933
INCOME TAX EXPENSE	5	(29,976)	(78,498)
NET SURPLUS AFTER TAX		\$206,672	\$114,435

These Financial Statements should be read in conjunction with the Notes to the Financial Statements



PORTS AUTHORITY

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
Equity as at 1 July	5,760,330	5,645,895
Surplus for the year	206,672	114,435
Dividend paid	(225,000)	-
EQUITY AS AT 30 JUNE	<u>\$5,742,002</u>	<u>\$5,760,330</u>

These Financial Statements should be read in conjunction with the Notes to the Financial Statements.



PORTS AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	Notes	2009	2008
TOTAL EQUITY		<u>\$5,742,002</u>	<u>\$5,760,330</u>

REPRESENTED BY :

Assets

Current Assets

Cash on hand		400	289
Bank	6	172,310	259,320
Trade receivables	3, 6	273,010	279,029
VAT receivables		81,738	12,024
Stock on hand		4,185	5,085
Sundry debtors and prepayments		<u>29,020</u>	<u>28,599</u>
		560,663	584,346

Investments

Term deposits		1,401,855	1,000,943
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Non-Current Assets

Property, plant and equipment - Rarotonga	11	6,867,345	6,375,645
- Aitutaki	11	<u>875,470</u>	1,108,131
Capital work in progress		<u>113,159</u>	<u>100,499</u>
		<u>7,855,974</u>	<u>7,584,275</u>

Total Assets		<u>9,818,492</u> ↑	<u>9,169,564</u>
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Less: Liabilities

Current Liabilities

Creditors	4, 6	96,556	139,852
Deferred revenue - current	13	168,012	123,594
Provision for tax	5	(27,698)	75,447
Finance lease creditor - current	6, 14	<u>82,260</u>	<u>82,260</u>
		319,130	421,153

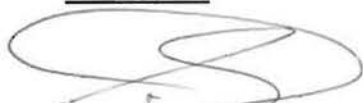
Non current Liabilities

Deferred taxation		263,121	328,496
Deferred revenue - non current		3,492,501	2,589,419
Finance lease creditor - non - current	6, 14	<u>1,738</u>	<u>70,166</u>
		<u>3,757,360</u>	<u>2,988,081</u>

Total Liabilities		<u>4,076,490</u>	<u>3,409,234</u>
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NET ASSETS

		<u>\$5,742,002</u>	<u>\$5,760,330</u>
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Chairman of Board

17 September 2009



General Manager

17 September 2009

These Financial Statements should be read in conjunction with the Notes to the Financial Statements.



PORTS AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009	2008
<u>Cash Flow From Operating Activities</u>			
Cash was provided from:			
Receipts from customers	1,849,349		2,024,210
Interest received	67,813		32,995
Aid funding	<u>1,115,512</u>		<u>681,200</u>
		3,032,674	2,738,405
Cash was applied to:			
Payment of income tax	(198,496)		-
Payments to suppliers and employees	<u>(1,131,886)</u>		<u>(1,214,820)</u>
		<u>(1,330,382)</u>	<u>(1,214,820)</u>
Net cash inflow from operating activities	10	1,702,292	1,523,585
<u>Cash Flow From Investing Activities</u>			
Cash was provided by:			
Sale of property, plant and equipment		-	400
Cash was applied to:			
Purchase of property, plant and equipment	(1,094,851)		(933,745)
Increase in investments	<u>(400,912)</u>		<u>(529,960)</u>
		<u>(1,495,763)</u>	<u>(1,463,705)</u>
Net cash outflow from investing activities		(1,495,763)	(1,463,305)
<u>Cash Flow From Financing Activities</u>			
Cash was applied to:			
Payment of dividend	(225,000)		-
Decrease in loans	<u>(68,428)</u>		<u>(60,991)</u>
		<u>(293,428)</u>	
Net cash outflow from financing activities		<u>(293,428)</u>	<u>(60,991)</u>
<u>Net decrease in Cash Held</u>		(86,899)	(711)
Add Opening cash brought forward		<u>259,609</u>	<u>260,320</u>
Closing Cash Carried Forward		<u>\$172,710</u>	<u>\$259,609</u>
Represented by :			
Cash on hand		400	289
Westpac Banking Corp		120,457	205,816
ANZ Banking Group		51,465	34,992
Bank of the Cook Islands		<u>388</u>	<u>18,512</u>
		<u>\$172,710</u>	<u>\$259,609</u>

These Financial Statements should be read in conjunction with the Notes to the Financial Statements.



PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF ACCOUNTING POLICIES

The reporting entity is the Ports Authority which was created by the Ports Authority Act 1994-5 on 1 July 1995. The effect of this Act was to create a separate legal entity, the Ports Authority, which took over all operations assets, liabilities and other obligations of the Waterfront Commission. The legal transfer of the assets and liabilities as set out in the Ports Authority Act 1994-5 has yet to be completed.

Under the Cook Islands Investment Corporation Act 1998 the Ports Authority is now a subsidiary of the Cook Islands Investment Corporation.

The financial statements were prepared in accordance with the Ports Authority Act 1994-5.

General Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting practice in New Zealand. In the case of accounting for grants and government assistance, International Accounting Standard 20 - Accounting for Government Grants and Disclosure of Government Assistance is followed.

The measurement base adopted is that of historical cost except for property, plant and equipment which have been revalued. The Financial Statements have been prepared using accrual accounting. Reliance is placed on the fact that the entity is a going concern.

Specific Accounting Policies

Revenue

Revenue received from port's operation is accounted for on an accrual basis.

Government Grants

The government grants are recognised in the statement of financial position as deferred revenue when there is reasonable assurance that it will be received and that the company will comply with the conditions attaching to it. Once the asset is in use, deferred revenue is recognised in the statement of financial performance on a systematic basis over the useful life of the asset.

Depreciation

Depreciation on property, plant and equipment has been calculated by applying the straight line method over the estimated life of the assets. The rates used are:

Building and wharf structure	- 5 - 10%
Furniture & fittings	- 20%
General plant & equipment	- 10 - 25%
Stevedoring equipment	- 20%
Forklifts	- 20%
Canteen	- 20%
Vehicles	- 20% - 25%
Office furniture	- 20 - 25%
Office plant & equipment	- 20 - 30%
Boats & barges	- 20%
Wharf fixtures	- 15% - 20%



PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Taxation

The Ports Authority adopts tax-effect accounting using the liability method on a comprehensive basis.

Income tax expense is recognised on the operating profit before tax, adjusted for permanent differences between taxable and accounting income. The tax effect of all timing differences are recognised as either a Deferred Tax Asset or Deferred Tax Liability. Deferred Tax Assets are not recognised unless realisation of the asset is virtually certain.

Trade Receivables

Debtors are recorded at estimated realisable value.

Property, plant and equipment

Property, plant and equipment are stated at cost or revaluation, less accumulated depreciation. Purchases of assets since valuation are recorded at cost. Property, plant and equipment revalued are stated at valuation as determined every five years by an independent valuer. The valuation has been performed on an existing use basis.

Inventories

The amount shown at cost as inventories relates to departure tax coupons held for resale by the Ports Authority.

Investments

Short term cash investments are purchased with the intention to hold until maturity and are recorded at cost. Interest income is recognised on an accrual basis.

Provisions

Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, time in lieu, wages, and annual leave. Where the services that gave rise to the employee benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by the company.

Other provisions

Other provisions are recognised in the statement of financial position when the company has a legal or contractive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligation.

Finance lease

Finance leases, which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased items, have been capitalised in property, plant and equipment and the creditor recognised in the statement of financial position.

Changes in Accounting Policy

There have been no changes in accounting policies.



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

2 Operating revenue and expenses

(i) Revenue consists of the following:

Aitutaki	2009	2008
Ship services	320,511	314,199
Interest Income	<u>1,360</u>	<u>442</u>
	<u>\$321,871</u>	<u>\$314,641</u>
Rarotonga		
Forklift hire	277,154	271,117
Marine services	186,225	224,818
Marshalling	218,801	262,502
Rental income	79,612	78,390
Ship services	87,949	103,442
Wharfage	346,166	392,870
Interest income	66,453	32,553
Deferred revenue recognised	168,012	123,594
Other services	<u>327,412</u>	<u>365,251</u>
	<u>\$1,757,784</u>	<u>\$1,854,537</u>

Other services include berthage, cargo dues, devanning, harbour dues and storage.

(ii) Depreciation consists of the following:

Aitutaki	2009	2008
Barges & boats	113,604	113,678
Buildings	6,335	6,335
Forklifts	20,536	20,536
Office plant & equipment	1,684	2,947
General plant & equipment	20,293	14,553
Canteen	255	251
Stevedoring Equipment	713	713
Vehicles	36,217	36,217
Wharf structure	<u>36,140</u>	<u>36,140</u>
	<u>\$235,777</u>	<u>\$231,370</u>
Rarotonga		
Buildings	64,929	64,929
Wharf Structure	302,733	258,526
Furniture & fittings	1,439	1,360
Office plant & equipment	7,654	12,169
General plant & equipment	65,339	121,418
Stevedoring equipment	6,882	6,883
Forklifts	80,258	80,260
Vehicles	45,103	46,911
Wharf fixtures and fittings	<u>13,038</u>	<u>10,942</u>
	<u>\$587,375</u>	<u>\$603,398</u>



PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
3 <u>Trade receivables</u>		
Trade debtors	273,010	286,029
less: Provision for doubtful debts	<u>0</u>	<u>(7,000)</u>
	<u>\$273,010</u>	<u>\$279,029</u>
4 <u>Creditors</u>		
Trade creditors	25,970	45,080
Employee entitlements	33,177	51,091
Other payables and accruals	32,943	36,972
Due to / (from) related parties	<u>4,466</u>	<u>6,709</u>
	<u>\$96,556</u>	<u>\$139,852</u>
5 <u>Taxation</u>		
(a) Operating surplus / (deficit) before tax	<u>236,648</u>	<u>192,933</u>
Income tax @20%	47,330	38,587
Tax Effect of:-		
Non deductible depreciation on revaluation	61,248	64,630
Dividend paid	(45,000)	-
Deferred income	<u>(33,602)</u>	<u>(24,719)</u>
Income tax expense	<u>\$29,976</u>	<u>\$78,498</u>
(b) Income tax expense	29,976	78,498
Plus provisional tax balance	90	90
Plus / (less) deferred tax expenses	65,374	(3,141)
Less income tax paid this year	<u>(123,138)</u>	<u>0</u>
Provision for tax	<u>(\$27,698)</u>	<u>\$75,447</u>
(c) The Authority is subject to taxation rate of 20% (2008 : 20%). The Authority has income tax payable of \$95,350 for the current year. (2008 : Tax payable \$75,447).		

6 RELATED PARTIES

Included in revenue and expenses and both debtors and creditors are various balances with related parties including: Revenue Management Division, Te Aponga Uira, Telecom Cook Islands, various ministries and Cook Islands Government. There are no material amounts outstanding and all transactions with related parties have been provided in accordance with normal commercial terms.

Included in Bank are current bank accounts of \$388 and term deposits of \$446,782 with the Bank of the Cook Islands, which is owned by the shareholders of Ports Authority. These are at usual commercial terms. The Cook Islands Investment Corporation (CIIC) is the 100% owner of the Ports Authority. CIIC is ultimately owned by Cook Islands Government. The Ports Authority leases the sandpump from CIIC at normal commercial terms. This has been accounted for as a finance lease.

7 CONTINGENT LIABILITIES

There are no contingent liabilities as at the year end (2008: nil).



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

8 COMMITMENTS

There are no commitments at balance date except as disclosed in Note 14 (2008: nil).

9 SUBSEQUENT EVENTS

On 31 July 2009 the Ports Authority entered into a loan agreement for US\$15.5 million with the Cook Islands Government. The purpose of the loan is to assist with the reconstruction and development of the Avatiu Harbour. It is not envisaged that this loan will be drawn down until 2010.

10 RECONCILIATION OF NET CASH FLOWS FROM OPERATIONS TO NET SURPLUS FOR THE YEAR

	2009	2008
Net Surplus for the year	206,672	114,435
Adjust for non cash items:		
Depreciation	823,152	834,768
Provision for doubtful debts	(7,000)	(63,822)
Income tax	<u>29,976</u>	<u>78,498</u>
	846,128	849,444
Movement in Working Capital:		
Trade receivables	13,019	11,621
Prepayments	4,764	(1,331)
Provision for income tax	(198,496)	-
Creditors	(117,295)	(8,190)
Deferred income	<u>947,500</u>	<u>557,606</u>
	<u>649,492</u>	<u>559,706</u>
Net Cash Flows from operations	<u>\$1,702,292</u>	<u>\$1,523,585</u>



PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

11 PROPERTY, PLANT AND EQUIPMENT

Rarotonga

30-JUNE-2009

	Depreciation Rates	Cost / Valuation	Accum Depn	Net Book Value
Buildings	5% CP	1,298,547	324,645	973,902
Wharf structure	5% CP	6,872,421	1,139,564	5,732,857
Furniture and fittings	20% CP	7,238	6,879	359
Office plant and equipment	20-30% CP	78,591	57,837	20,754
General plant and equipment	20-25% CP	480,028	472,195	7,833
Stevedoring equipment	20% CP	34,414	29,864	4,550
Forklifts	20% CP	403,268	323,561	79,707
Vehicles	20-25% CP	225,563	219,467	6,096
Wharf fixtures & fittings	15% CP	<u>98,093</u>	<u>56,806</u>	<u>41,287</u>
		9,498,163	2,630,818	6,867,345
Capital Work in progress		<u>113,159</u>	-	<u>113,159</u>
		<u>\$9,611,322</u>	<u>\$2,630,818</u>	<u>\$6,980,504</u>

30-JUNE-2008

		Cost / Valuation	Accum Depn	Net Book Value
Buildings	5% CP	1,298,547	259,716	1,038,831
Wharf structure	5% CP	5,840,180	836,831	5,003,349
Furniture and fittings	20% CP	6,798	5,440	1,358
Office plant and equipment	20-30% CP	64,070	50,183	13,887
General plant and equipment	20-25% CP	514,813	446,396	68,417
Stevedoring equipment	20% CP	34,414	22,982	11,432
Forklifts	20% CP	401,298	243,303	157,995
Vehicles	20-25% CP	225,935	174,736	51,199
Wharf fixtures & fittings	15% CP	<u>72,945</u>	<u>43,768</u>	<u>29,177</u>
		8,459,000	2,083,355	6,375,645
Capital work in progress		<u>100,499</u>	-	<u>100,499</u>
		<u>\$8,559,499</u>	<u>\$2,083,355</u>	<u>\$6,476,144</u>

Included within general plant and equipment is the sandpump subject to a finance lease with a cost of \$406,080. This asset was revalued to \$396,650 at June 2005.

PROPERTY, PLANT AND EQUIPMENT OWNERSHIP AND VALUATION

The legal title to the property, plant and equipment is held by the Cook Islands Government until the executive order vesting the assets in the Ports Authority is passed in accordance with the Ports Authority Act. At 30 June 2009 the order had not been passed. The Ports Authority has free and uninterrupted use of the assets and understands that it is the intention of the Government to vest the assets in the Ports Authority in due course.

In June 2004 the directors of the Ports Authority obtained a valuation on an existing use basis of the Authority's property, plant and equipment located in Rarotonga. This included those assets which have previously been recorded in the financial statements and also the wharf structures and various buildings which remain in the legal control of the Cook Islands Government. The total value of the assets was \$5,979,927 which has been reflected in the statement of financial position. The valuation was undertaken by Greenough Bell & Associates Ltd, Valuers and Engineers, on 30 June 2004.



PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

Investment Property

Various parts of the company buildings are leased out to third parties who operate businesses. The properties of buildings leased out is not considered material.

Aitutaki

		30-JUNE-2009		
	Depreciation Rates	Cost / Valuation	Accum Depn	Net Book Value
Barges and boats	20% CP	569,591	402,242	167,349
Buildings	5-10% CP	126,693	31,675	95,018
Forklifts	20% CP	102,682	89,465	13,217
General plant and equipment	10-25% CP	96,851	49,449	47,402
Office plant & equipment	20-30% CP	12,890	11,724	1,166
Canteen	20% CP	1,259	1,259	0
Stevedoring equipment	20% CP	3,565	3,565	0
Vehicles	20% CP	180,468	180,468	0
Wharf Structure	5% CP	<u>722,800</u>	<u>171,482</u>	<u>551,318</u>
		<u>\$1,816,799</u>	<u>\$941,329</u>	<u>\$875,470</u>

		30-JUNE-2008		
		Cost / Valuation	Accum Depn	Net Book Value
Barges and boats	20% CP	568,391	288,638	279,753
Buildings	5-10% CP	126,693	25,340	101,353
Forklifts	20% CP	102,682	68,929	33,753
General plant and equipment	10-25% CP	94,934	29,155	65,779
Office plant & equipment	20-30% CP	12,890	10,040	2,850
Canteen	20% CP	1,259	1,004	255
Stevedoring equipment	20% CP	3,565	2,852	713
Vehicles	20% CP	180,468	144,251	36,217
Wharf Structure	5% CP	<u>722,800</u>	<u>135,342</u>	<u>587,458</u>
		<u>\$1,813,682</u>	<u>\$705,551</u>	<u>\$1,108,131</u>

During the year ended 30 June 1997 the Ports Authority recorded the property, plant and equipment in Aitutaki. Some assets were purchased by the Ports Authority, but the majority were previously owned by various Government departments. Legal ownership by Ports Authority has yet to be finalised.

In June 2004 the directors of the Ports Authority obtained a valuation on an existing use basis of the Authority's property, plant and equipment located in Aitutaki. This included those assets which have previously been recorded in the financial statements and also the wharf structure and various buildings which remain in the legal control of the Cook Islands Government. The total value of the assets was \$1,359,858 which has been reflected in the statement of financial position. The valuation was undertaken by Greenough Bell and Associates Ltd, Valuers and Engineers, on 30 June 2004.



PORTS AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

12 Financial instruments

Exposure to interest rate and credit risks arise in the accrual course of the entity's business.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The bank balances bear interest at normal commercial rates.

Credit risk

Credit risk is the possibility that a loss may occur from the failure of a counter-party to perform according to the terms of a contract. The maximum exposure to credit risk is represented by the value of each financial amount in the statement of financial position.

13 Deferred revenue

Deferred revenue represents the grants received from Government of the Cook Islands, Government of New Zealand and Government of Australia, to assist with the development of the Port facility. The revenue will be recognised over the estimated life of the facility in accordance with International Accounting Standard 20.

14 Finance lease

The Authority has the following commitment under a non - cancellable finance lease:

	2009	2008
Within 1 year	82,260	82,260
1 to 2 years	<u>1,738</u>	<u>70,166</u>
	<u>\$83,998</u>	<u>\$152,426</u>

15 Segmental revenue

The Authority operates solely in the Cook Islands and provides port services.

