



**MINISTRY OF EDUCATION**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2011**



**MINISTRY OF EDUCATION**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**CONTENTS**

Directory	3
Statement of Responsibility	4
Audit Report	5 - 6
Statement of Financial Performance	7
Statement of Financial Position	8
Statement of Changes in Net Assets / Equity	9
Statement of Cash Flows	10 - 11
Statement of Appropriation / Supplementary Information	12 - 13
Notes to the Financial Statements	14 - 23



## MINISTRY OF EDUCATION

### DIRECTORY

**Minister**

Hon. Teina Bishop  
Minister for Education

**Head of Ministry / Title**

Sharyn Paio  
Secretary of Education

**Business Address**

P.O.Box 97  
Nikao  
Rarotonga  
Cook Islands

**Auditor**

Cook Islands Audit Office

**Banker**

Westpac Banking Corporation  
Avarua  
Rarotonga

**Solicitor**

Crown Law Office



## MINISTRY OF EDUCATION

### STATEMENT OF RESPONSIBILITY

In terms of Section 30 of the Ministry of Finance and Economic Management Act 1995-96, I am responsible for the preparation of the Ministry of Education's financial statements and the judgements made in the process of producing those statements.

I have the responsibility of establishing and maintaining internal controls. I have established and maintained a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Education for the year ended 30 June 2011.



Sharyn Paio  
**Secretary of Education**

09 November 2012  
**Date**



Hon. Teina Bishop  
**Minister for Education**

09 November 2012  
**Date**





# COOK ISLANDS AUDIT OFFICE

P.O. Box 659  
Avarua, Rarotonga  
Cook Islands

Phone: (682) 21-231

Fax: (682) 25-231

Email: [perca@auditoffice.gov.ck](mailto:perca@auditoffice.gov.ck)

<http://www.auditoffice.gov.ck/>



## AUDIT REPORT

### TO THE READERS OF THE FINANCIAL STATEMENTS OF THE MINISTRY OF EDUCATION FOR THE YEAR ENDED 30 JUNE 2011

We have audited the financial statements on pages 7 to 23. The financial statements provide information about the past financial performance of the Ministry of Education and its financial position as at 30 June 2011. This information is stated in accordance with the accounting policies set out on pages 14 to 17.

#### Responsibilities of the Ministry of Education

Section 28(2) of the Ministry of Finance and Economic Management Act 1995-96 requires the Ministry of Education to prepare financial statements in accordance with GAAP, as approved by the International Federation of Accountants as applicable to governments and their agencies, which fairly present the financial position, borrowings and commitments of the Ministry of Education as at 30 June 2011, and the results of its operations and cash flows for the year ended 30 June 2011.

#### Auditor's Responsibilities

Section 28(4) of the Ministry of Finance and Economic Management Act 1995-96 requires the Cook Islands Audit Office to audit the financial statements presented by the Ministry of Education. It is the responsibility of the Cook Islands Audit Office to express an independent opinion on the financial statements and report its opinion to you.

#### Basis of Opinion

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

- the significant estimates and judgments made by the Ministry of Education in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Ministry of Education's circumstances, consistently applied and adequately disclosed.

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

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



## Unqualified Opinion

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

In our opinion the financial statements of the Ministry of Education:

- comply with International Public Sector Accounting Standards; and
- fairly present in all material respects, the financial position, borrowings and commitments of the Ministry of Education as at 30 June 2011 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 09 November 2012 and our unqualified opinion is expressed as at that date.



Allen Parker  
Director of Audit  
Cook Islands Audit Office  
Rarotonga, Cook Islands



**MINISTRY OF EDUCATION**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2011**


In New Zealand Dollars	Notes	2011	2010
<b>Revenue</b>			
Crown Appropriation		10,089,449	9,886,085
Trading Revenue		39,975	37,730
<b>Total Revenue</b>		<u>10,129,424</u>	<u>9,923,815</u>
<b>Expenditure</b>			
Personnel expenses	8	8,666,992	8,328,892
Audit Fees		4,000	4,000
Depreciation / Amortisation		144,582	94,548
Finance Costs		2,523	-
Other Expenses	2	1,214,173	1,152,665
<b>Total Expenditure</b>		<u>10,032,270</u>	<u>9,580,105</u>
<b>Operating Surplus / (Deficit)</b>		<u>97,154</u>	<u>343,710</u>
Aid Revenue	9	2,061,212	1,655,055
Aid Expenses	9	(1,955,030)	(1,570,557)
<b>Aid Surplus / (Deficit)</b>		<u>106,182</u>	<u>84,498</u>
<b>Net Surplus / (Deficit)</b>		<u>203,336</u>	<u>428,208</u>

The accompanying notes should be read in conjunction with these Financial Statements.

# MINISTRY OF EDUCATION

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

In New Zealand Dollars	Notes	2011	2010
<b>Taxpayer's Funds</b>			
Accumulated surplus / deficits		3,774	28,491
Owner Contributions		534,523	426,159
<b>TOTAL TAXPAYER'S FUNDS</b>		<b>538,295</b>	<b>454,650</b>
Represented by:			
<b>Current Assets</b>			
Cash and Equivalents	3	202,291	341,620
Trust Accounts	3.1	465,896	392,421
Prepayments		57,023	-
Inventory	6	68,910	60,931
Debtors and Other Receivables	4	1,234,538	857,226
		<u>2,028,659</u>	<u>1,652,198</u>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	11	437,683	346,403
Intangible Assets	12	31,702	47,316
		<u>469,385</u>	<u>393,719</u>
<b>TOTAL ASSETS</b>		<b>2,498,044</b>	<b>2,045,917</b>
<b>Current Liabilities</b>			
Creditors and Other Payables	5	1,365,178	1,068,025
Aid Liabilities		522,918	392,421
Employee Entitlements	7	56,900	117,418
		<u>1,944,997</u>	<u>1,577,864</u>
<b>Non-Current Liabilities</b>			
Employee Entitlements	7	14,751	13,402
		<u>14,751</u>	<u>13,402</u>
<b>TOTAL LIABILITIES</b>		<b>1,959,747</b>	<b>1,591,267</b>
<b>NET ASSETS</b>		<b>538,295</b>	<b>454,650</b>

  
Sharyn Paio  
Secretary of Education

09 November 2012  
Date

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF EDUCATION

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2011

In New Zealand Dollars	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
<b>Balance as at 30 June 2010 brought forward</b>	28,491	426,159	454,650
<b>Changes in equity for the year:</b>			
Net surplus / (deficit) for the year	203,336		203,336
Capital funding from the Crown		108,363	108,363
Correction of prior year errors	(2,968)		(2,968)
Surplus to be repaid to the Crown	(4,193)		(4,193)
Depreciation to be repaid to the Crown	(220,893)		(220,893)
<b>BALANCE AS AT 30 JUNE 2011</b>	<u>3,774</u>	<u>534,523</u>	<u>538,295</u>

MINISTRY OF EDUCATION

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010

In New Zealand Dollars	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
<b>Balance as at 30 June 2009 brought forward</b>	(83,252)	319,291	236,039
Changes in accounting policy / prior period errors			-
Restated balance	<u>(83,252)</u>	<u>319,291</u>	<u>236,039</u>
<b>Changes in equity for the year:</b>			
Net surplus / (deficit) for the year	428,208		428,208
Capital funding from the Crown		106,868	106,868
Correction of prior year errors*	(496)		(496)
Surplus to be repaid to the Crown	(127,326)		(127,326)
Depreciation to be repaid to the Crown	(188,643)		(188,643)
<b>BALANCE AS AT 30 JUNE 2010</b>	<u>28,491</u>	<u>426,159</u>	<u>454,650</u>

The accompanying notes should be read in conjunction with these Financial Statements.



MINISTRY OF EDUCATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011

In New Zealand Dollars	2011	2010
<b>Cash Flows From Operating Activities</b>		
<i>Cash was provided from:</i>		
Crown Appropriation	9,703,060	10,939,142
Receipt from Clients	52,464	37,197
VAT Refunds	-	44,511
Aid Revenue	2,191,709	1,645,079
	<u>11,947,233</u>	<u>12,665,928</u>
<i>Cash was applied to:</i>		
Payments to Employees	8,684,526	8,265,579
VAT Paid	18,229	-
Interest Paid	2,523	-
Aid Expenses	2,012,052	1,570,557
Payments to Suppliers	1,183,871	1,146,710
	<u>11,901,201</u>	<u>10,982,846</u>
Net Cash Flows from Operating Activities	<u>46,031</u>	<u>1,683,082</u>
<b>Cash Flows from Investing Activities</b>		
<i>Cash was provided from:</i>		
Sale of Fixed Assets	-	-
	<u>-</u>	<u>-</u>
<i>Cash was applied to:</i>		
Purchase of Fixed Assets	220,248	191,366
	<u>220,248</u>	<u>191,366</u>
Net Cash Flows from Investing Activities	<u>(220,248)</u>	<u>(191,366)</u>
<b>Cash Flows From Financing Activities</b>		
<i>Cash was provided from:</i>		
Capital funding from Aid Donors	-	-
Capital funding from Crown	108,363	106,868
	<u>108,363</u>	<u>106,868</u>
<i>Cash was applied to:</i>		
Repayment to the Crown	-	1,324,698
	<u>-</u>	<u>1,324,698</u>
Net Cash Flows from Financing Activities	<u>108,363</u>	<u>(1,217,830)</u>
Net Increase/(Decrease) in Cash Held	(65,854)	273,886
Opening Cash Balances	734,041	460,155
Closing Cash Balance	<u>668,188</u>	<u>734,041</u>

The accompanying notes should be read in conjunction with these Financial Statements.



# MINISTRY OF EDUCATION

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

In New Zealand Dollars	2011	2010
<b>Reconciliation of Net Surplus to Cash Flows from Operating Activities</b>		
Reported Surplus	203,336	428,208
<i>Add / (less): Non-cash items</i>		
Depreciation	144,582	94,548
Change in employee entitlements	(59,170)	75,111
Provision for Doubtful Debts	-	(1,152)
Prior Year Adjustments	(2,968)	(496)
	<u>285,780</u>	<u>596,219</u>
<i>Add / (less): Movements in working capital items</i>		
(Increase) / decrease in Accounts Receivable	12,489	(555)
(Increase) / decrease in Crown Receivables	(386,389)	1,053,057
(Increase) / decrease in Sundry Debtors	-	22
(Increase) / decrease in Prepayments	(57,023)	-
(Increase) / decrease in VAT Receivable	(3,412)	29,693
(Increase) / decrease in Inventory	(7,979)	(4,456)
Increase / (decrease) in Accounts Payable	4,911	11,674
Increase / (decrease) in Aid Liabilities	130,497	(9,976)
Increase / (decrease) in VAT Payable	(14,817)	14,817
Increase / (decrease) in Payroll Accruals	41,636	(11,798)
Increase / (decrease) in Sundry Creditors	40,338	4,384
	<u>(239,748)</u>	<u>1,086,862</u>
<b>Net Cash Flows from Operating Activities</b>	<u><b>46,031</b></u>	<u><b>1,683,082</b></u>

The accompanying notes should be read in conjunction with these Financial Statements.



# MINISTRY OF EDUCATION

## STATEMENT OF APPROPRIATIONS FOR THE YEAR ENDED 30 JUNE 2011

In New Zealand Dollars

Year Ended 30 June 2011		Appropriation Voted	Revenue/ Expenditure Actual	Surplus / (Deficit)
Output 1:	Taku Ipukarea Kia Rangatira	242,645	205,689	36,956
Output 2:	Learning & Teaching	826,411	705,938	120,473
Output 3:	Learning & the Community	425,580	410,218	15,362
Output 4:	Infrastructure & Support	8,634,813	8,710,425	(75,612)
		<u>10,129,449</u>	<u>10,032,270</u>	<u>97,179</u>
Included in the Appropriation Vote:				
	Trading Revenue	40,000	39,975	(25)
	Other Revenue		-	-
	Net Surplus			<u><u>97,154</u></u>

### Year ended 30 June 2010

Output 1:	Taku Ipukarea Kia Rangatira	240,145	168,514	71,631
Output 2:	Learning & Teaching	741,413	359,302	382,111
Output 3:	Learning & the Community	423,080	411,959	11,121
Output 4:	Infrastructure & Support	8,523,447	8,640,330	(116,883)
		<u>9,928,085</u>	<u>9,580,104</u>	<u>347,981</u>
Included in the Appropriation Vote:				
	Trading Revenue	42,000	37,730	(4,270)
	Other Revenue	-	-	-
	Net Surplus			<u><u>343,710</u></u>

The accompanying notes should be read in conjunction with these Financial Statements.



## **MINISTRY OF EDUCATION**

### **SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED 30 JUNE 2011**

#### **Statement of Unappropriated Expenditure**

Unappropriated expenditure incurred during the year was \$0 (2010: \$0).

#### **Statement of Commitments**

There were no financial commitments at balance date (2010: nil).

#### **Statement of Contingent Liabilities**

There were no contingent liabilities at balance date (2010: nil).

#### **Statement of Trust Monies**

The Ministry held no trust monies at balance date (2010: nil).

#### **Statement of Specific Fiscal Risks**

The Ministry is not exposed to specific fiscal risk.

#### **Statement of Borrowings**

The Ministry does not have any borrowings with third parties.

The accompanying notes should be read in conjunction with these Financial Statements.



## MINISTRY OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

#### Note 1: Statement of Accounting Policies

##### Basis of Preparation

- (i) Reporting Entity  
These financial statements are for the Ministry of Education which is considered to be an agency of the Crown.
- (ii) Statement of Compliance  
These financial statements have been 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 (IPSASB).
- (iii) Measurement Base  
The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

These financial statements have been prepared using the historical cost method to report results, cashflows and the financial position of the Ministry of Education. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest dollar.

##### Significant Accounting Policies

The following accounting policies, which significantly affect the measurement of financial performance, financial position and cash flows have been applied:

- (i) Revenue  
The Ministry of Education derives revenue from the Crown for the provision of services to the Crown in the form of the production of certain outputs disclosed in the Statement of Appropriations on page 12. Revenue is also provided from the provision of services to third parties. All such revenue is recognised when it is earned.
- (ii) Expenses  
Expenses are recognised when incurred and are reported in the financial period to which they relate.  
Realised gains or losses arising from sales of assets or the early settlement of a liability are recognised in the Statement of Financial Performance in the period in which the transaction is concluded.
- (iii) Foreign Aid  
Aid monies received are recorded in the Statement of Financial Performance as they are utilised. Revenue is recognised at the same time the equivalent expense is incurred. Any unused aid money is held as an Aid Liability until such time as it is used and/or any applicable conditions attached to the funding are satisfied.
- (iv) Taxation  
The Ministry of Education, as an agency of the Crown, is exempt from the payment of income tax in terms of the Income Tax Act 1997. Accordingly, no charge for income tax has been provided for.



## MINISTRY OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED

#### Significant Accounting Policies (continued)

(v) Inventories

Inventories are recorded at the lower of cost or current replacement value. Appropriate allowance has been made for obsolescence where it is deemed necessary.

Inventories held for use will be valued at Cost of Current Replacement Value.

Inventories received at nominal or nil cost will be valued at Current Replacement Value as if those inventories had been purchased in normal market conditions.

Write offs of inventories or write downs of inventory values will be recognised as an expense in the Statement of Financial Performance.

(vi) Plant, Property, and Equipment

Plant, property and equipment are recorded at cost less accumulated depreciation.

The cost of purchased plant, property, and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.

When an item of plant, property and equipment is disposed, the gain or loss associated with that item will be recognised in the Statement of Financial Performance.

Work in Progress is recognised as cost less impairment and is not depreciated.

Depreciation of plant, property, and equipment is provided on a straight line basis so as to allocate the cost of assets to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Computer Equipment	3 - 4 years
Motor Vehicles	5 years
Furniture and Fittings	4 - 10 years
Office Equipment	3 - 4 years
Buildings	10 years

(vii) Intangible Assets

The cost of purchased intangibles such as software is the value of the consideration given to acquire the assets and the value of other directly attributable costs such as installation which have been incurred in bringing the assets to the location and condition necessary for their intended service.

When an intangible asset is disposed, the gain or loss associated with that asset will be recognised in the Statement of Financial Performance.

Amortisation of intangible assets is provided on a straight line basis so as to allocate the cost of the intangible to their estimated residual value over their estimated useful lives. Typically, the estimated useful lives are:

Software	3-4 years
----------	-----------



## MINISTRY OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED

#### Significant Accounting Policies (continued)

(viii) Provision for Employee Entitlements

Annual leave, and time off in lieu of overtime worked are recognised as they accrue to employees.

A long-service bonus (LSB) is paid out on the completion of 3 years continuous service within Government. The bonus is the equivalent of a fortnight's pay of the employee.

The LSB is recognised as it accrues. The accrual is recorded as a pro-rated percentage of the time served against the 3-year condition. However, as the bonus is not paid out on a pro-rata basis, the accrual for all current employees is weighted by a probability-of-completion factor. This factor recognises that the closer an employee comes to the 3-year timeframe, the higher probability there will be of that employee claiming the bonus. The weighting factors are listed below:

<i>Time Served</i>	<i>Factor</i>
1 year or less	20% of the pro-rated accrual amount
1 - 2 years	50% of the pro-rated accrual amount
2 - 2.5 years	80% of the pro-rated accrual amount
2.5 - 3 years	100% of the pro-rated accrual amount

The total LSB accrual in the Statement of Financial Position will be split between Current (payable within the next financial year) and Non-Current (payable beyond the next financial year).

(ix) Foreign Currencies

Foreign currency transactions are recorded at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities arising from trading transactions or overseas borrowings are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Financial Performance.

(x) Financial Instruments

Financial instruments primarily consist of bank balances, receivables and payables. Gains and losses in relation to all financial instruments are recognised in the Statement of Financial Performance.

(xi) Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

(xii) Contingent Liabilities

Contingent liabilities are disclosed at the point at which the contingency is evident.

(xiii) Cash and Equivalents

Cash and Equivalents include cash on hand, deposits on call with the bank, and investments with a maturity of less than 3 months.

## **MINISTRY OF EDUCATION**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED**

#### **Significant Accounting Policies (continued)**

(xiii) **Statement of Cash Flows**

Cash is considered to be cash balances on hand and current accounts in banks, net of bank overdrafts.

Operating activities include cash received from all income sources of the Ministry of Education and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments.

Financing activities comprise capital injections by, or repayment of capital to, the Crown.

(xiv) **Value Added Tax (VAT)**

All statements of account are exclusive of VAT. The Statement of Financial Position is exclusive of VAT except for payables and receivables which are stated VAT inclusive as these represent the total amount to be paid or collected by the Ministry to or from third parties.

The amount of VAT owing to or from the Revenue Management Division at balance date, being the difference between Output VAT and Input VAT, is included in payables or receivables as appropriate.

(xv) **Trade Receivables**

Trade receivables are carried at the original invoice amount less any provision for doubtful debts. Provisions for doubtful debts are based on a review of outstanding amounts as at year-end. Bad debts are written off when identified.

(xvi) **Trade Creditors**

Trade creditors are carried at the original invoice amount.

(xvii) **Superannuation Schemes**

The Ministry of Education contributes to the National Super Fund. This is classified as a Defined Contribution Scheme for the Ministry. As such, the only impact on these financial statements is in the Statement of Financial Performance where payments into the scheme are recognised as an expense in the period they are due.

#### **Taxpayer's Funds**

This represents the Crown's net investment in the Ministry of Education.

#### **Changes in Accounting Policies**

There have been no changes in accounting policies since the date of the last audited Financial Statements



# MINISTRY OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>Note 2: Other Expenses</b>		
Communication	91,404	105,652
Expensed Assets	70,747	61,728
Freight and Postage	41,707	35,501
Repairs and Maintenance	171,066	146,853
Fuel and Oil	18,309	17,271
Office Supplies / Consumables	289,345	289,393
Electricity	164,378	166,378
Professional Services	217,680	204,010
Travel	109,562	84,286
Other Expenses	39,975	41,592
Total Other Expenses	<u>1,214,173</u>	<u>1,152,665</u>
<b>Note 3 Cash and Equivalents</b>		
Bank Balances	202,291	341,620
Total Cash and Equivalents	<u>202,291</u>	<u>341,620</u>
<b>Note 3.1 Trust Accounts</b>		
NZ Aid	465,896	392,421
	<u>465,896</u>	<u>392,421</u>
<b>Note 4: Debtors and Other Receivables</b>		
Accounts Receivable	29,077	41,565
VAT Receivable	3,412	-
	<u>32,489</u>	<u>41,565</u>
Inter-ministry receivables included above to SOEs	-	-
Inter-ministry receivables included above to Crown Agencies	-	-
Prior Years Crown Receivable	812,703	315,234
Current Year Crown Receivable	389,347	500,427
	<u>1,202,049</u>	<u>815,661</u>
Total Debtors and Other Receivables	<u>1,234,538</u>	<u>857,226</u>

These accompanying notes should be read in conjunction with the Financial Statements.

# MINISTRY OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>Note 5: Creditors and Other Payables</b>		
Accounts Payable	42,439	37,527
Sundry Creditors and Accruals	52,723	12,384
VAT Payable	-	14,817
Accrued Payroll	235,321	193,686
	<u>330,483</u>	<u>258,415</u>
Inter-ministry payables included above to SOEs	-	-
Inter-ministry payables included above to Crown Agencies	-	-
Prior Years Depreciation Payable	389,430	178,193
Prior Years Surplus Payable	420,180	315,448
Current Year Depreciation Payable	220,893	188,643
Current Year Surplus Payable	4,193	127,326
	<u>1,034,695</u>	<u>809,610</u>
Total Creditors and Other Payables	<u><b>1,365,178</b></u>	<u><b>1,068,025</b></u>
<b>Note 6: Inventory</b>		
Inventory Held for Use	68,910	60,931
Total Inventory	<u><b>68,910</b></u>	<u><b>60,931</b></u>
<b>Note 7: Employee Entitlements</b>		
<u>Current</u>		
Provision for Annual Leave	26,202	24,637
Provision for Long-Service Bonus	30,698	92,781
	<u>56,900</u>	<u>117,418</u>
<u>Non-Current</u>		
Provision for Long-Service Bonus	14,751	13,402
	<u>14,751</u>	<u>13,402</u>
Total Employee Entitlements	<u><b>71,650</b></u>	<u><b>130,821</b></u>
<b>Note 8: Personnel Expense Reconciliation</b>		
Wages and Salaries	8,684,526	8,265,580
Increase / (Decrease) in Leave Provisions	1,566	5,217
Increase / (Decrease) in Long-Service Bonus Accruals	(60,736)	69,894
Increase / (Decrease) in Payroll Accrual	41,636	(11,798)
Total Personnel Costs	<u><b>8,666,992</b></u>	<u><b>8,328,892</b></u>

These accompanying notes should be read in conjunction with the Financial Statements.

# MINISTRY OF EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
<b>Note 9: Aid Revenue and Expenses</b>		
Aid Revenue Received from Crown:		
New Zealand Aid	2,061,173	1,483,902
European Union Aid	39	42
Other Aid	-	171,111
Total Aid Revenue Received from Crown	<u>2,061,212</u>	<u>1,655,055</u>
Total Aid Revenue Received	<u>2,061,212</u>	<u>1,655,055</u>
Aid Expenses Incurred:		
New Zealand Aid	1,954,991	1,399,404
European Union Aid	39	42
Other Aid	-	171,111
Total Aid Expenses Incurred	<u>1,955,030</u>	<u>1,570,557</u>

### Note 10: Related Parties

The Ministry of Education is a wholly owned entity of the Crown, however, the Government protects it through its legislation from undue influence and significant control.

The Crown provides the Ministry of Education with significant funding in the form of an annual appropriation to assist the Ministry of Education in discharging its duties and obligations. The Ministry also enters into transactions with other Government ministries, Crown agencies and State Owned Enterprises in an arms-length basis. As such, these do not need to be disclosed. Any transactions between related parties which are not subject to arms-length consideration will be detailed below.

The key management personnel are members of the senior management group.

The aggregate remuneration of members of the senior management group and the number of individuals determined on a full time equivalent basis receiving remuneration within this category are:

Aggregate remuneration	375,797	389,120
Number of persons	7	6

These accompanying notes should be read in conjunction with the Financial Statements.

MINISTRY OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

Note 11a: Plant, Property, and Equipment 2011

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Computer Equipment	687,690	85,894	-	773,584	589,195	86,022	-	665,217	118,366
Furniture & Fittings	712,209	56,475	-	768,684	564,426	24,237	-	588,663	180,021
Motor Vehicles	105,581	-	-	105,581	98,267	5,486	-	103,753	1,828
Plant & Equipment	504,529	77,880	-	582,409	411,718	33,223	-	444,941	137,468
Buildings	-	-	-	-	-	-	-	-	-
Work In Progress	-	-	-	-	-	-	-	-	-
<b>Total Plant, Property, &amp; Equipment</b>	<b>2,010,009</b>	<b>220,248</b>	<b>-</b>	<b>2,230,257</b>	<b>1,663,606</b>	<b>128,968</b>	<b>-</b>	<b>1,792,574</b>	<b>437,683</b>

Note 11b: Plant, Property, and Equipment 2010

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Computer Equipment	631,830	55,860	-	687,690	553,829	35,366	-	589,195	98,495
Furniture & Fittings	677,334	34,875	-	712,209	539,738	24,688	-	564,426	147,783
Motor Vehicles	105,581	-	-	105,581	86,691	11,576	-	98,267	7,314
Plant & Equipment	451,214	53,315	-	504,529	388,800	22,918	-	411,718	92,811
Buildings	-	-	-	-	-	-	-	-	-
Work In Progress	-	-	-	-	-	-	-	-	-
<b>Total Plant, Property, &amp; Equipment</b>	<b>1,865,959</b>	<b>144,050</b>	<b>-</b>	<b>2,010,009</b>	<b>1,569,058</b>	<b>94,548</b>	<b>-</b>	<b>1,663,606</b>	<b>346,403</b>



MINISTRY OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

Note 12a: Intangible Assets 2011

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Purchased Software	47,316			47,316	-	15,614		15,614	31,702
Developed Software	-			-	-			-	-
Work In Progress	-			-	-			-	-
<b>Total Intangible Assets</b>	<b>47,316</b>	<b>-</b>	<b>-</b>	<b>47,316</b>	<b>-</b>	<b>15,614</b>	<b>-</b>	<b>15,614</b>	<b>31,702</b>

Note 12b: Intangible Assets 2010

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Purchased Software		47,316		47,316					47,316
Developed Software				-				-	-
Work In Progress				-				-	-
<b>Total Intangible Assets</b>	<b>-</b>	<b>47,316</b>	<b>-</b>	<b>47,316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,316</b>



**MINISTRY OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**Note 13: Financial Instruments**

Currency, Interest Rate and Credit Risks

i) Currency

The Ministry of Education undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currency arise.

ii) Interest Rate

There is no significant exposure to interest rate risk.

iii) Concentrations of Credit Risk

In the normal course of business, the Ministry of Education incurs credit risk from trade debtors and transactions with financial institutions. The Ministry of Education has a credit policy, which is used to manage this risk. As part of this policy, limits on exposure with counter parties had been set and are monitored on a regular basis.

The Ministry of Education has no significant concentrations of credit risk. It does not require any collateral or security to support financial instruments due to the quality of financial institutions and trade debtors dealt with.

Fair Values

The estimated fair values of the Ministry of Education's financial assets and liabilities are their carrying values.

**Note 14: Subsequent Events**

The Ministry of Education merged with the National Human Resources Development Ministry on 1 July 2012.

These accompanying notes should be read in conjunction with the Financial Statements.

