



**FINANCIAL SUPERVISORY COMMISSION  
COOK ISLANDS**

**STATEMENT OF CORPORATE INTENT**

**2020/2021**

# **Financial Supervisory Commission**

## **Statement of Corporate Intent: 2020/2021**

### **Introduction**

The Financial Supervisory Commission was established, by the Financial Supervisory Commission Act 2003, on 3 June 2003 by determination of the Queen's Representative through Order in Executive Council.

The Board of the Commission comprises:

Geoff Stoddart, Chairman  
Martha Henry  
Fletcher Melvin  
Christina Newport  
Gaye Whitta

This Statement of Intent is issued by the Commission for the purposes of section 27 of the Financial Supervisory Commission Act 2003. It covers the year 1 July 2020 to 30 June 2021 and as required by section 27 comments, insofar as is practicable, on the next financial year to 30 June 2022 and beyond.

### **Vision of the Commission**

The vision of the Commission is:

*To be a financial regulator that is committed to excellence, integrity and supportive of growth and development of the Cook Islands financial services centre.*

### **Mission Statement of the Commission**

The mission statement of the Commission is:

*To oversee an effective and efficient prudential and investigative supervision regime applying risk-based, and intelligence-led, policies in line with internationally accepted best practice.*

### **Objectives of the Commission**

The objectives of the Commission are:

- To supervise licensed financial institutions to determine whether they are in sound financial condition and are complying with their governing legislative and supervisory requirements;
- To advance and administer a supervisory framework which complies with internationally accepted standards and promotes the adoption of policies and procedures designed to control, manage and mitigate risk;
- Through the supervision of licensed financial institutions, to promote financial stability and sound business practice and to assist the Cook Islands Government to prevent the use of licensed financial institutions for financial crime, money laundering, financing terrorism and proliferation;
- To assist the financial industry to develop through establishing and maintaining an internationally credible regulatory and supervisory regime;
- To operate the Registries of International Companies, International Trusts, International Partnerships, Limited Liability Companies and Foundations to a professional standard;
- To facilitate the prevention, detection, disruption, investigation and prosecution of money laundering, the financing of terrorism, proliferation of weapons of mass destruction, currency declaration and serious offences in the Cook Islands;
- To provide an environment in which the financial sector and law enforcement agencies can exchange and analyse information and intelligence to detect, prevent and disrupt financial misconduct and serious offences threats against the Cook Islands;
- To facilitate the collection, analysis and dissemination of financial intelligence relating to suspicious financial activity to the appropriate domestic and international authorities in a timely manner;
- To continue the ongoing assessment of threat and risks to the Cook Islands AML/CFT;
- To continue work with Crown partners to facilitate the development of a cybercrime strategy and prevention programme relevant to identified cyber threat and risks; and
- To work with Crown partners to support an effective law enforcement strategic and operational response against those seeking to engage in financial misconduct and serious offences.

The Commission is the licensing authority of “licensed financial institutions” and will monitor the performance of all licensees against those standards imposed by the legislation which the Commission administers.

“Licensed financial institutions” include banks licensed pursuant to the Banking Act 2011, trustee companies licensed pursuant to the Trustee Companies Act 2014, insurers and insurance intermediaries licensed pursuant to the Insurance Act 2008, captive insurance entities licensed pursuant to the Captive Insurance Act 2013 and money changing and remittance businesses licensed pursuant to the Money Changing and Remittance Businesses Act 2009.

The Commission is the administering Crown Agency for the following enactments:

- Banking Act 2011
- Captive Insurance Act 2013
- Currency Declaration Act 2015/16
- Digital Registers Act 2011
- Financial Intelligence Unit Act 2015

- Financial Supervisory Commission Act 2003
- Financial Transactions Reporting Act 2017
- Foundations Act 2012
- Insurance Act 2008
- International Companies Act 1981/82
- International Partnerships Act 1984
- International Trusts Act 1984
- Limited Liability Companies Act 2008
- Money Changing and Remittance Businesses Act 2009
- Trustee Companies Act 2014

The Financial Transactions Reporting Act 2017 is a significant piece of legislation which will continue to be actively administered by the Financial Intelligence Unit throughout 2020/21. This Act, which replaced the FTR Act 2004, represented a significant enhancement to the Cook Islands regime to combat financial misconduct and the commission of serious offences by monitoring certain transactions.

Whilst monitoring compliance by all reporting institutions with the FTR Act 2017, the Financial Intelligence Unit will continue to also administer the Financial Transaction Reporting (Maritime Cook Islands) Regulations 2017 which specifically address the due diligence and compliance requirements of the Cook Islands international shipping registry.

Following a review of the Insurance Act 2008, over recent years, simplification of the current insurance legislation is scheduled to be completed in 2020/21.

The Commission is required to make recommendations to the Minister of Finance for legislative, administrative or other action which will facilitate the objectives of the Commission in developing and regulating the integrity of licensed financial institutions. The Commission continues to examine the appropriateness of some form of financial regulation and supervision being established in respect to the Cook Islands National Superannuation Fund, the Cook Islands Credit Bureau and the Sovereign Wealth Fund. The Commission observes that legislative change to the Financial Supervisory Commission Act 2003 would be required to extend our remit to supervision of any of these entities given none hold financial institution status.

Government's policy in relation to the Commission is to promote and support the Commission in its objectives and functions as an independent institution, free from Government direction in regards to performance of its statutory functions and duties.

The Commission is funded directly from the financial industry, primarily via annual licence fees and international entity registry related fees.

The Commission will continue to act as a good employer, as that term is defined in the Public Service Act 2009.

These objectives will apply for the year commencing 1 July 2020 and for the foreseeable years to follow.

### **Nature and scope of activity to be undertaken during the year commencing 1 July 2020**

The Commission will undertake all such activities in this section in a professional, and timely, manner.

#### **a) Supervision and Regulation**

A risk based, targeted focus, onsite inspection will be conducted on the majority of licensees in the Cook Islands during the year to 30 June 2021 as the Commission continues to supervise and regulate licensed financial institutions in a manner which is to internationally accepted standards; as mandated for in the FSC Act 2003.

The Commission will continue to place emphasis on comprehensive offsite supervision through the review of submitted data, annual audited financial statements and other accessible information, as a risk-based approach is further embedded into our supervision regime across all licensee types.

In line with our Vision, the Commission will apply appropriate administration of the suite of legislation for which it is responsible, whilst acknowledging the importance of doing so in a manner supportive of growth and development of the Cook Islands financial services centre.

Compliance reviews of the financial transactions reporting requirements will remain an ongoing activity throughout the foreseeable future. Attention will continue to be directed towards those licensees who are deemed higher risk; primarily due to their involvement in international business.

Where relevant, the Commission will continue to build upon relationships with home, and fellow host, regulators to better leverage off other external supervision measures in place for these licensees.

Acknowledging the level of risk associated with this line of business, onsite supervision visits to a number of licensed Trustee Companies will continue to be undertaken in 2020/21. As in recent years, the Commission will encourage compliance with the Group of International Finance Centre Supervisor's standard on the Regulation of Trust and Corporate Service Providers; within the context of the Cook Islands regulatory regime.

#### **b) Financial Intelligence Unit (FIU)**

The Commission's staff will carry out the functions and responsibilities of the FIU upon delegation by the Head of the FIU. This includes:

Full implementation and consolidation of the Board policy directions to the Head of the FIU relating to the FIU's operational independence.

The regulation and conduct of compliance examinations for all Reporting Institutions in the Cook Islands as required by the Financial Transactions Reporting Act 2017 with a focus on improving the effectiveness of the Cook Islands AML / CFT regime.

To continue to perform its intelligence gathering function, the receipt, analysis, and dissemination of that analysis to counterpart agencies, where appropriate, for the investigation of financial misconduct, terrorist financing and the proliferation of weapons of mass destruction.

To continue the FIU's ongoing work with other Law Enforcement Agencies to improve intelligence gathering capabilities with the aim of improving overall effectiveness in the detection of serious and organised crime.

To investigate and prosecute offences committed under the Financial Intelligence Unit Act 2015, Currency Declaration Act 2015/16 and the Financial Transactions Reporting legislation.

To promote and develop an Asset Recovery strategy that will include parallel financial investigation and the pursuit and recovery of the proceeds of crime in acquisitive criminal cases.

To foster a stronger partnership with the private sector in order to increase the effectiveness of our collective response to financial misconduct and supervision.

To continue to improve the effectiveness of the FIU IT System to enhance the Units intelligence products and services.

The Commission, through the FIU, will work with other government stakeholders to develop a cybercrime strategy and cyber prevention programme.

The Commission, through the FIU, will collate statistics and information to enable the conduct of effective strategic analysis to inform risk assessments.

The FIU will continue to coordinate with key national stakeholders in maintaining the national money laundering, terrorism and proliferation financing risk assessment for the Cook Islands.

The Commission, through the FIU, will continue to actively participate in other National Committees including the AML/CFT Coordinating Committee, Combined Law Agency Group, Anti-Corruption Committee and the Cook Islands National Intelligence Taskforce.

In conjunction with the Commission, to assess and implement as appropriate the recommendations of the 2018 Mutual Evaluation Report.

### **c) Registry of International Entities**

The FSC Registry will utilise exception reporting capabilities, where available, to ensure focussed review of new and ongoing registrations throughout 2020/21 and future periods.

The Commission will continue to administer the legislation for which it is responsible, including the registration and renewal of international companies, international trusts, international partnerships, limited liability companies and foundations. Likewise, the Commission will embrace the administration of new product trust legislation currently under development by the Financial Services Development Authority, following Cabinet policy approval received in February 2020.

Cognisant with the development of a new international trust type, and the Commission's longstanding intention to move the foundations register online, it is intended that the proposed online registry upgrade will proceed in 2020/21. The Asian Development Bank have committed to assisting with donor funding for this significant IT project.

The Registrar will continue to administer effective systems of control to ensure every effort is made to identify any bona vacantia assets, remaining in deregistered international companies, which have vested with the Registrar. These assets will then be realised, as per the manner prescribed in the International Companies Act 1981/82, ensuring maximum return of funds to the Crown.

The material funds that have vested in the Registrar, that are required to be held in trust for six years before forfeiting to the Crown, will remain subject to systems of tight internal control.

### **d) International and Domestic Liaison**

The Head of the FIU will represent the Commission at the key annual Egmont meeting. This participation will support the ongoing enhancement of the FIU ensuring that these developments are informed by international standards and best practice with regards to financial intelligence. As a member and participant of both the Egmont Asia-Pacific regional group and the Technical Assistance and Training Working Group, the FIU will continue to build and develop international relations and cooperation; to improve the effectiveness of the FIU.

In addition, the FIU will be represented at the Asia Pacific Group (APG) Annual Plenary Meeting and, where relevant, the APG Typologies Workshop.

The FIU will continue to contribute and support the Asset Recovery Inter-Agency Network – Asia Pacific (ARIN-AP) along with active participation in the Association of Pacific Islands Financial Intelligence Units forum.

The FIU will proactively seek technical support and funding through the relevant and appropriate international organisations.

The Commission will liaise with the Australian Prudential Regulation Authority (APRA) and the Bank of Papua New Guinea (BPNG), as home regulators, of the Cook Islands branches of ANZ and Bank South Pacific, respectively. The Commission will partake in all ANZ and BSP Supervisory College telephone conference calls organised throughout this statement of corporate intent year and endeavour to attend any College Meetings which may be convened during 2020/21.

The valuable working relationship developed with the Reserve Bank of New Zealand will continue to be built upon during the 2020/21 year and likewise, relationships will continue to be enhanced with home supervisors of insurance licensees, in particular with the Reserve Bank of Fiji and the Central Bank of Samoa.

As in previous years, the Commission will participate as an active member of the Group of International Finance Centre Supervisors (GIFCS) and will be represented by the Commissioner at the annual and half yearly meetings of the group. The Commission will utilise the Multilateral Memorandum of Understanding between members to maximise sharing with, and obtaining of, information from other member regulatory bodies. The Commission has committed to providing an evaluator for the late 2020 Isle of Man GIFCS review, assessing the jurisdiction's compliance with the Group's Standard on Regulation of Trust and Corporate Service Providers. This professional development opportunity will be invaluable for assisting with the Commission's preparation for the Cook Islands GIFCS evaluation, tentatively scheduled for 2021/22.

The Commission will be represented by the Deputy Commissioner at the annual meeting of the Group of International Insurance Centre Supervisors (GIICS) in London in July 2020. The Commission will continue to actively partake in the GIICS professional development conference calls throughout the period under review and pursue any additional training opportunities that may come to the fore in respect to supervisory regimes tailored to Captive Insurers.

Technical assistance will continue to be sought from the Pacific Financial Technical Assistance Centre (PFTAC), the International Monetary Fund, and the Financial Stability Institute. This will be supplemented with specific technical assistance from fellow Regulators, via our GIFCS and GIICS network, to upskill in various emerging risks including cybercrime, climate change, data security and virtual assets.

The Supervision Manager will attend the Association of Financial Supervisors of Pacific Countries (AFSPC) one-week Annual Meeting in Papua New Guinea in August 2020. The AFSPC regional forum is overseen by PFTAC and comprises financial regulators from twelve jurisdictions across the Pacific.

The annual meeting of the ADB APEC Financial Regulators Training Initiative (FRTI) will again be conducted via teleconference. This is a forum conducive to securing in-country training opportunities with the Commission already

scheduled to host a FRTI Seminar on 'Enhancing Supervision of Insurance and Insurance Intermediaries' in the latter part of 2020.

The Commission will consider hosting other conferences and workshops deemed beneficial for staff of the Commission, FIU and other key crown agencies in the Cook Islands.

The Commission will liaise with the Financial Services Development Authority (FSDA) to continue to assist, where possible, with the development of the Cook Islands international financial centre. The Commissioner has committed to assisting the FSDA by presenting brief regulatory snippets for the planned marketing clips of the jurisdiction throughout the period under review.

The Commission will consider any proposals for legislative change that may be put forward in promoting the financial industry in the Cook Islands, against the desire to ensure that there is no compromise of the current supervisory regime.

The Commission will continue to liaise with industry, via the Trustee Companies Association and the Bankers Association, in respect to issues facing the respective licensees and maintain an open door policy to meeting with all licensees, and prospective licensees, throughout the year.

#### **e) Legislation**

The Commission will report on a periodic basis to the Minister of Finance on the legislation administered by the Commission and advise the Minister on any amendments recommended by the Commission, generally to enhance the performance of the Commission and the achievement of its objectives.

#### **f) Miscellaneous**

The Commission will continue to evaluate its governance procedures and look for opportunities to benchmark against other regional and international organisations recognising the importance of having an appropriate balance between regulation and economic growth. The Commission will focus on improved tailoring of our supervisory and regulatory regime to the context of this jurisdiction.

The Commission will embrace the recommendations for enhancement to the Financial Intelligence Unit and Supervision's procedures as identified in the 2018 Mutual Evaluation Report in respect to embedding, and fully implementing, the FTRA 2017.

The Commission will continue to monitor developments in respect to pending changes to the Cook Islands Occupational Safety and Health regime, to ensure we are ready to instigate any improvements to our current procedures that may be required to adhere to the new legislation.

The Commission will continue in its endeavours to raise public awareness of financial scams in an effort to protect Cook Islanders financial assets. A

community outreach programme will be instigated in 2020/21 in an effort to better inform the public of the 'red flags' consistently seen alongside scams.

Underpinning the Commission's activities for the year will be constant attention to the training of staff and strengthening the Commission's capacity, and ability, to perform its tasks. Continued focus will be given specifically to strengthening supervisory skills and capacity in respect to regulatory regimes addressing emerging risks. In addition, management and leadership training will be undertaken by the Deputy Commissioner and Supervision Manager.

Upskilling of staff, across the Commission, by attending structured training programmes, participation in joint reviews and attendance at international workshops will continue to be encouraged.

The Commission will consider undertaking thematic reviews in respect to conduct, and data security, risks for licensed financial institutions.

### **Nature and scope of activity to be undertaken during the year commencing 1 July 2021**

The Commission will continue to fulfil its duty to administer legislation for which it is responsible.

Responsibilities of the Commission have grown progressively and are expected to continue to grow, thus it is anticipated that the activities listed below will require continued focus in future years. In particular, but without limiting the extent of the Commission's duties to be performed in the coming years, the Commission will:

- (a) Undertake the prudential supervision of the banking business of all banks holding banking licences to carry on banking business in the Cook Islands;
- (b) Undertake the prudential supervision of insurers holding licences to conduct insurance business in the Cook Islands;
- (c) Undertake supervision of insurance intermediaries licensed to conduct insurance business in the Cook Islands;
- (d) Undertake supervision of money changing and remittance businesses licensed to conduct money changing and remittance business in the Cook Islands;
- (e) Undertake supervision of trustee companies licensed to conduct trustee business in the Cook Islands;
- (f) Undertake supervision of captive insurance businesses licensed to conduct captive insurance business in the Cook Islands;

(g) Encourage and promote licensed financial institutions to carry out sound practices in relation to prudential matters;

(i) Consider and analyse, in a timely manner, all completed applications submitted to the Commission for a licence, registration or authorisation pursuant to any enactment the Commission administers;

(j) Efficiently oversee the requirements for registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies, foundations and the new trust type product;

(k) Investigate and prosecute matters under the Financial Intelligence Unit Act 2015, the Currency Declaration Act 2015/16 and the Financial Transactions Reporting Act 2017;

(l) Perform airport, airfreight or seaport duties for the purpose of enforcing the Currency Declaration Act 2015/16;

(m) Investigate and review the performance by licensed financial institutions and designated non-financial businesses and professions of their obligations pursuant to AML/CFT compliance;

(n) Seek to develop and improve the Confiscation of the proceeds of crime, through the implementation of the Asset Recovery strategy;

(o) Assist in the management and mitigation of cybercrime and cyber enabled crime through the introduction of preventive measures, education, and where appropriate the investigation and prosecution of serious related criminal offences;

(p) Undertake a targeted review of specific high-risk threats and vulnerabilities as part of the national risk assessment of the Cook Islands;

(q) Evaluate the effectiveness of the implementation of the recommendations identified in the 2018 Cook Islands Mutual Evaluation Report; and

(r) Efficiently attend to any other matters brought before the Commission.

The Commission will continue to enhance its capacity and ability to perform its obligations and achieve its objectives by continuing the professional development of staff and ensuring proper resourcing.

The Commission will also continue to report to the Minister of Finance on the suitability of the legislation administered by the Commission.

## **Performance Targets for the years commencing 1 July 2021 and thereafter**

The Commission will seek to achieve the following targets:

(1) To conduct, as often as deemed necessary, an onsite examination of all banks, insurers, insurance intermediaries, trustee companies, captive insurers and money changing and remittance businesses licensed to carry out business in the Cook Islands. Risk based supervision will assist to determine the level of regulatory oversight applied to licensed institutions.

(2) To undertake offsite reviews of all data supplied by licensees on a regular basis.

(3) To administer new applications for the licence of a financial institution on a timely basis with all applications being determined within the prescribed timeframe upon receipt of the completed application.

(4) To conduct, in each year, compliance reviews of licensed financial institutions and designated non-financial businesses and professions in respect of the financial transactions reporting regime.

(5) To review, within the context of the Cook Islands, the operations of trustee companies against the 'Trust and Corporate Service Providers Statement of Best Practice' issued by the GIFCS; and the Trustee Companies Act 2014.

(6) To administer registration and renewal of registration of international companies, international trusts, international partnerships, limited liability companies and foundations efficiently, accurately and without delay.

(7) To keep under on-going review legislation administered by the Commission with a view to recommending amendments where the legislation needs to reflect changes in the global financial environment, including best international supervisory and regulatory practice.

(8) To enhance the skills of supervisory staff, principally by use of technical training provided by the Pacific Financial Technical Assistance Centre, the International Monetary Fund, the Financial Stability Institute and other technical assistance programmes including short term training with the Reserve Bank of New Zealand and other appropriate regulators.

(9) To maintain a structured programme for upskilling all staff of the Commission throughout the year.

(10) To report to the Minister of Finance on the legislation administered by the Commission by 30 September each year.

(11) To undertake enforcement action where necessary to achieve the Commission's objectives.

(12) To continue to promote regular analysis of AML/CFT risk within the Cook Islands.

(13) To review policies, procedures and guidelines to administering the Financial Transactions Reporting Act 2017; measuring this against international standards and focussed on the effectiveness of the regime.

(14) To effectively administer and enforce the Financial Intelligence Unit Act 2015, and the Currency Declaration Act 2015/16.

(15) To continue to coordinate the implementation of recommendations arising from the Cook Islands 2018 Mutual Evaluation Report.

(16) To efficiently attend to all other obligations under the legislation which the Commission has responsibility to administer.

### **The Financial Resources required to achieve the Performance Targets**

The economic and operational climate within which this jurisdiction, like all small international financial centres, operates remains subject to ongoing pressure to enhance disclosures and increase reporting in line with international best practice. As compliance measures have become more burdensome, growth has reduced. Accordingly, the estimates below are prudently based on the assumption that there will be nil net growth in the industry during the 2020/21 financial year. That is, it is anticipated that growth in the sale of the new trust type product will be offset by the decline in new international company registrations attributable to the 2019 taxation legislative amendments required by the European Union.

### **Expenditure**

The estimated expenditure of the Commission for the year ended 30 June 2021 is as follows:

<b>PERSONNEL</b>	<b>\$</b>	<b>\$</b>
Salaries (incl Superannuation)	805,000	
Staff Training, Travel and Expenses	34,200	
		<b>839,200</b>
<b>BOARD</b>		
Fees	84,000	
Expenses	6,200	
		<b>90,200</b>
<b>COMMISSIONER</b>		
Contractual Expenses	2,500	
Entertainment	1,500	
Travel	15,000	
		<b>19,000</b>

<b>DEPUTY COMMISSIONER</b>		
Contractual Expenses	500	
Travel	10,000	
		<b>10,500</b>
<b>HEAD OF THE FIU</b>		
Contractual Expenses	29,500	
Entertainment	500	
Travel	10,000	
		<b>40,000</b>
<b>OPERATING EXPENSES</b>		
Audit Fee	3,000	
Advertising & Promotion	2,400	
Bank Fees	1,500	
Cleaning	5,600	
Communications	9,000	
Computer Costs (incl FIU Wizard)	32,000	
Conferences & Workshops	12,000	
Depreciation (Fixed Assets)	18,750	
Amortisation (Software)	49,000	
Electricity	14,400	
Expensed Equipment	4,000	
General Expenses	4,000	
Insurance	4,500	
Maintenance	4,000	
Motor Vehicle Expenses	4,800	
Office Rental	36,000	
Office Supplies	6,000	
Online Registry Operating Expenses	39,600	
Operation Costs	15,000	
Professional Service Fees	20,000	
Subscriptions	28,000	
<b>TOTAL EXPENDITURE</b>		<b>313,550</b>
<b>TOTAL OUTGOINGS</b>		<b>1,312,450</b>

## Revenue

The financial resources available to the Commission to carry out its undertaking and to achieve its performance targets are:

(a) All licence, registration and miscellaneous fees payable under the following enactments:

Banking Act 2011  
 Captive Insurance Act 2013  
 Foundations Act 2012  
 Insurance Act 2008  
 International Companies Act 1981/82

International Partnerships Act 1984  
 International Trusts Act 1984  
 Limited Liability Companies Act 2008  
 Money-changers and Remittance Businesses Act 2009  
 Trustee Companies Act 2014

The estimated fees from these sources for the year 1 July 2020 to 30 June 2021 are \$1,491,068 (net of VAT).

Although all amounts are in New Zealand dollars, registry fees payable to the Commission are denominated in US dollars and income is therefore subject to currency exchange fluctuations. The rate of \$0.63 was used to prepare these figures.

These estimates are based on the number of international companies, trusts, limited liability companies and foundations remaining in line with the actual 2019/20 registry numbers.

A further amount of miscellaneous operating revenue and interest totalling \$101,216 is also expected to be generated.

**The estimated revenue is as follows:**

<b>REVENUE</b>	<b>\$</b>
Bank Licences	55,391
Insurance Licences	21,131
Trustee Company Licences	36,175
Foundations	22,359
International Companies	350,864
International Trusts	893,843
Limited Liability Companies	111,305
Miscellaneous Revenue	101,216
<b>TOTAL REVENUE</b>	<b>1,592,284</b>

In accordance with section 24(2) of the Financial Supervisory Commission Act 2003, excess funds will be paid to the Cook Islands Government. It is anticipated that the Commission will return an excess to government of \$280,000 during the 2020/21 financial year.

**For the year ended 30 June 2022 income and expenditure is projected as follows:**

	<b>\$</b>	<b>\$</b>
<b>REVENUE*</b>		<b>1,592,284</b>
<b>EXPENDITURE</b>		
Personnel expenses including Board	929,400	
Operating expenses including Depreciation	383,050	
		<b>(1,312,450)</b>
<b>EXCESS</b>		<b>279,834</b>

\*The exchange rate used for this calculation is US\$0.63; NZ\$1.00.

## **The Accounting Policies of the Commission**

The General Accounting Policies of the Commission for the year ended 30 June 2021, and for the subsequent financial years, will be as follows:

### **Basis of Preparation of Accounts**

- (i) **Reporting Entity**  
The financial statements are for the Financial Supervisory Commission, which is considered to be an agency of the Crown. The Financial Supervisory Commission carries out services as mandated under the Financial Supervisory Commission Act 2003.
- (ii) **Statement of Compliance**  
The financial statements are prepared in accordance with the Ministry of Finance and Economic Management Act 1995/96 and with the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board.
- (iii) **Measurement Base**  
The financial statements will be prepared on a going concern basis and the accounting policies will be applied consistently throughout the period.

The Significant Accounting Policies of the Commission will not change from the 2019/20 financial year. The detailed policies form part of the annual audited Financial Statements and may be viewed in full in the Commission's Annual Report. The Financial Statements of the Commission are audited by the Cook Islands Audit Office and the Annual Report is published on the Commission's website ([www.fsc.gov.ck](http://www.fsc.gov.ck)) following submission to the Minister of Finance before 30 September each year.

### **Other Matters as agreed between the Minister of Finance and the Commission.**

No additional matters have been agreed between the Minister of Finance and the Commission for inclusion in this Statement of Intent for the year 1 July 2020 to 30 June 2021.

At the time of presentation, there are no additional matters which will likely be agreed upon between the Minister of Finance and the Commission for inclusion in the Statement of Intent to be issued by the Commission for the financial year commencing 1 July 2021, through to 30 June 2022.

Given the very recent Covid-19 pandemic outbreak, it is anticipated that a revised Statement of Intent for the year ended 30 June 2021 will be issued later this year, as provided for in section 27 (3) of the Financial Supervisory Commission Act 2003.

Dated at Rarotonga this 19th day of March 2020.



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**Geoff Stoddart**  
**Chairman**  
**Financial Supervisory Commission**