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NAURU MARITIME & PORT AUTHORITY

Annual Report

1st July 2020 to 30th June 2021

Authorization			
Function	Person	Date	Signed
Originator	Naveen Kumar	15 th August 2021	✓
Checked	Brian Leighs	20 th August 2021	✓
Authorized	Michael Nye	20 th August 2021	✓
	Final Audited Report	26 th November 2021	

INTRODUCTION

Pursuant to section 77 of the Public Enterprises Act 2019, the Board has pleasure in presenting this Annual Report to Government. This is the second report since the passage of the Ports and Navigation Act 2019 in December 2019.

During the financial year the Government made a payment to NMPA of **\$335,553** to cover the Port project related expenses such as PMU staff salary, auditing fees, land rental.

In addition, a supplementary appropriation application of **\$4,800,000** was paid to cover the cost of location relocation housing projects which is part of the current Port project. The Government declared a Covid19 special allowance for the Nauruan employees in December 2020 and made a payment to NMPA of **\$47,200** to cover this additional expense.

1. PORT OPERATIONS UPDATE

Summary of shipping volumes during the year ended 30 June 2021

Vessels	Number of visits	Volume unloaded/loaded	Total mooring days
Cargo Ships	18	2088 containers discharged and 1846 containers back loaded	75 Days
Fuel Ships	6	21,617.39 Metric Tons Fuel discharged	17 Days
Phosphate Ships	9	232,571.00 Metric Tons Phosphate loaded	33 Days

Tugboats were chartered from Douglas Logistics and Towage of Solomon Islands and Silent World Shipping and Logistics Ltd from Vanuatu to assist with the mooring of the fuel ships (1 tugboat per ship) and the phosphate ships (2 tugboats per ship). The cost of the tugboat charters was paid directly by the government.

The charter of the tugboats was necessary due to the partial failure of the mooring system which failed in July/August 2019 when the outer B1 & B2 buoys parted connection with the mooring system and drifted out of position.

Plans are currently under consideration for the re-design and re-establishment of the mooring system to take into account the layout of the entrance to the new port under construction.

2. FINANCIAL RESULTS

This NMPA annual financial report to 30 June 2021 is audited by the external agency Ernst & Young, Fiji.

The revenue for the twelve months to 30 June 2021 totaled **\$8,920,782.00**. Total expenses for the period ended 30 June 2021 totaled **\$8,398,855.00**. Which produce a profit before income tax to **\$521,927.00** and income tax for the period is **\$171,377.00**. The overall net profit for NMPA at end of the financial year to **\$350,550.00** which the Board believes is a very satisfactory result in a year impacted by Covid-19.

Detailed audit report and notes are attached with this report.

3. PORT DEVELOPMENT PROGRESS

Progress on the construction is at 38.8% and has not increased significantly. There has been an increase of 93 workers uplifted from China (PRC) in April 2021. Progress is still significantly behind schedule, and the Contractor has committed to delivering an operational berth suitable for NSL operations by December 2021 and the completion of the remaining works by end of May 2022. This does not include dredging which is to be completed by end of August 2022. In the main progress is disappointing. The financial impact of the delayed construction is very difficult to estimate however much of the projected business development structured around the new port will be adversely impacted.

4. NAURU SHIPPING HUB

A Business Development Plan has been developed around the combined strength of Nauru Shipping Line (NSL) and the Nauru Maritime and Port Authority (NMPA) to develop a regional mini shipping hub servicing the Central Pacific Ocean. The benefits to be derived from this project are being severely delayed by the port construction Contractor's slow rate of progress.

NSL continues to be the major customer of the Port of Nauru. NSL has expanded its industry position with the purchase of the MV Micronesia Pride in 2021. The liner services of NSL have been expanded to include Honiara and Funafuti. The NSL vision will position the Port of Nauru as a significant transshipment hub for the region.

5. HUMAN RESOURCES

HR division implemented a new ATS fingerprint clock system for the workers during the financial year, it helps to reduce the time sheet issues. During July 2020 to June 2021 period HR division recruited 6 new employees into positions in various divisions, as detailed below.

Ref	Names	Position	Commencement Date
1	Ms Ennea Ika	Stevedore Clerk	11 th January 2021
2	Mr Larry Notte	Interpreter/Translator (Casual)	08 th February 2021
3	Ms Nazarette Adeang	Container Controller (NSL)	08 th March 2021
4	Ms Eglynda Bagadouwe	Finance Administrative Assistant	22 nd March 2021
5	Hanismaoi Kauata (Expat)	Pilot	16 th April 2021
6	Prashil Pawan Kumar (Expat)	Financial Controller (NSL)	16 th April 2021

Current Employee Statistics

Division & Category	Male	Percentage	Female	Percentage	Total Staff	Percentage
Nauru Maritime Port Authority						
Nauruan	47	65%	10	14%	57	79%
Expatriate	3	4%		0%	3	4%
Project Management Unit	1	1%	2	3%	3	4%
Nauru Shipping Line						
Nauruan	1	1%	3	4%	4	6%
Expatriate	2	3%		0%	2	3%
Deployed from NAC	1	1%	2	3%	3	4%
Total	55	76%	17	24%	72	100%

During the financial year various training programmes organized for NMPA employees, details below;

TRAINING SUMMARY FY 2020 - 21						
REF	Training/Course	Training Providers	Participants		Start Date	End Date
			Male	Female		
1	Operations and Maintenance Training - HINO TRUCKS	Jica - Virtual	6		17.11.2020	17.11.2020
2	Navis Octopi Demo for Small Terminals	Jica - Virtual	11	3	25.11.2020	25.11.2020
3	First Aid Training	NRPC	4	1	04.01.2021	04.01.2021
4	English Diagnostic Test	USP- Nauru	40	4	27.01.2021	27.01.2021
5	Basic Computer Literacy (Beginners)	USP- Nauru	1	1	03.01.2021	17.01.2021
6	Basic English Course	USP - Nauru	9	2	29.03.2021	14.05.2021
7	Health and Safety	NRPC	1	2	07.04.2021	05.05.2021
8	Capacity Development for Port Facility Security	Jica - Virtual	1		12.04.2021	22.04.2021
9	Customs Broker Course	Corporate Service - Customs Department		1	26.04.2021	08.05.2021
10	3Rs and CI Program	USP - Nauru	20	1	10.05.2021	TBC
11	Basic Computer Course	USP - Nauru	2	2	10.05.2021	15.06.2021
12	Basic Mathematics Course	USP -Nauru	4	1	21.06.2021	02.08.2021

6. COVID IMPACTS

Covid-19 pandemic impacts continue to be a problem for regional and international shipping. All vessels are tested on arrival at the Port of Nauru and the strict border procedures have been put in place and designed to maintain Nauru Covid-19 free. There is a high level of involvement in Covid-19 precautionary activity by all NMPA staff.

NAURU MARITIME AND PORT AUTHORITY *formerly known as Port Authority of Nauru*

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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NAURU MARITIME AND PORT AUTHORITY

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

In accordance with the Ports and Navigation Act 2019, the Directors herewith submit the statement of financial position of Nauru Maritime and Port Authority (the Authority) formerly known as Port Authority of Nauru as at 30 June 2021, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cashflows for the year then ended and report as follows:

Cabinet

At the time of this report, His Excellency Hon. Lionel Rouwen Aingimea, MP is the Responsible Minister for Nauru Maritime and Port Authority, and the Accountable Minister is the Hon. Russ J Kun, MP.

Directors

The names of the Directors in office at the date of this report are:

Chairman - Mr. Link Uera
Deputy Chairman - Mr. Wanganeen Emiu
Director - Mr. Claytus Ika
Director - Mr. Ipia Gadabu
Ex Officio Director - Mr. Isaac Aremwa

Principal Activities

The principal activities of the Authority during the year was that of operating and managing port services and facilities in Nauru. There were no significant changes in the nature of these activities during the financial year.

Results

The operating profit for the year was \$350,550 (2020: operating loss of \$870,775) after providing for income tax expense of \$171,377 (2020: income tax benefit of \$3,830).

Bad Debts and Impairment

Prior to the completion of the Authority's financial statements, the Directors took reasonable steps to ascertain that action has been taken in relation to the writing off of bad debts and the allowance for expected credit loss. In the opinion of the Directors, an adequate allowance has been made for expected credit loss.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for expected credit losses in the Authority, inadequate to any substantial extent.

Non-current Assets

Prior to the completion of the financial statements of the Authority, the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Authority. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

NAURU MARITIME AND PORT AUTHORITY
DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 30 JUNE 2021

Non-current Assets *continued*

As at the date of this report, the Directors are not aware of any circumstances, which would render the values attributed to non-current assets in the Authority's financial statements misleading.

Significant Events

Impact of Covid-19 on the Authority

The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity.

The Authority has remained operational since this declaration and continues to engage in its principal activities. The introduction of these restrictions has not had a material effect on the Authority's financial statements as at 30 June 2021.

The Directors and management believe the Authority has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Director, to affect significantly the operations of the Authority, the results of those operations or the state of affairs of the Authority in the subsequent financial year.

Unusual Transactions

In the opinion of the Directors, the results of the operations of the Authority during the financial year was not substantially affected by any item, transaction or event of a material and unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Authority in the current financial year, other than those reflected in the financial statements.

NAURU MARITIME AND PORT AUTHORITY
DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 30 JUNE 2021

Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Authority has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Authority could become liable; and
- (iii) no contingent liabilities or other liabilities of the Authority have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Authority, will or may substantially affect the ability of the Authority to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Authority's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Authority misleading or inappropriate.

For and on behalf of Nauru Maritime and Port Authority.

Dated this 30th day of November 2021.




.....
Director

**NAURU MARITIME AND PORT AUTHORITY
STATEMENT BY THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2021**

In the opinion of the Directors:

- (i) the accompanying statement of profit or loss and other comprehensive income of the Authority is drawn up so as to give a true and fair view of the results of the Authority for the year ended 30 June 2021;
- (ii) the accompanying statement of changes in equity of the Authority is drawn up so as to give a true and fair view of the changes in equity and capital contributions of the Authority for the year ended 30 June 2021;
- (iii) the accompanying statement of financial position of the Authority is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 30 June 2021;
- (iv) the accompanying statement of cashflows for the Authority is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 30 June 2021;
- (v) at the date of this statement there are reasonable grounds to believe the Authority will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the Authority.

Dated this 30th day of November 2021.



.....
Director

INDEPENDENT AUDITOR'S REPORT

To the Minister for Nauru Maritime and Port Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nauru Maritime and Port Authority (the Authority), which comprise the statement of financial position as at 30 June 2021, the related statement of profit or loss and other comprehensive income, the statement of cashflows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 30 June 2021, and of its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the *International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nauru and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the *Directors' Report* but does not include the financial statements and the auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, 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.

INDEPENDENT AUDITOR'S REPORT *continued*

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors and management are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and management either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities 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 conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors and management.

INDEPENDENT AUDITOR'S REPORT *continued*

Auditor's Responsibilities for the Audit of the Financial Statements *continued*

- Conclude on the appropriateness of the Directors' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Port and Navigation Act 2019 in all material respects, and;

- (a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- (b) the Authority has kept financial records sufficient to enable the financial statements to be prepared and audited.



Ernst & Young
Chartered Accountants



Steven Pickering
Partner
Suva, Fiji

30 November 2021

NAURU MARITIME AND PORT AUTHORITY
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Revenue			
Revenue from contracts with customers	2	4,834,681	1,861,395
Release of deferred revenue		3,822,454	19,727
Direct costs	4(c)	<u>(1,451,053)</u>	<u>(840,538)</u>
Gross profit		7,206,082	1,040,584
Employee related expenses	4(a)	(748,143)	(449,130)
Depreciation and amortisation expense	4(b)	(1,115,199)	(1,152,799)
Administration expense	4(d)	<u>(5,075,105)</u>	<u>(555,317)</u>
Operating profit/(loss)		267,635	(1,116,662)
Other income	3	263,647	250,876
Net finance cost	4(e)	<u>(9,355)</u>	<u>(8,819)</u>
Profit/(loss) before income tax		521,927	(874,605)
Income tax (expense)/benefit	5	(171,377)	3,830
Net profit/(loss) after tax		350,550	(870,775)
Add: Other comprehensive income		-	-
Total comprehensive income/(loss) for the year, net of tax		350,550	(870,775)

The accompanying notes form an integral part of this Statement of Profit or Loss and Other Comprehensive Income.

NAURU MARITIME AND PORT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Retained earnings			
Opening balance		(3,050,546)	(2,144,329)
Net profit/(loss) for the year		350,550	(870,775)
Effect of adoption of IFRS 16 Leases		-	(35,442)
Balance at 30 June		<u>(2,699,996)</u>	<u>(3,050,546)</u>
Capital contribution			
Opening balance		11,235,278	7,810,769
Effect of adoption of IFRS 16 Leases		-	32,155
Contribution during the year		<u>129,690</u>	<u>3,392,354</u>
Balance at 30 June	11	<u>11,364,968</u>	<u>11,235,278</u>
Total equity		<u><u>8,664,972</u></u>	<u><u>8,184,732</u></u>

The accompanying notes form an integral part of this Statement of Changes in Equity.

NAURU MARITIME AND PORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	6	4,049,194	2,139,658
Trade and other receivables	7	1,371,611	1,125,026
Inventories	8	188,494	78,802
		<u>5,609,299</u>	<u>3,343,486</u>
Non-current assets			
Investment in associate	9	235,500	-
Property, plant and equipment	10	53,063,725	42,486,108
Right-of-use assets	14(a)	1,418,929	1,040,274
Deferred tax asset	5	31,488	15,740
		<u>54,749,642</u>	<u>43,542,122</u>
Total assets		<u>60,358,941</u>	<u>46,885,608</u>
Current liabilities			
Trade and other payables	13	158,864	167,527
Lease liabilities	14(b)	146,050	72,340
		<u>304,914</u>	<u>239,867</u>
Non-current liabilities			
Deferred income	12	49,841,804	37,472,987
Provisions	15	62,084	-
Deferred tax liability	5	199,036	11,910
Lease liabilities	14(b)	1,286,131	976,112
		<u>51,389,055</u>	<u>38,461,009</u>
Total liabilities		<u>51,693,969</u>	<u>38,700,876</u>
Net assets		<u>8,664,972</u>	<u>8,184,732</u>
Equity			
Capital contribution	11	11,364,968	11,235,278
Retained earnings		<u>(2,699,996)</u>	<u>(3,050,546)</u>
Total equity		<u>8,664,972</u>	<u>8,184,732</u>

For and on behalf of Nauru Maritime and Port Authority.



The accompanying notes form an integral part of this Statement of Financial Position.

NAURU MARITIME AND PORT AUTHORITY
STATEMENT OF CASHFLOWS
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Operating activities			
Profit/(loss) before tax		521,927	(874,605)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortisation expense		1,115,199	985,272
Release of deferred income		(3,822,454)	(19,727)
Interest on leases paid by RON		12,114	10,804
Loss on disposal		799	2,152
<i>Working capital adjustments:</i>			
Increase in trade receivables		(246,585)	(1,125,026)
Increase in inventories		(109,692)	(78,802)
(Decrease)/increase in trade and other payables		(8,662)	1,720,846
Increase in provisions		62,084	-
Increase in deferred income		5,043,786	-
Net cash flows from operating activities		2,568,516	620,914
Investing activities			
Purchase of property, plant and equipment		(553,170)	(407,908)
Capital contribution paid to Nauru Shipping Line		(235,500)	-
Net cash flows used in investing activities		(788,670)	(407,908)
Financing activities			
Government contributions received		129,690	1,924,138
Net cash flows from financing activities		129,690	1,924,138
Net increase in cash and cash equivalents		1,909,536	2,137,144
Cash and cash equivalents at beginning of the year		2,139,658	2,514
Cash and cash equivalents at 30 June	6	4,049,194	2,139,658

The accompanying notes form an integral part of this Statement of Cashflows.

**NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1.1 Authority information

Nauru Maritime and Port Authority (the Authority) formerly known as Port Authority of Nauru is a public entity established under the Ports and Navigation Act 2019, incorporated on 12 May 2015 and domiciled in the Republic of Nauru (RON). Its registered office is at Aiwo District, Nauru. These financial statements were authorised for issue by the Minister responsible for Nauru Maritime and Port Authority on 30 November, 2021.

The principal activities of the Authority during the year was that of operating and managing port services and facilities in Nauru. There were no significant changes in the nature of these activities during the financial year.

1.2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The comparative financial statements of the Authority consists of the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cashflows.

Revenue and expenses relating to port operations in Nauru incurred in the prior period are not included in the Statement of Profit or Loss and Other Comprehensive Income of the Authority since these were incurred by the Treasury Department of RON. Cash payments and receipts were receipted and paid by the Treasury Department. All revenue relating to port operations were deposited in the consolidated revenue account for RON. Effective, 12th July 2020, the Parliament of Nauru passed an amendment to the Port Authority Act to establish final autonomy of the Authority, therefore, from the effective date revenue and expense transactions of the Authority from 1 July 2019 onwards have been included in the financial statements for the comparative year.

(b) Basis of accounting

The financial statements have been prepared on a historical cost basis and on the assumption of going concern. The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar, except when otherwise indicated.

1.3 Significant accounting judgements, estimates and assumptions

The preparation of the Authority's financial statements requires management to make judgements, estimates and assumptions that affect reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require material adjustments to the carrying amount of the asset or liability affected in future periods.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.3 Significant accounting judgements, estimates and assumptions *continued*

(a) Judgements

In applying the Authority's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Authority as lessee

The Authority determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Authority has several lease contracts that include extension and termination options. The Authority applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Authority reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal periods for leases are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

(b) *Estimates and assumptions*

Impairment of property, plant and equipment

The Authority assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 30 June 2021, no additional provision for impairment has been made as the Authority has incorporated assets on establishment at fair values.

Provision for expected credit losses of trade receivables and contract assets

The Authority uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Authority's historical observed default rates. The Authority will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the shipping sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.3 Significant accounting judgements, estimates and assumptions *continued*

(b) *Estimates and assumptions continued*

Provision for expected credit losses of trade receivables and contract assets *continued*

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Authority's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Authority's trade receivables is disclosed in Note 7.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Leases - Estimating the incremental borrowing rate

The Authority cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Authority would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Authority 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Authority estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

1.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.4 Changes in accounting policies and disclosures *continued*

New and amended standards and interpretations *continued*

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16 continued

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Authority has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

1.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements are disclosed below. The Authority intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New pronouncement	Effective date*	Impact
Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16	1 April 2021	No impact
Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 Jan 2021	No impact
Reference to the Conceptual Framework - Amendments to IFRS 3	1 Jan 2022	No impact
Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	1 Jan 2022	No impact
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	1 Jan 2022	No impact
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	1 Jan 2022	No impact
AIP IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	1 Jan 2022	No impact
AIP IAS 41 Agriculture - Taxation in fair value measurements	1 Jan 2022	No impact
IFRS 17 Insurance Contracts	1 Jan 2023	No impact
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 Jan 2023	No impact
Definition of Accounting Estimates - Amendments to IAS 8	1 Jan 2023	No impact
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 Jan 2023	No impact
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 Jan 2023	No impact

*Effective for annual periods beginning on or after this date.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies

(a) Current versus non-current classification

The Authority presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- ▶ expected to be realised or intended to be sold or consumed in the normal operating cycle;
- ▶ held primarily for the purpose of trading;
- ▶ expected to be realised within twelve months after the reporting period; or
- ▶ cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- ▶ it is expected to be settled in the normal operating cycle;
- ▶ it is held primarily for the purpose of trading;
- ▶ it is due to be settled within twelve months after the reporting period; or
- ▶ there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Authority classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(b) Revenue from contracts with customers

Revenue is recognised when the Authority transfers control of goods or services to a customer at an amount which the Authority is entitled to. The performance obligations are identified based on the contracts with customers and by considering the delivery of distinct goods and services to the customers. Revenue is recognised either over time in a manner that aligns the Authority's performance obligations; or at a point in time when the service is fully provided to the customer.

Transaction prices are determined by agreed rates without any estimation. The Authority does not have any contracts with customers where the period between the transfer of the promised services or goods and payment from the customer exceeds one year. As a result, transaction prices have not been adjusted for the time value of money.

Port revenue

Port revenue from pilotage and navigation services, wharfage, site occupation charges, mooring fees and other services are recognised on delivery of the service to the customer.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(b) Revenue from contracts with customers *continued*

Other revenue

Other revenue is recognised when the distinct performance obligation is satisfied.

(c) Deferred income

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Authority receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(d) Expenses

Whilst expenses relating to the Authority are paid from the Treasury Department of RON and disclosed in the notes to these financial statements, they do not form part of the Authority's expenses until such time control over revenue and the Authority's finances are transferred to the Authority.

(e) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed in each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in the statement of profit or loss and other comprehensive income.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(e) Income tax *continued*

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax-effect accounting is applied whereby income tax expense in the statement of profit or loss and other comprehensive income is matched with the accounting profit after allowing for permanent differences.

To the extent timing differences occur between the time items are recognised in the accounts and till when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or provision for deferred income tax. The future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

(f) Foreign currencies

Transactions in foreign currencies are initially recorded by the Authority at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(g) Property, plant and equipment

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

All property, plant and equipment are shown at cost less accumulated depreciation. Costs include expenditure that is directly attributable to acquisition of the items.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(g) Property, plant and equipment *continued*

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives using the following rates:

	<u>Rate</u>
Barges and boats	10 - 14%
Forklifts	10 - 20%
Furniture and fittings	33%
ICT equipment	33%
Mooring and port equipment	10 - 33%
Motor vehicles	20- 33%

Gains and losses on disposal of property, plant and equipment are taken into account in determining the results for the year. Capital work in progress is not depreciated. If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

(h) Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Authority as a lessee

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	<u>Term</u>
Leasehold land	3 - 15 years

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(h) Leases *continued*

Authority as a lessee continued

i) Right-of-use assets continued

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 1.6(k) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Authority and payments of penalties for terminating the lease, if the lease term reflects the Authority exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Authority applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(h) Leases *continued*

Authority as a lessee continued

iii) Short-term leases and leases of low-value assets continued

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

(i) Financial assets and financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Authority's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Authority has applied the practical expedient, the Authority initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Authority has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(i) Financial assets and financial liabilities *continued*

Financial assets *continued*

ii) *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Authority. The Authority measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Authority's financial assets at amortised cost includes trade receivables and investments in associates.

Financial assets at fair value through OCI (debt instruments)

The Authority measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(i) Financial assets and financial liabilities *continued*

Financial assets *continued*

ii) *Subsequent measurement continued*

Financial assets at fair value through OCI (debt instruments) continued

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Authority can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Authority benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(i) Financial assets and financial liabilities *continued*

Financial assets *continued*

iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Authority's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Authority continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

iv) Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(i) Financial assets and financial liabilities *continued*

Financial assets *continued*

iv) *Impairment of financial assets continued*

For trade receivables, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Authority considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Authority may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Authority's inventory consists of spare parts and is accounted for on a first-in-first out basis.

(k) Impairment of non-financial assets

The carrying amounts of the Authority's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

1.6 Summary of significant accounting policies *continued*

(k) Impairment of non-financial assets *continued*

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(l) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

(m) Trade and other payables

Liabilities for trade payables and other amounts are carried at cost (inclusive of indirect taxes where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Authority.

(n) Employee benefits

Long service leave

The liability for long-service leave is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect to services provided by employees up to the reporting date. Consideration is given to future wage/salary rates, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date.

(o) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
2. Revenue from contracts with customers		
Administration fees	59,278	-
Berthage fees	148,581	110,145
Covid-19 special levy	235,500	-
Environmental levies	9,313	5,040
Equipment hire	957,453	266,415
Fuel levy	108,087	67,402
General cargo	133,952	263,953
Load on load off service charges	8,125	10,400
Marine navigation levies	13,038	7,055
Moorage charges	193,813	127,729
Phosphate	323,887	116,250
Pilotage	387,499	296,216
Port charges	223,507	120,949
Stevedoring	1,066,227	331,166
Storage fees	6,843	138,675
Wharfage charge	959,578	-
	<u>4,834,681</u>	<u>1,861,395</u>
3. Other income	\$	\$
Hire of labour	13,850	495
Other revenue	249,297	249,581
Penalties and fines	500	800
	<u>263,647</u>	<u>250,876</u>
4. Expenses	\$	\$
(a) Employee related expenses		
Directors fees	10,750	10,750
Employees service tax	33,631	26,666
Entertainment	61,311	17,065
Long-service leave	62,084	-
Rations	69,513	44,115
Salaries and wages	374,668	201,335
Staff training	37,708	10,207
Subscriptions	5,329	562
Superannuation	77,627	45,339
Travel	15,522	93,091
	<u>748,143</u>	<u>449,130</u>

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
4. Expenses <i>continued</i>		
(b) Depreciation and amortisation expense		
Depreciation - property, plant and equipment	996,099	1,076,288
Amortisation - right of use assets	119,100	76,511
	<u>1,115,199</u>	<u>1,152,799</u>
(c) Direct costs		
Labour	853,754	576,860
Membership fees	17,065	12,030
Plant hire	2,420	201,860
Repairs and maintenance	519,704	18,004
Inform and protective clothing	58,110	31,784
	<u>1,451,053</u>	<u>840,538</u>
(d) Administrative expenses		
Audit fees	35,252	22,500
Bad debts	55,237	19,050
Bank charges	2,637	1,379
Consultant fees	71,054	-
Custom broker fee	1,980	-
Discounts	-	12,745
Expected credit loss	-	2,430
Freight charges	98,470	15,685
Fuel	116,983	62,167
Internet and telephone costs	101,855	14,793
Land rentals	124,233	-
Loss on disposal	-	2,152
Other expenses	35,107	36,656
Printing and stationery	41,967	4,407
Repairs and maintenance	29,367	6,719
Relocation housing project expenses	3,822,454	-
Security	240,188	110,856
Special allowance	55,510	133,689
Staff accommodation	105,072	42,141
Stores	34,276	(1,046)
Subsidies and donations	-	1,979
Transportation	-	261
Utilities	103,463	66,754
	<u>5,075,105</u>	<u>555,317</u>

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
4. Expenses <i>continued</i>		
(e) Net finance cost		
Interest income	(2,759)	(1,985)
Interest expense on leases	12,114	10,804
Net finance cost	9,355	8,819

5. Income tax

The prima facie tax expense/(benefit) on the operating profit/(loss) differs from the income tax provided in the accounts and is reconciled as follows:

Operating profit/(loss) before income tax	521,927	(874,605)
Prima facie tax expense/(benefit) thereon at 20% (2020: 20%)	104,385	(174,921)
Tax losses (utilised)/carried forward	(102,180)	171,091
Other - deferred tax liability understatement from prior year	169,172	-
Income tax expense/(benefit) attributable to operating profit/(loss)	171,377	(3,830)

Deferred income tax assets at 30 June relates to the following:

Doubtful debts	-	486
Employee entitlements	28,838	13,618
Right-of-use assets	2,650	1,636
Accelerated depreciation	(199,036)	(11,910)
Net deferred tax asset	(167,548)	3,830

Reflected in the statement of financial position as follows:

Deferred tax asset	31,488	15,740
Deferred tax liability	(199,036)	(11,910)
	(167,548)	3,830

6. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise of:

Cash on hand	770	487
Cash and cash equivalents	4,048,424	2,139,171
	4,049,194	2,139,658

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
7. Trade receivables		
Trade receivables	1,218,043	825,332
Less: allowance for expected credit loss	-	(2,430)
	<u>1,218,043</u>	<u>822,902</u>
Prepayments	87,579	293,264
Other assets	<u>65,989</u>	<u>8,860</u>
	<u><u>1,371,611</u></u>	<u><u>1,125,026</u></u>

In accordance with s.22 of the Ports and Navigation Act 2019, charges that are not paid within 30 days from the due date, will accrue interest at 10% per annum on overdue charges.

Movement in the provision for impairment are as follows:

At the beginning of the year	2,430	-
Charge for the year	-	2,430
Reversal for the year	(2,430)	-
At 30 June	<u>-</u>	<u>2,430</u>

8. Inventories	\$	\$
Spare parts	<u>188,494</u>	<u>78,802</u>
	<u><u>188,494</u></u>	<u><u>78,802</u></u>

9. Investment in associate	\$	\$
<i>Financial asset at amortised cost</i>		
Nauru Shipping Line	<u>235,500</u>	<u>-</u>

Nauru Maritime & Port Authority granted subsidies to Nauru Shipping Line. This contribution has been recognised at amortised cost and is recorded in the accounts of Nauru Shipping Line as contributed capital from the Authority.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2021

10. Property, plant and equipment

	Mooring and port equipment	Barges and boats	Motor vehicles	Forklifts	ICT equipment	Furniture and fittings	Capital work in progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2019	3,461,630	3,040,000	366,218	1,745,265	74,529	31,222	10,960,163	19,679,027
Additions	244,689	-	183,878	70,178	21,433	4,189	26,416,093	26,940,460
Disposals	-	-	(5,483)	(800,000)	(1,175)	(3,277)	-	(809,935)
At 30 June 2020	3,706,319	3,040,000	544,613	1,015,443	94,787	32,134	37,376,256	45,809,552
Additions	14,896	-	124,675	-	61,378	17,231	11,356,335	11,574,515
Disposals	-	-	(47,773)	-	(798)	(2,557)	-	(51,128)
At 30 June 2021	3,721,215	3,040,000	621,515	1,015,443	155,367	46,808	48,732,591	57,332,939
Depreciation								
At 1 July 2019	700,720	928,571	186,147	1,196,445	27,833	15,222	-	3,054,938
For the year	432,734	305,714	94,512	203,916	28,648	10,764	-	1,076,288
Disposals	-	-	(4,579)	(800,000)	(783)	(2,420)	-	(807,782)
At 30 June 2020	1,133,454	1,234,285	276,080	600,361	55,698	23,566	-	3,323,444
For the year	432,756	305,714	96,365	114,078	38,208	8,978	-	996,099
Disposals	-	-	(47,773)	-	-	(2,557)	-	(50,329)
At 30 June 2021	1,566,210	1,539,999	324,673	714,439	93,906	29,988	-	4,269,214
Net book value								
At 30 June 2020	2,572,865	1,805,715	268,533	415,082	39,089	8,568	37,376,256	42,486,108
At 30 June 2021	2,155,005	1,500,001	296,843	301,004	61,461	16,821	48,732,591	53,063,725

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
11. Capital contribution		
Contribution by RON	<u>11,364,968</u>	<u>11,235,278</u>

The contributed equity by Government to the Authority represents the assets contributed by the Republic of Nauru (RON) for the construction and operation of the port.

	\$	\$
12. Deferred income		
Opening balance	37,472,987	10,960,163
Add: grant payments received during the year	14,540,598	22,456,488
Add: grant contributions in-kind	1,650,673	4,076,063
Less: release of deferred income	<u>(3,822,454)</u>	<u>(19,727)</u>
	<u>49,841,804</u>	<u>37,472,987</u>

Deferred income consists of donor projects funded by Asian Development Bank (ADB), Department of Foreign Affairs (DFAT), Green Climate Fund and RON.

	\$	\$
13. Trade and other payables		
Trade payables	-	75,582
Staff accruals	82,107	68,089
Other accruals	<u>76,757</u>	<u>23,856</u>
	<u>158,864</u>	<u>167,527</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms.

For explanations on the Authority's liquidity risk management processes, refer to Note 18(c).

14. Leases

Authority as a lessee

The Authority has lease contracts for land used in its operations. Land leases generally have lease terms of 15 years. The Authority's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Authority is restricted from assigning and subleasing the leased assets.

The Authority does not have leases that are 12 months or less and leases of low value. The Authority applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

14. Leases *continued*

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land	Total
	\$	\$
As at 1 July 2020	1,116,785	1,116,785
Depreciation expense	(76,511)	(76,511)
As at 30 June 2020	1,040,274	1,040,274
Additions	497,755	497,755
Depreciation expense	(119,100)	(119,100)
As at 30 June 2021	1,418,929	1,418,929

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021	2020
	\$	\$
As at 1 July	1,048,452	1,120,072
Add: accretion of interest	12,114	10,804
Add: additions	497,755	-
Less: payments made by RON on behalf of the Authority	(126,140)	(82,424)
As at 30 June	1,432,181	1,048,452
Current	146,050	72,340
Non-current	1,286,131	976,112
	1,432,181	1,048,452

The maturity analysis of lease liabilities are disclosed in Note 18(c).

The following are the amounts recognised in profit or loss:

	\$	\$
Depreciation expense of right-of-use assets	119,100	76,511
Interest expense on lease liabilities	12,114	10,804
Total amount recognised in profit or loss	131,214	87,315

The cash outflows relating to leases are made by RON on behalf of the Authority. The leases payments made are recorded as Government contributions as and when payment is made.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
15. Provisions		
<i>Long service leave</i>		
As at 1 July	-	-
Add: entitlements for the year	62,084	-
Less: entitlements utilised during the year	-	-
As at 30 June	<u>62,084</u>	<u>-</u>
Non-current	<u>62,084</u>	<u>-</u>

16. Commitments and contingencies

(a) Operating lease commitments contracted.

At balance date, the Authority currently held a lease for the boat harbour located at Aiwo with an indefinite lease term. The lease repayments are paid under the centralised budget by the Treasury Department of RON. The monthly lease repayment is \$11,921.

- (b) RON received \$21.3 million in grant financing from ADB and \$26.91 million and equivalent \$14.08 million co-financing grant from Green Climate Fund and the Government of Australia respectively. RON also provided \$17.3 million in-kind and cash counterpart financing to implement this project which relates to the construction of the new port. The total cost of the project is \$79.59 million. The project is expected to be completed by the end of 2021. At balance date the Authority has capitalised cost of \$48.73 million (2020: \$37.38 million) with the balance of \$30.97 million (2020: \$42.12 million) committed to the completion of the project).

(c) Contingent liabilities

Contingent liabilities at balance date \$Nil (2020: \$Nil).

17. Related party

(a) Directors

The Directors of Port Authority of Nauru during the year were:

Chairman - Mr. Link Uera
Deputy Chairman - Mr. Wanganeen Emiu
Director - Mr. Claytus Ika
Director - Mr. Ipia Gadabu
Ex Officio Director - Mr. Isaac Aremwa

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

17. Related party *continued*

(b) Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of the Authority.

<u>Name</u>	<u>Position</u>
Mr. Michael Nye	Chief Executive Officer
Mr. Anton Jimwereiy	Deputy Chief Executive Officer
Mr. Wanganeen Emiu	Port Operations Director
Mr. Kemp Detenamo	Director Maritime
Mr. Isaac Aremwa	Port Operations Manager
Mr. Siosifa Tuangulu	Harbour Master
Mr. Naveen Kumar	Finance & Commercial Manager
Mrs. Margareth Kepae	Human Resource Manager

	2021	2020
	\$	\$

(c) Transactions with related parties

Key management remuneration

Transactions with key management personnel during the year ended 30 June 2021 with approximate transaction values are summarised as follows:

Short-term employee benefits for key management (excluding CEO remuneration)	<u>267,582</u>	<u>216,908</u>
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The CEO's remuneration is paid directly by the Asian Development Bank (ADB) and it is not reflected in these financial statements.

Transactions with Republic of Nauru (RON) Government

Contributions received from RON	129,690	3,392,354
Contribution for relocation housing project	5,043,790	-
Contributions in-kind for projects received from RON	1,650,673	4,056,338
Payments made to RON for operating expenses	-	678,598
Balance owed by RON	<u>206,278</u>	<u>-</u>

Transactions with Nauru Shipping Line (NSL)

Subsidy contribution paid to NSL	235,500	-
Port charges for NSL	568,329	-
Payroll expenses paid for NSL	<u>46,412</u>	<u>-</u>

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

18. Financial risk management

The Authority's activities expose it to a variety of financial risks: political risk, credit risk and liquidity risk.

The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Risk management is carried out by finance executives and management of the Authority. Management and finance executives identify, and evaluate financial risks in close co-operation with the Authority's operating units. The Board of Directors provide direction for overall risk management covering specific areas, such as mitigating credit risks, and investment of excess liquidity.

(a) Political climate

The Authority operates in Nauru and changes to government and the policies they implement affect economic situation and ultimately the revenues of the Authority. To address this, the Authority reviews its pricing and services range regularly and responds to change in policies appropriately.

(b) Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's receivables from customers.

The Authority has no significant concentrations of credit risk as its services are to the entire population and business in Nauru. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Credit levels accorded to customers are regularly reviewed to reduce the exposure to risk of bad debts.

Trade receivables

Customer credit risk is managed by the Authority's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 30 June 2021, the Authority had 1 customer that owed it more than \$450,000 and accounted for approximately 59% of all the receivables outstanding.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below:

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

18. Financial risk management *continued*

(b) Credit risk *continued*

Trade receivables continued

Set out below is the information about the credit risk exposure on the Authority's trade receivables using a provision matrix:

Year ended 30 June 2021

	Trade receivables			
	Current	30 - 60 days	Days past due 61 - 90 days	> 91 days Total
Expected credit loss rate	0%	0%	0%	0%
Estimated total gross carrying amount at default	320,548	20,000	1,500.00	875,995
Expected credit loss	-	-	-	-

Year ended 30 June 2020

	Trade receivables			
	Current	30 - 60 days	Days past due 61 - 90 days	> 91 days Total
Expected credit loss rate	0%	0%	0%	0.4%
Estimated total gross carrying amount at default	106,808	114,226	-	604,298
Expected credit loss	-	-	-	2,430

(c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

18. Financial risk management *continued*

(c) Liquidity risk *continued*

The table below summarises the maturity profile of the Authority's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	158,864	-	-	-	158,864
Lease liabilities	-	26,595	132,976	659,762	694,394	1,513,727
	-	185,459	132,976	659,762	694,394	1,672,591
Year ended 30 June 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade and other payables	-	167,527	-	-	-	167,527
Lease liabilities	-	13,737	68,687	412,123	626,309	1,120,856
	-	181,264	68,687	412,123	626,309	1,288,383

(d) Capital risk management

The Authority's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Authority's objectives when obtaining and managing capital are to safeguard the Authority's ability to continue as a going concern and provide shareholders with a consistent level of returns and to maintain an optimal capital structure to reduce the cost of capital.

NAURU MARITIME AND PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

18. Financial risk management *continued*

(d) Capital risk management *continued*

The Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including 'current and non-current borrowing' as shown in the Authority's statement of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the Authority's statement of financial position plus net debt.

	2021 \$	2020 \$
Lease liability (Note 14)	1,432,181	1,048,452
Trade and other payables (Note 13)	158,864	167,527
Less: cash and short-term deposits (Note 6)	(4,049,194)	(2,139,658)
Net debt	(2,458,149)	(923,679)
Equity	8,664,972	8,184,732
Total capital	8,664,972	8,184,732
Capital and net debt	6,206,823	7,261,053
Gearing ratio	-40%	-13%

19. Significant events

Impact of Covid-19 to the Authority

The coronavirus disease (COVID-19) outbreak has developed rapidly, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant impact on global markets and economic activity.

The Authority has remained operational since this declaration and continues to engage in its principal activities. The introduction of these restrictions has not had a material effect on the Authority's financial statements as at 30 June 2021.

The Directors and management believe the Authority has sufficient financial resources together with arrangements with their customers and suppliers at this time to be able to successfully manage their business risks despite the current uncertain economic outlook due to the COVID-19 outbreak.

20. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Director, to affect significantly the operations of the Authority, the results of those operations or the state of affairs of the Authority in the subsequent financial year.

NAURU PORT DEVELOPMENT PROJECT (funded by the ASIAN DEVELOPMENT BANK)
Project Design Advance: ADB Project 48480-001
PDA GRANT 6005-NAU (Special Operations)

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Nauru Maritime and Port Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the special purpose financial statements of the Project Design Advance for the Nauru Development Project ("the Project") implemented by the Nauru Maritime and Port Authority ("the Authority") for the year ended 30 June 2021, which comprise of the statement of income and expenditure, including a summary of significant accounting policies and other explanatory information. The Financial Statements have been prepared by management in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS) as set out in Note 1 to the Financial Statements.

In our opinion, the grant proceeds have been used in all material respects in accordance with the conditions of the Memorandum of Understanding between Nauru Maritime and Port Authority and the Asian Development Bank (ADB) and the accompanying special purpose Financial Statements presents fairly, in all material respects, the Income and Expenditure of the Project for the year ended 30 June 2021 in accordance with the financial reporting provisions of the Cash Basis IPSAS described in Note 1 (a) to the Financial Statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority and the Project in accordance with the *International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nauru and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 1 (a) to the Financial Statements, which describes the basis of accounting. The Financial Statements have been prepared to assist the Authority in connection with the requirements set out in the Memorandum of Understanding dated 14 February 2019 and the financial reporting provisions of the Cash Basis IPSAS. As a result, the Financial Statements may not be suitable for another purpose. Our report is intended solely for the information and use of the Project, Nauru Maritime and Port Authority Management and the Asian Development Bank and should not be used by parties other than the Project, Nauru Maritime and Port Authority Management and the Asian Development Bank. Our opinion is not modified in respect of this matter.

Responsibilities of management and the Directors for the Financial Statements

The Directors and management of the Authority are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Public Sector Accounting Standards: Financial Reporting under Cash Basis IPSAS and the memorandum of understanding, and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

The Directors and management are responsible for overseeing the Project's financial reporting process.

INDEPENDENT AUDITOR'S REPORT *continued*

Auditor's Responsibilities 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 conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Authorities' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 Project to cease to continue as a going concern.

We communicate with the Directors and management 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.



Ernst & Young
Chartered Accountants



Steve Pickering
Partner
Suva, Fiji

29 September 2021

NAURU PORT DEVELOPMENT PROJECT (funded by the ASIAN DEVELOPMENT BANK)
 Project Design Advance: ADB Project 48480-001
 PDA GRANT 6005-NAU (Special Operations)
 STATEMENT OF INCOME AND EXPENDITURE
 FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021	2021	2020	2020
		AUD	USD	AUD	USD
INCOME					
External assistance					
Grant 6005-NAU draw downs	3	650,601	490,033	642,544	441,374
TOTAL INCOME		<u>650,601</u>	<u>490,033</u>	<u>642,544</u>	<u>441,374</u>
EXPENDITURE					
Consulting services	4	650,601	490,033	642,544	441,374
TOTAL EXPENDITURE		<u>650,601</u>	<u>490,033</u>	<u>642,544</u>	<u>441,374</u>
Surplus/(deficit)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Signed for and on behalf of the Nauru Port Development Project - PDA



NYE

Chief Executive Officer

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This special purpose financial statements have been prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS) as issued by the International Public Sector Accounting Standards Board.

The accounting policies have been applied consistently throughout the year.

b) Reporting entity

This special purpose financial statements is for the Nauru Port Development Project (funded by the Asian Development Bank) which is supervised by the Government of Nauru Planning and Aid Division (PAD) and implemented by the Nauru Maritime and Port Authority (NMPA) with the services of Cardno Emerging Markets Australia Pte Limited. The program commenced on 22 December 2015, with the signing of the contract between the Asian Development Bank and Government of Nauru's PAD. Funding is received from the Asian Development Bank (ADB) when requested in accordance with a pre-approved budget.

The special purpose financial statements covers the financial period 1 July 2020 to 30 June 2021.

c) Reporting currency

The amounts are stated in Australian dollars (AUD) as this currency is used for all Project reports. Draw downs are received in United States dollars (USD). Foreign currency equivalents are converted at the spot rate at year end for ease of comparison as follows:

	2021
USD to AUD	<u>1.32767</u>

d) Budget

The Project has a multi-year financing plan, as opposed to annual budgets that place limits on the spending in one year. As a result budget information for the Project is not presented.

2 CASH

Payments to suppliers were made directly from ADB and no cash is transferred to NMPA. The grants were disbursed in accordance with ADB's Loan Disbursement Handbook (2015). Disbursements from ADB and ADB administered grant procedures were through direct payment procedures only.

NAURU PORT DEVELOPMENT PROJECT (funded by the ASIAN DEVELOPMENT BANK)

Project Design Advance: ADB Project 48480-001

PDA GRANT 6005-NAU (Special Operations)

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2021

3 EXTERNAL ASSISTANCE - GRANT RECEIVED

All grants received from ADB were in the form of direct payments made to suppliers. The total services and products received by NMPA were of the following value:

Summary information on grants received during the year is as follows:

		2021	2021	2020	2020
	<u>Value Date</u>	AUD	USD	AUD	USD
Grant 6005-NAU draw downs					
WA00066	12/11/2020			222,317	152,713
WA00073	26/11/2020			345,428	237,280
WA00075	16/04/2020			74,799	51,381
WA00076	13/07/2020	190,522	143,501		
WA00077	04/08/2020	123,008	92,650		
WA00078	02/09/2020	123,799	93,245		
WA00079	09/12/2020	19,655	14,804		
WA00080	17/12/2020	184,430	138,913		
WA00081	03/05/2021	9,187	6,920		
		650,601	490,033	642,544	441,374

NAURU PORT DEVELOPMENT PROJECT (funded by the ASIAN DEVELOPMENT BANK)

Project Design Advance: ADB Project 48480-001

PDA GRANT 6005-NAU (Special Operations)

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 JUNE 2021

4 EXTERNAL ASSISTANCE - PAYMENTS TO THIRD PARTIES

Payments to third parties relate to costs paid directly by the ADB to Cardno Emerging Markets (Aust) Pty Ltd for UXO clearance, geotechnical investigations, surveys and detailed engineering services.

	2021	2021	2020	2020
	AUD	USD	AUD	USD
Payments during the period	650,601	490,033	642,544	441,374
Total payments paid or payable to Cardno at balance date	<u>650,601</u>	<u>490,033</u>	<u>642,544</u>	<u>441,374</u>

5 EXTERNAL ASSISTANCE - PAYMENTS TO THIRD PARTIES

During the period, the Republic of Nauru (RON) provided financial assistance to the Project in the form of tax exemptions and in-kind contributions.

6 COMMITMENTS

The Project received invoices for these claims during the year. These claims were processed after balance date and have been excluded from this special purpose financial report due to the accounting policies outlined in Note 1. No commitments were noted for as at 30 June 2021.

NAURU MARITIME AND PORT AUTHORITY
SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Nauru Maritime and Port Authority

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of the Sustainable and Climate-Resilient Connectivity Project ("the Project") implemented by the Nauru Maritime and Port Authority ("the Authority") for the year ended 30 June 2021, which comprise of the statement of income and expenditure, including a summary of significant accounting policies and other explanatory information. The Financial Statements have been prepared by management in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS) as set out in Note 1 to the Financial Statements.

In our opinion, the grant proceeds have been used in all material respects in accordance with the conditions of the Memorandum of Understanding between Nauru Maritime and Port Authority and the Asian Development Bank (ADB) and the accompanying special purpose Financial Statements presents fairly, in all material respects, the Income and Expenditure of the Project for the year ended 30 June 2021 in accordance with the financial reporting provisions of the Cash Basis IPSAS described in Note 1 (a) to the Financial Statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority and the Project in accordance with the *International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nauru and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 1 (a) to the Financial Statements, which describes the basis of accounting. The Financial Statements have been prepared to assist the Authority in connection with the requirements set out in the Memorandum of Understanding dated 14 February 2019 and the financial reporting provisions of the Cash Basis IPSAS. As a result, the Financial Statements may not be suitable for another purpose. Our report is intended solely for the information and use of the Project, Nauru Maritime and Port Authority Management and the Asian Development Bank and should not be used by parties other than the Project, Nauru Maritime and Port Authority Management and the Asian Development Bank. Our opinion is not modified in respect of this matter.

Responsibilities of management and the Directors for the Financial Statements

The Directors and management of the Authority are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Public Sector Accounting Standards: Financial Reporting under Cash Basis IPSAS and the memorandum of understanding, and for such internal control as management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

The Directors and management are responsible for overseeing the Project's financial reporting process.

INDEPENDENT AUDITOR'S REPORT *continued*

Auditor's Responsibilities 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 conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- 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.
- 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 Authorities' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 Project to cease to continue as a going concern.

We communicate with management and the 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.



Ernst & Young
Chartered Accountants



Steve Pickering
Partner
Suva, Fiji

29 September 2021

SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566
 STATEMENT OF INCOME AND EXPENDITURE
 FOR THE PERIOD YEAR ENDED 30 JUNE 2021

	Notes	2021	2021	2020	2020
		AUD	USD	AUD	USD
INCOME					
External assistance					
ADB Grant 0564	3	2,375,724	1,789,396	7,336,387	5,039,490
DFAT Grant 0565	3	1,635,390	1,231,775	2,803,882	1,926,035
GCF Grant 0566	3	4,699,538	3,539,688	8,582,651	5,895,568
Other receipts		-	-	-	-
TOTAL INCOME		<u>8,710,652</u>	<u>6,560,859</u>	<u>18,722,920</u>	<u>12,861,093</u>
EXPENDITURE					
Contractor's Claim	4	8,710,652	6,560,859	18,722,920	12,861,093
TOTAL EXPENDITURE		<u>8,710,652</u>	<u>6,560,859</u>	<u>18,722,920</u>	<u>12,861,093</u>
Surplus/(deficit)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Signed for and on behalf of the Nauru Port Development Project - SCRC





 Chief Executive Officer

This Statement of Income and Expenditure should be read in conjunction with the notes to the special purpose Financial Statements set out on pages 5 to 9.

SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This special purpose financial statements have been prepared in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS) as issued by the International Public Sector Accounting Standards Board.

The accounting policies have been applied consistently throughout the year.

b) Reporting entity

This special purpose financial statements is for the Sustainable and Climate-Resilient Connectivity Project (funded by the ADB, DFAT and GCET) which is supervised by the Government of Nauru Planning and Aid Division (PAD) and implemented by the Nauru Maritime and Port Authority (NMPA) with the services of Cardno Emerging Markets Australia Pte Limited. The program commenced on 14 February 2019, with the signing of the contract between the Asian Development Bank and Government of Nauru's PAD. Funding is received from the Asian Development Bank (ADB) when requested in accordance with a pre-approved budget.

The special purpose financial statements covers the financial period 1 July 2020 to 30 June 2021

c) Reporting currency

The amounts are stated in Australian dollars (AUD) and United States dollars (USD). Australian dollars (AUD) is the currency is used for all Project reports. Draw downs are received in United States dollars (USD). Foreign currency equivalents are converted at the spot rate at year end for ease of comparison as follows:

	2021
USD to AUD	<u>1.32767</u>

d) Budget

The Project has a multi-year financing plan, as opposed to annual budgets that place limits on the spending in one year. As a result budget information for the Project is not presented.

2 CASH

Payments to suppliers were made directly from ADB and no cash is transferred to NMPA. The grants were disbursed in accordance with ADB's Loan Disbursement Handbook (2015). Disbursements from ADB and ADB administered grant procedures were through direct payment procedures only.

SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

3. EXTERNAL ASSISTANCE - GRANT RECEIVED

All grants received from ADB were in the form of direct payments made to suppliers. The total services and products received by NMPA were of the following value:

Summary information on grants received during the year is as follows:

ADB Grant 0564	<u>Value Date</u>	2021	2021	2020	2020
		AUD	USD	AUD	USD
W000040	02-07-19	-	-	53,982	37,081
W000041	02-07-19	-	-	495,115	340,103
W000042	03-07-19	-	-	202,390	139,025
W000044	03-07-19	-	-	83,910	57,639
W000046	20-08-20	-	-	42,465	29,170
W000047	22-08-19	-	-	63,567	43,665
W000048	20-08-19	-	-	389,208	267,353
W000049	22-08-19	-	-	153,318	105,317
W000052	24-09-19	-	-	171,212	117,609
W000053	20-09-19	-	-	36,374	24,986
W000054	24-09-19	-	-	54,695	37,571
W000055	20-09-19	-	-	333,511	229,095
W000056	24-09-19	-	-	131,922	90,620
W000059	05-11-19	-	-	54,676	37,558
W000060	31-10-19	-	-	40,222	27,629
W000062	31-10-19	-	-	369,595	253,881
W000067	13-11-19	-	-	60,486	41,549
W000068	12-11-19	-	-	61,415	42,187
W000069	12-11-19	-	-	148,455	101,976
W000071	20-11-19	-	-	696,734	478,598
W000075	10-12-19	-	-	36,398	25,003
W000076	12-12-19	-	-	54,973	37,762
W000077	10-12-19	-	-	224,493	154,208
W000078	12-12-19	-	-	89,192	61,267
W000081	18-12-19	-	-	73,409	50,426
W000082	20-12-19	-	-	36,109	24,804
W000083	16-12-19	-	-	46,158	31,707
W000084	18-12-19	-	-	70,357	48,330
W000085	16-12-19	-	-	923,960	634,684
W000086	18-12-19	-	-	370,481	254,489
W000087	07-04-20	-	-	24,940	17,132
W000088	14-04-20	-	-	95,549	65,634
W000090	20-04-20	-	-	80,741	55,462
W000091	17-04-20	-	-	62,055	42,627
W000092	21-04-20	-	-	86,911	59,700
W000095	17-04-20	-	-	54,957	37,751
W000096	21-04-20	-	-	76,970	52,872

SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

3. EXTERNAL ASSISTANCE - GRANT RECEIVED *continued*

<u>ADB Grant 0564</u>	<u>Value Date</u>	2021	2021	2020	2020
		AUD	USD	AUD	USD
W000099	11-05-19	-	-	70,610.00	48,503.00
W000100	13-05-20	-	-	102,096.00	70,132.00
W000104	01-04-20	-	-	148,695.00	102,141.00
W000105	01-06-20	-	-	123,233.00	84,651.00
W000106	01-06-20	-	-	155,501.00	106,816.00
W000107	15-06-20	-	-	40,703.00	27,960.00
W000108	01-06-20	-	-	170,828.00	117,345.00
W000109	22-06-20	-	-	51,633.00	35,467.00
W000110	24-06-20	-	-	78,119.00	53,662.00
W000113	26-06-20	-	-	136,290.00	93,620.00
W000114	30-06-20	-	-	207,774.00	142,723.00
W00117	20-07-20	41,063	30,929	-	-
W00118	03-08-20	115,408	86,925	-	-
W00119	05-08-20	37,622	28,337	-	-
W00120	03-08-20	101,558	76,494	-	-
W00121	27-08-20	40,664	30,628	-	-
W00122	31-08-20	65,106	49,038	-	-
W00125	04-09-20	33,004	24,858	-	-
W00126	02-09-20	81,806	61,616	-	-
W00127	04-09-20	25,238	19,009	-	-
W00128	02-09-20	48,696	36,678	-	-
W00129	24-09-20	59,645	44,925	-	-
W00130	28-09-20	93,371	70,327	-	-
W00133	26-10-20	84,764	63,845	-	-
W00134	18-11-20	136,409	102,743	-	-
W00137	16-11-20	87,256	65,721	-	-
W00138	07-12-20	28,806	21,697	-	-
W00139	19-11-20	84,639	63,750	-	-
W00140	23-11-20	30,780	23,183	-	-
W00142	16-12-20	87,570	65,958	-	-
W00143	18-12-20	28,864	21,740	-	-
W00144	16-12-20	87,974	66,262	-	-
W00145	18-12-20	23,390	17,617	-	-
W00146	20-04-21	115,342	86,876	-	-
W00147	12-04-21	264,560	199,267	-	-
W00148	03-06-21	160,518	120,902	-	-
W00149	07-06-21	275,515	207,518	-	-
W00152	04-06-21	51,050	38,451	-	-
W00153	02-06-21	85,106	64,102	-	-
		-	-	-	-
		<u>2,375,724</u>	<u>1,789,396</u>	<u>7,336,387</u>	<u>5,039,490</u>

SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 JUNE 2021

3. EXTERNAL ASSISTANCE - GRANT RECEIVED *continued*

		2021	2021	2020	2020
<u>DFAT Grant 0565</u>	<u>Value Date</u>	AUD	USD	AUD	USD
W000043	03-07-19	-	-	238,328	163,711
W000050	21-08-19	-	-	180,943	124,293
W000057	23-09-19	-	-	156,148	107,261
W000070	11-11-19	-	-	174,106	119,597
W000074	20-12-19	-	-	47,662	32,740
W000079	11-12-19	-	-	156,550	107,537
W000087	17-12-20	-	-	200,500	137,727
W000089	20-12-19	-	-	85,421	58,677
W000093	20-04-20	-	-	246,536	169,350
W000097	20-04-20	-	-	218,336	149,979
W000101	12-05-20	-	-	288,336	198,063
W000111	23-06-20	-	-	222,430	152,791
W000115	29-06-20	-	-	588,586	404,309
W00123	28-08-20	183,945	138,547	-	-
W00131	28-09-20	265,198	199,747	-	-
W00135	17-11-20	385,411	290,291	-	-
W00141	07-12-20	18,305	13,788	-	-
W00150	04-06-21	782,531	589,402	-	-
		<u>1,635,390</u>	<u>1,231,775</u>	<u>2,803,882</u>	<u>1,926,035</u>

		2021	2021	2020	2020
<u>GCF Grant 0566</u>	<u>Value Date</u>	AUD	USD	AUD	USD
W000045	02-07-19	-	-	734,308	504,408
W000051	20-08-19	-	-	577,236	396,513
W000058	20-09-19	-	-	494,633	339,772
W000065	31-10-19	-	-	546,954	375,712
W000080	10-10-19	-	-	494,963	339,999
W000088	16-12-19	-	-	627,681	431,164
W000094	17-04-20	-	-	843,863	579,664
W000098	17-04-20	-	-	747,341	513,361
W000102	15-05-20	-	-	960,196	659,575
W000112	22-06-20	-	-	702,129	482,305
W000116	26-06-20	-	-	1,853,347	1,273,095
W00124	27-08-20	552,966	416,493	-	-
W00132	24-09-20	811,088	610,911	-	-
W00136	28-10-20	1,152,672	868,192	-	-
W00151	03-06-21	2,182,812	1,644,092	-	-
		<u>4,699,538</u>	<u>3,539,688</u>	<u>8,582,651</u>	<u>5,895,568</u>
		<u>8,710,652</u>	<u>6,560,859</u>	<u>18,722,920</u>	<u>12,861,093</u>

SUSTAINABLE AND CLIMATE-RESILIENT CONNECTIVITY PROJECT Grant 0564/0565/0566
NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS continued
FOR THE YEAR ENDED 30 JUNE 2021

4. EXTERNAL ASSISTANCE - PAYMENTS TO THIRD PARTIES

Payments to third parties relate to costs paid directly by the ADB to Cardno Emerging Markets (Aust) Pty Ltd for UXO clearance, geotechnical investigations, surveys and detailed engineering services, costs paid to China Harbour Engineering Company Limited (CHEC) for contractor payments and GHD PTY LTD (formerly known as Gutteridge Haskins & Davey), for independent technical project audit services.

	2021	2021	2020	2020
	AUD	USD	AUD	USD
Payments to Cardno Emerging Markets during the period	1,323,576	996,916	18,722,919	12,861,091
Payments to China Harbour Engineering Company Limited (CHEC) during the period	7,368,771	5,550,155	-	-
Payments to GHD PTY LTD during the period	18,305	13,788	-	-
Committed invoices unpaid at balance date	-	-	-	-
Total payments paid or payable to third parties at balance date	<u>8,710,652</u>	<u>6,560,859</u>	<u>18,722,919</u>	<u>12,861,091</u>

5. EXTERNAL ASSISTANCE - PAYMENTS TO THIRD PARTIES

	AUD	USD	AUD	USD
Republic of Nauru	1,645,508	1,239,395	2,142,618	1,471,443
	<u>1,645,508</u>	<u>1,239,395</u>	<u>2,142,618</u>	<u>1,471,443</u>

During the period, the Republic of Nauru (RON) provided financial assistance to the Project in the form of tax exemptions and in-kind contributions.

6. COMMITMENTS

	AUD	USD	AUD	USD
Commitments to Purchase:				
ADB	-	-	-	-
DFAT	-	-	-	-
GCF	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The project received invoices for claims during the year. These claims were processed after balance date and have been excluded from this special purpose financial statement due to the accounting policies outlines in Note 1. No commitments were noted for as at 30 June 2021.

NAURU MARITIME & PORT AUTHORITY [NMPA]

BOARD OF DIRECTORS



Mr. Link UERA
CHAIRMAN



Mr. Wanganeen EMIU
DEPUTY CHAIRMAN



Mr. Ipia GADABU
DIRECTOR



Mr. Clayton IKA
DIRECTOR



Mr. Isaac AREMWA
EX OFFICIO DIRECTOR



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Aiwo District, Republic of Nauru.
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