



**MINISTRY OF EDUCATION**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2012**



**MINISTRY OF EDUCATION**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2012**

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# MINISTRY OF EDUCATION

## DIRECTORY

**Minister**

Hon. Teina Bishop  
Minister for Education

**Head of Ministry / Title**

Sharyn Paio  
Secretary of Education

**Business Address**

Nikao  
P.O.Box 97  
Rarotonga  
Cook Islands

**Auditor**

Cook Islands Audit Office

**Banker**

Westpac  
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.

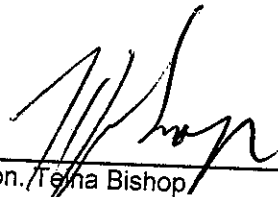
I have the responsibility of establishing and maintaining internal controls. I have established and maintained a system of internal control procedures that provide reasonable assurance as to the integrity and reliability of financial reporting.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Education for the year ended 30 June 2012.



Sharyn Paio  
**Secretary of Education**

10 February 2014  
Date



Hon. Tena Bishop  
**Minister for Education**

10 February 2014  
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/>

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*Public Sector Auditing*

## AUDIT REPORT

### TO THE READERS OF THE FINANCIAL STATEMENTS OF THE MINISTRY OF EDUCATION FOR THE YEAR ENDED 30 JUNE 2012

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 2012. 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 2012, and the results of its operations and cash flows for the year ended 30 June 2012.

#### 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 2012 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 10<sup>th</sup> February 2014 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 2012

In New Zealand Dollars	Notes	2012	2011
<b>Revenue</b>			
Crown Appropriation		10,091,906	10,089,449
Trading Revenue		-	39,975
Other Revenue	2	74,462	-
<b>Total Revenue</b>		<u>10,166,368</u>	<u>10,129,424</u>
<b>Expenditure</b>			
Personnel expenses	9	8,654,124	8,666,992
Audit Fees		4,000	4,000
Depreciation / Amortisation		165,067	144,582
Finance Costs		-	2,523
Other Expenses	3	1,067,361	1,214,173
<b>Total Expenditure</b>		<u>9,890,552</u>	<u>10,032,270</u>
<b>Operating Surplus / (Deficit)</b>		<u>275,816</u>	<u>97,154</u>
Aid Revenue	10	2,123,138	2,061,212
Aid Expenses	10	(1,984,514)	(1,955,030)
<b>Aid Surplus / (Deficit)</b>		<u>138,623</u>	<u>106,182</u>
<b>Net Surplus / (Deficit)</b>		<u>414,440</u>	<u>203,336</u>

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



# MINISTRY OF EDUCATION

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

In New Zealand Dollars

	Notes	2012	2011
<b>Taxpayer's Funds</b>			
Accumulated surplus / deficits		(5,144)	3,773
Owner Contributions		640,380	534,522
<b>TOTAL TAXPAYER'S FUNDS</b>		<u>635,237</u>	<u>538,295</u>
Represented by:			
<b>Current Assets</b>			
Cash and Equivalents	4	379,405	202,291
Trust Accounts	4.1	490,104	465,896
Prepayments		670	57,023
Inventory	7	66,940	68,910
Debtors and Other Receivables	5	<u>1,498,938</u>	<u>1,234,538</u>
		<u>2,436,056</u>	<u>2,028,659</u>
<b>Non-Current Assets</b>			
Property, Plant, and Equipment	12	534,783	437,683
Intangible Assets	13	<u>33,516</u>	<u>31,702</u>
		<u>568,299</u>	<u>469,385</u>
<b>TOTAL ASSETS</b>		<u>3,004,354</u>	<u>2,498,044</u>
<b>Current Liabilities</b>			
Creditors and Other Payables	6	1,859,752	1,365,178
Aid Liabilities		490,771	522,918
Employee Entitlements	8	<u>18,594</u>	<u>56,900</u>
		<u>2,369,118</u>	<u>1,944,997</u>
<b>Non-Current Liabilities</b>			
Employee Entitlements	8	-	14,751
		-	14,751
<b>TOTAL LIABILITIES</b>		<u>2,369,118</u>	<u>1,959,748</u>
<b>NET ASSETS</b>		<u>635,237</u>	<u>538,295</u>

Sharyn Paio  
Secretary of Education

10 February 2014  
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 2012

In New Zealand Dollars	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
Balance as at 30 June 2011 brought forward	3,773	534,522	538,295
Changes in equity for the year:			
Net surplus / (deficit) for the year	414,440		414,440
Capital funding from the Crown		105,858	105,858
Correction of prior year errors	(561)		(561)
Surplus to be repaid to the Crown	(182,196)		(182,196)
Depreciation to be repaid to the Crown	(240,600)		(240,600)
<b>BALANCE AS AT 30 JUNE 2012</b>	<u>(5,144)</u>	<u>640,380</u>	<u>635,237</u>

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
Balance as at 30 June 2010 brought forward	28,491	426,159	454,650
Changes in equity for the year:			
Net surplus / (deficit) for the year	203,336		203,336
Equity Adjustments			
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>3,773</u>	<u>534,522</u>	<u>538,295</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 2012

In New Zealand Dollars	2012	2011
<b>Cash Flows From Operating Activities</b>		
<i>Cash was provided from:</i>		
Crown Appropriation	9,821,730	9,703,061
Receipt from Clients	76,826	52,464
VAT Refunds	4,422	-
Aid Revenue	2,090,990	2,191,708
	<u>11,993,968</u>	<u>11,947,233</u>
<i>Cash was applied to:</i>		
Payments to Employees	8,662,765	8,684,526
VAT Paid	-	18,229
Interest Paid	-	2,523
Aid Expenses	1,984,514	2,012,052
Payments to Suppliers	987,245	1,183,871
	<u>11,634,524</u>	<u>11,901,201</u>
<b>Net Cash Flows from Operating Activities</b>	<u>359,444</u>	<u>46,031</u>
<b>Cash Flows from Investing Activities</b>		
<i>Cash was applied to:</i>		
Purchase of Fixed Assets	263,979	220,248
	<u>263,979</u>	<u>220,248</u>
<b>Net Cash Flows from Investing Activities</b>	<u>(263,979)</u>	<u>(220,248)</u>
<b>Cash Flows From Financing Activities</b>		
<i>Cash was provided from:</i>		
Capital funding from Crown	105,858	108,363
	<u>105,858</u>	<u>108,363</u>
<i>Cash was applied to:</i>		
Repayment to the Crown	-	-
	<u>-</u>	<u>-</u>
<b>Net Cash Flows from Financing Activities</b>	<u>105,858</u>	<u>108,363</u>
<b>Net Increase/(Decrease) in Cash Held</b>	201,323	(65,854)
<b>Opening Cash Balances</b>	668,187	734,041
<b>Closing Cash Balance</b>	<u>869,510</u>	<u>668,187</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 2012

In New Zealand Dollars

	2012	2011
<b>Reconciliation of Net Surplus to Cash Flows from Operating Activities</b>		
Reported Surplus	414,440	203,336
<i>Add / (less): Non-cash items</i>		
Depreciation		
Change in employee entitlements	165,067	144,582
Prior Year Adjustments	(53,057)	(59,170)
	(561)	(2,968)
	<u>525,889</u>	<u>285,780</u>
<i>Add / (less): Movements in working capital items</i>		
(Increase) / decrease in Accounts Receivable	18,000	12,489
(Increase) / decrease in Crown Receivables	(270,176)	(386,389)
(Increase) / decrease in Prepayments	56,353	(57,023)
(Increase) / decrease in VAT Receivable	3,412	(3,412)
(Increase) / decrease in Inventory	1,970	(7,979)
Increase / (decrease) in Accounts Payable	49,953	4,911
Increase / (decrease) in Aid Liabilities	(32,147)	130,497
Increase / (decrease) in VAT Payable	1,009	(14,817)
Increase / (decrease) in Payroll Accruals	44,416	41,636
Increase / (decrease) in Sundry Creditors	(23,599)	40,338
	<u>(166,445)</u>	<u>(239,749)</u>
<b>Net Cash Flows from Operating Activities</b>	<u><b>359,444</b></u>	<u><b>46,031</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 2012

In New Zealand Dollars

Year Ended 30 June 2012		Appropriation Voted	Revenue/ Expenditure Actual	Surplus / (Deficit)
Output 1:	Taku Ipukarea Kia Rangatira	240,145	251,382	(11,237)
Output 2:	Learning & Teaching	816,660	711,518	105,142
Output 3:	Learning & the Community	423,080	335,949	87,131
Output 4:	Infrastructure & Support	8,612,021	8,591,704	20,317
		<u>10,091,906</u>	<u>9,890,552</u>	<u>201,354</u>
Included in the Appropriation Vote:				
Trading Revenue		-	-	-
Other Revenue				
Aid Revenue			74,462	74,462
Net Surplus			138,623	138,623
				<u><u>414,440</u></u>
Year Ended 30 June 2011				
Output 1:	Taku Ipukarea Kia Rangatira	247,454	205,689	41,765
Output 2:	Learning & Teaching	745,208	705,938	39,270
Output 3:	Learning & the Community	420,396	410,218	10,178
Output 4:	Infrastructure & Support	8,716,391	8,710,426	5,965
		<u>10,129,449</u>	<u>10,032,270</u>	<u>97,179</u>
Included in the Appropriation Vote:				
Trading Revenue				
Aid Revenue		40,000	39,975	(25)
Net Surplus			106,182	106,182
				<u><u>203,336</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 2012**

**Statement of Unappropriated Expenditure**

Unappropriated expenditure incurred during the year was nil (2011: nil).

**Statement of Commitments**

There were no financial commitments at balance date (2011: nil).

**Statement of Contingent Liabilities**

There were no contingent liabilities at balance date (2011: nil).

**Statement of Trust Monies**

The Ministry of Education held no trust monies at balance date (2011: nil).

**Statement of Specific Fiscal Risks**

The Ministry of Education is not exposed to specific fiscal risk.

**Statement of Borrowings**

The Ministry of Education 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 2012

#### 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 30 JUNE 2012

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
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## MINISTRY OF EDUCATION

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

#### 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 30 JUNE 2012

#### 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 Education. 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 2012

<b>Note 2: Other Revenue</b>	<b>2012</b>	<b>2011</b>
Other	74,462	-
<b>Total Other Income</b>	<b>74,462</b>	<b>-</b>

As per Cabinet Minute 12 (0250), Cabinet has directed all Ministries to suspend all Long Service Bonus Leave. As a result of this budget policy directive, Other Revenue includes an adjustment in relation to the accrual for Long Service Bonus leave of \$74,462.

<b>Note 3: Other Expenses</b>		
Communication	91,404	91,404
Expensed Assets	73,437	70,747
Freight and Postage	32,041	41,707
Repairs and Maintenance	142,661	171,066
Fuel and Oil	25,327	18,309
Office Supplies / Consumables	246,469	289,345
Electricity	175,951	164,378
Professional Services	8,186	90,967
Travel	96,760	109,562
Human Resources and Training	4,725	-
Advertising, Marketing, and Promotion	10,198	-
Outer Island Scholarship allowances	117,328	126,713
Other	42,874	39,975
<b>Total Other Expenses</b>	<b>1,067,361</b>	<b>1,214,173</b>

<b>Note 4: Cash and Equivalents</b>		
Bank Balances	379,405	202,291
<b>Total Cash and Equivalents</b>	<b>379,405</b>	<b>202,291</b>

<b>Note 4.1: Trust Accounts</b>		
Aid Trust Account - NZ Aid	490,104	465,896
<b>Total Trust Accounts</b>	<b>490,104</b>	<b>465,896</b>

<b>Note 5: Debtors and Other Receivables</b>		
Accounts Receivable	11,077	29,077
VAT Receivable	-	3,412
Sundry Debtors and Receivables	15,636	-
	26,713	32,489

Inter-ministry receivables included above to SOEs	-	-
Inter-ministry receivables included above to Crown Agencies	-	-

Prior Years Crown Receivable	1,139,603	815,661
Current Year Crown Receivable	332,622	386,388
	1,472,225	1,202,049

<b>Total Debtors and Other Receivables</b>	<b>1,498,938</b>	<b>1,234,538</b>
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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 2012

	2012	2011
<b>Note 6: Creditors and Other Payables</b>		
Accounts Payable	92,392	42,439
Sundry Creditors and Accruals	29,123	52,723
VAT Payable	1,009	-
Accrued Payroll	279,737	235,322
	<u>402,262</u>	<u>330,483</u>
Inter-ministry payables included above to SOEs	11,932	-
Inter-ministry payables included above to Crown Agencies	6,646	-
Prior Years Depreciation Payable	610,322	389,430
Prior Years Surplus Payable	424,373	420,180
Current Year Depreciation Payable	240,600	220,893
Current Year Surplus Payable	182,196	4,193
	<u>1,457,490</u>	<u>1,034,696</u>
Total Creditors and Other Payables	<u><u>1,859,752</u></u>	<u><u>1,365,179</u></u>
<b>Note 7: Inventory</b>		
Inventory Held for Use	66,940	68,910
Total Inventory	<u><u>66,940</u></u>	<u><u>68,910</u></u>
<b>Note 8: Employee Entitlements</b>		
<u>Current</u>		
Provision for Annual Leave	18,594	26,202
Provision for Long-Service Bonus	-	30,698
	<u>18,594</u>	<u>56,900</u>
<u>Non-Current</u>		
Provision for Long-Service Bonus	-	14,751
	<u>-</u>	<u>14,751</u>
Total Employee Entitlements	<u><u>18,594</u></u>	<u><u>71,651</u></u>
<b>Note 9: Personnel Expense Reconciliation</b>		
Wages and Salaries	8,588,303	8,684,526
Increase / (Decrease) in Leave Provisions	- 7,608	1,566
Increase / (Decrease) in Long-Service Bonus Accruals	29,014	60,735
Increase / (Decrease) in Payroll Accrual	44,416	41,636
Total Personnel Costs	<u><u>8,654,124</u></u>	<u><u>8,666,992</u></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 2012

	2012	2011
<b>Note 10: Aid Revenue and Expenses</b>		
Aid Revenue Received from Crown:		
New Zealand Aid	2,123,138	2,061,173
United Nations Aid	-	39
Total Aid Revenue Received from Crown	<u>2,123,138</u>	<u>2,061,212</u>
Total Aid Revenue Received	<u>2,123,138</u>	<u>2,061,212</u>
Aid Expenses Incurred:		
New Zealand Aid	1,984,514	1,954,991
United Nations Aid	-	39
Total Aid Expenses Incurred	<u>1,984,514</u>	<u>1,955,030</u>
Capital Expenditure Funded by Aid		
New Zealand Aid	138,623	106,182
United Nations Aid	-	-
Total Aid Funded Capital Expenditure	<u>138,623</u>	<u>106,182</u>

### Note 11: 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 Education with significant funding in the form of an annual appropriation to assist the Education in discharging its duties and obligations. The Education 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	354,240	375,797
Number of persons	6	7

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 2012

Note 11a: Plant, Property, and Equipment 2012

Category	Opening Cost	Additions	Disposals	Closing Cost	Opening Accum Depn	Depreciation	Accum Depn on Disposals	Closing Accum Depreciation	Net Book Value
Computer Equipment	773,583	147,843		921,426	655,216	80,236		735,452	185,974
Furniture & Fittings	768,684	24,985		793,669	588,663	29,302		617,965	175,704
Motor Vehicles	105,581			105,581	103,753	1,828		105,581	-
Plant & Equipment	582,410	73,722		656,132	444,942	38,086		483,028	173,104
Buildings	-			-	-			-	-
Work In Progress	-			-	-			-	-
<b>Total Plant, Property, &amp; Equipment</b>	<b>2,230,258</b>	<b>246,551</b>	<b>-</b>	<b>2,476,809</b>	<b>1,792,574</b>	<b>149,452</b>	<b>-</b>	<b>1,942,026</b>	<b>534,783</b>

Note 11b: 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	86,893		773,583	589,195	56,021		655,216	118,367
Furniture & Fittings	712,209	56,475		768,684	564,426	24,237		588,663	180,021
Motor Vehicles	105,581			105,581	98,267	5,488		103,753	1,828
Plant & Equipment	504,529	77,881		582,410	411,718	33,224		444,942	137,468
Buildings				-				-	-
Work In Progress				-				-	-
<b>Total Plant, Property, &amp; Equipment</b>	<b>2,010,009</b>	<b>220,249</b>	<b>-</b>	<b>2,230,258</b>	<b>1,663,606</b>	<b>128,988</b>	<b>-</b>	<b>1,792,574</b>	<b>437,684</b>



MINISTRY OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

Note 12a: Intangible Assets 2012

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	17,429		64,745	15,614	15,615		31,229	33,516
Developed Software	-			-	-			-	-
Work In Progress	-			-	-			-	-
<b>Total Intangible Assets</b>	<b>47,316</b>	<b>17,429</b>	<b>-</b>	<b>64,745</b>	<b>15,614</b>	<b>15,615</b>	<b>-</b>	<b>31,229</b>	<b>33,516</b>

Note 12b: 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>



**MINISTRY OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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 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**

As a result of a re-structure by the Cook Islands Government, the Ministry of Education and the Department for National Human Resources Development will be merging as of the 01 July 2012.

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

