



MINISTRY OF AGRICULTURE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018



MINISTRY OF AGRICULTURE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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MINISTRY OF AGRICULTURE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

DIRECTORY

Minister

Honourable Vaineritua Rose Toki-Brown
Minister of Agriculture

Head of Ministry / Title

Temarama Anguna
Secretary

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MINISTRY OF AGRICULTURE


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 Agriculture'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.

The Secretary and the Minister were not responsible for Ministry of Agriculture during the financial year covered by these financial statements.

In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Agriculture for the year ended 30 June 2018.



Temarama Anguna
Secretary



Honourable Vainetutai Rose Brown
Minister of Agriculture

29 January 2019
Date

29 January 2019
Date





Independent Auditor's Review Report

To the shareholder of the Ministry of Agriculture

Report on the Review of the Financial Statements

Disclaimer of Conclusion

We do not express a conclusion on the accompanying financial statements of the Ministry of Agriculture ("the Ministry"). Because of the significance of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on these financial statements.

We were engaged to review the accompanying financial statements which comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive revenue and expenses, the statement of changes in equity, the statement of appropriations and cash flow statement for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

Basis for Disclaimer of Conclusion

1. **Trading Revenue** - The accuracy and completeness of trading revenue of \$106,660 could not be confirmed due to ineffective trading revenue control procedures and a lack of relevant supporting documents.
2. **Aid Activities** - The receipt and use of the Weed Biocontrol and Agro Biodiversity funding were not consolidated into the Ministry's annual financial statements. As a result, we were unable to satisfy ourselves as to the completeness, accuracy and occurrence of aid revenue and aid expenses reported at \$23,641. Any misstatement of these balances would have a consequential effect on the completeness and valuation of aid liabilities of \$149, aid trust and aid receivables (\$238).
3. **Property, Plant & Equipment | Depreciation** - Due to internal control weaknesses, lack of reliable and appropriate supporting documents. We were unable to confirm the completeness, existence, valuation and ownership of PPE reported at \$45,712. Consequently, the accuracy of related depreciation expense on PPE of \$21,248 could not be confirmed.
4. **Personnel Expenses** - Due to the lack of appropriate supporting documents, we were unable to confirm the completeness and valuation of employee entitlements reported at \$37,157. Consequently, the accuracy, occurrence and classification of personnel expense of \$880,047.
5. **Value Added Tax (VAT) Payable** - The valuation of VAT receivable of \$6,454 could not be confirmed. There was insufficient evidence to support and confirm any outstanding returns, therefore, we were unable to determine if VAT payable was correctly valued.



Responsibilities of the Head of Ministry for the Financial Statements

The Head of Ministry, on behalf of the Ministry is responsible for:

- the preparation and fair presentation of the financial statements in accordance with IPSAS;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Ministry's financial reporting process.

Auditor's Responsibilities for the Review of the Financial Statements

Our responsibility is to conduct a review of the Ministry's financial statements in accordance with International Standards on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. However, because of the matters described in the *Basis for Disclaimer of Conclusion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on these financial statements.

We are independent of the Ministry in accordance with ISSAI 30 Code of Ethics issued by the International Organization of Supreme Audit Institutions (INTOSAI Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the INTOSAI Code of Ethics.

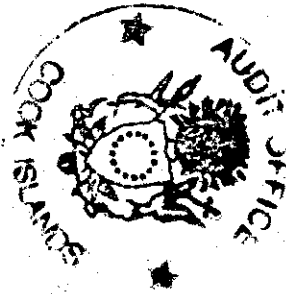
Other than in our capacity as auditor we have no relationship with, or interests in, the Ministry.

Our review was completed on 29 January 2019 and our conclusion is expressed as at that date.



Allen Parker

Director of Audit
Cook Islands Audit Office
Rarotonga, Cook Islands



MINISTRY OF AGRICULTURE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES
FOR THE YEAR ENDED 30 JUNE 2018

In New Zealand Dollars	Notes	Actual 2018 \$	Budget 2018 \$	Actual 2017 \$
Revenue				
Funding from the Crown	2	948,428	948,428	884,942
Trading Revenue	2	108,600	90,535	99,467
Aid Revenue	9	23,641	-	15,949
<i>Total Revenue</i>		1,078,729	1,038,963	1,000,358
Expenditure				
Personnel Expenses	3	880,047	882,138	790,108
Depreciation Expenses	10	21,248	22,182	21,483
Other Expenses	4	146,415	134,643	145,230
Aid Expenses	9	23,641	-	15,949
<i>Total Expenditure</i>		1,071,351	1,038,963	972,770
Suplus / (Deficit)		7,379	-	27,588
Other Comprehensive Revenue and Expenses				
Other Comprehensive Revenue and Expenses		-	-	-
<i>Total Other Comprehensive Revenue and Expenses</i>		-	-	-
Total Comprehensive Revenue and Expenses		7,379	-	27,588

Explanations of major variances against the budget are provided in Note 16.

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



MINISTRY OF AGRICULTURE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

In New Zealand Dollars	Notes	Actual 2018 \$	Actual 2017 \$
Assets			
Current Assets			
Cash and Equivalents	5	-	-
Debtors and Other Receivables	6	427,660	367,095
Aid Receivables		(233)	-
Total Current Assets		427,427	367,095
Non-Current Assets			
Property, Plant, and Equipment	10	46,712	66,959
Total Non-Current Assets		46,712	66,959
Total Assets		473,139	434,055
Liabilities			
Current Liabilities			
Creditors and Other Payables	7	399,798	332,796
Aid Liabilities		140	282
Employee Entitlements	8	37,157	34,017
Total Current Liabilities		437,095	367,095
Total Liabilities		437,095	367,095
Net Assets		36,030	66,959
Equity			
Contributed Capital		272,089	272,089
Accumulated Surplus / (Deficit)		(236,059)	(205,130)
Total Equity	11	36,030	66,959

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



MINISTRY OF AGRICULTURE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

In New Zealand Dollars	Notes	Actual 2018 \$	Actual 2017 \$
Balance at 1 July		66,959	82,272
Total Comprehensive Revenue and Expense for the year		7,379	27,588
Return of Surplus to the Crown		(16,125)	(11,786)
Depreciation Payable to the Crown		(22,182)	(22,183)
Excess Trading Revenue to be Repaid to Crown		-	(8,932)
Balance as at 30 June	11	36,030	66,959

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



MINISTRY OF AGRICULTURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

In New Zealand Dollars	Actual 2018 \$	Actual 2017 \$
Cash Flows From Operating Activities		
Receipt of Funding from the Crown	921,020	856,792
Receipts from Clients	105,897	100,708
Receipts from Value Added Tax (VAT)	5,006	174
Receipts from Aid Donors	23,508	15,949
Payments to Employees	(878,907)	(794,780)
Payments to Aid Expenses	(23,644)	(15,949)
Payments to Suppliers	(122,725)	(149,682)
Net Cash Flows from / (used in) Operating Activities	31,957	13,212
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment		(5,397)
Net Cash Flows from / (used in) Investing Activities		(5,397)
Cash Flows From Financing Activities		
Cash Recall by Crown	(31,957)	(7,801)
Net Cash Flows from / (used in) Financing Activities	(31,957)	(7,801)
Net Increase/(Decrease) in Cash and Equivalents	-	14
Opening Cash Balance		(14)
Closing Cash Balance		-

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



MINISTRY OF AGRICULTURE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

In New Zealand Dollars	Actual 2018 \$	Actual 2017 \$
Reconciliation of Net Surplus / (Deficit) to net cash flows from Operating Activities		
Reported Surplus	7,378	27,588
Add / (less) Non-cash items		
Depreciation	21,248	21,483
Change in employee entitlements	3,428	(8,970)
Change in Cash Recall	(31,957)	(7,802)
<i>Total Non Cash items</i>	98	32,299
Add / (less) movements in Statement of Financial Position items		
(Increase) / decrease in Accounts Receivable	(1,200)	-
(Increase) / decrease in Crown Receivables	(27,408)	(28,150)
(Increase) / decrease in Cash Recall	31,957	7,802
(Increase) / decrease in Aid Receivable	238	1,241
Increase / (decrease) in Accounts Payable	3,310	2,285
Increase / (decrease) in Aid Liabilities	(133)	-
Increase / (decrease) in VAT Payable	5,005	174
Increase / (decrease) in Payroll Accruals	(289)	4,298
Increase / (decrease) in Sundry Creditors	20,380	(6,737)
<i>Net movements in Working Capital items</i>	31,869	(19,087)
Net Cash Flows from Operating Activities	31,957	13,212

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



MINISTRY OF AGRICULTURE
STATEMENT OF APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 2018

In New Zealand Dollars

Year Ended 30 June 2018		Appropriation Voted	Revenue/ Expenditure Actual	Surplus / (Deficit)
Output 1:	Administration & Finance	175,824	177,304	(1,480)
Output 2:	Crop Research & Develop	375,887	379,051	(3,164)
Output 3:	Biosecurity Management	326,698	328,440	(2,742)
Output 4:	Project and Policy Development	92,555	93,334	(779)
Output 5:	Livestock Management	69,000	69,581	(581)
		1,038,964	1,047,710	(8,746)
Included in the Appropriation Vote:				
Net Surplus				7,379

Year Ended 30 June 2017

Output 1:	Administration & Finance	375,287	368,110	7,177
Output 2:	Crop Research & Develop	324,175	317,975	6,200
Output 3:	Biosecurity Management	69,000	67,680	1,320
Output 4:	Project and Policy Development	92,555	90,784	1,771
Output 5:	Livestock Management	114,461	112,272	2,189
		975,477	956,821	18,656
Included in the Appropriation Vote:				
Net Surplus				27,588

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Statement of Accounting Policies

Reporting Entity

These financial statements are for the Ministry of Agriculture which is considered to be an agency of the Crown. It has therefore designated itself a public entity for financial reporting purposes.

Statement of Compliance

These financial statements have been prepared in accordance with the Ministry of Finance and Economic Management Act 1995-96 and the International Public Sector Accounting Standards issued by the International Public Sector Accounting Standards Board (IPSASB).

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 Agriculture. The financial statements have been prepared under the accrual basis of accounting and are presented in New Zealand dollars rounded to the nearest dollar.

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Income Tax

The Ministry of Agriculture, 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.

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 Comprehensive Revenue and Expenses.

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1: Statement of Accounting Policies (continued)

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.

Statement of Cash Flows

Operating activities include cash received from all income sources of the Ministry of Agriculture 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.

Value Added Tax (VAT)

All statements of account are inclusive of VAT as the Ministry is not VAT registered due to the annual trading income being below the threshold.

Budget Figures

The budget figures are derived from the Cook Islands Government Budget Estimates 2017/2018 Book 2: Ministry Budget Statements as approved by the Minister of Finance at the beginning of the financial year.

Critical accounting estimates and assumptions

In preparing these financial statements, the Ministry has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

> useful lives of property, plant and equipment assets - refer to Note 10

Changes in Accounting Policies

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

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2: Revenue

Accounting Policy

The specific accounting policies for significant revenue items are explained below.

Revenue under Non-exchange transactions

Funding from the Crown

The Ministry is primarily funded from the Crown. This funding is restricted in its use for the purpose of the Ministry meeting the objectives specified in its founding legislation and the scope of the relevant appropriation of the Crown. The Ministry provides services to the Crown in the form of the production of certain outputs as disclosed in the Statement of Appropriations on page 12.

The funding is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due from the funding arrangements.

Trading Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of trade discounts. The Ministry earns revenue through the collection of fees for research and development certificates, quarantine certificates and livestock certificates.

Breakdown of Trading Revenue

	Actual 2018 \$	Actual 2017 \$
Revenue under Non-exchange transactions		
Quarantine Fees	80,270	78,640
Research & Development Fees	25,836	20,285
Livestock Fee	505	542
Total Trading Revenue	106,660	99,467

Note 3: Personnel Expenses

Accounting Policy

Superannuation Schemes

The Ministry contributes to the Cook Islands National Superannuation Fund and Government Fund, which is accounted for as a defined contribution scheme and are expensed in the surplus or deficit as incurred.

Breakdown of Personnel Expenses

	Actual 2018 \$	Actual 2017 \$
Salaries and Wages	848,181	772,562
Defined Contribution Plan - Employer Contributions	28,438	27,358
Increase / (Decrease) in Employee Entitlements	3,429	(9,812)
Total Personnel Expenses	880,047	790,108

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 4: Other Expenses
Breakdown of Other Expenses

	Actual 2018 \$	Actual 2017 \$
Communication	16,475	15,094
Expensed Assets	837	-
Freight and Postage	61	591
Repairs and Maintenance	11,784	7,985
Fuel and Oil	7,734	6,408
Office Supplies / Consumables	13,198	11,014
Electricity	9,923	10,350
Entertainment	2,843	7,463
Professional Services	46,264	40,036
Travel	2,305	9,724
Human Resources and Training	-	-
Advertising, Marketing, and Promotion	5,016	4,631
Rent	8,904	8,154
Other	21,894	23,782
Total Other Expenses	146,415	145,230

Note 5: Cash and Equivalents

Accounting Policy

Cash is considered to be cash balances on hand and current accounts in banks, net of bank overdrafts and trust accounts with original maturities of three months or less.

Breakdown of Cash and Equivalents

	Actual 2018 \$	Actual 2017 \$
Cash at bank (Bank of South Pacific)	-	-
Total Cash and Equivalents	-	-

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



**MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Note 6: Debtors and Other Receivables

Accounting Policy

Short-term receivables are recorded at the amount due, less any provisions for uncollectability.

A receivable is considered uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Breakdown of Debtors and Other Receivables and Further Information

	Actual 2018 \$	Actual 2017 \$
Receivables Under Non-Exchange Transactions		
Accounts Receivable	1,200	-
Cash Recall	224,007	192,050
Sundry receivables	2,411	2,411
Crown Receivable		
Prior Years Crown Receivable	172,834	144,482
Current Year Crown Receivable	27,400	28,152
Total Debtors and Other Receivables	427,600	367,095

Inter-Ministry Receivables included above to Crown Agencies

- -

The aging profile of accounts receivable at year end is detailed below:

	2018			2017		
	Gross	Provision	Net	Gross	Provision	Net
Not past due	1,200	-	1,200	-	-	-
Past due 0 - 30 days	-	-	-	-	-	-
	1,200	-	1,200	-	-	-

All receivables greater than 30 days in age are considered to be past due.

The assessment for uncollectability is performed on an individual basis, based on past collection history and write offs. All above debtors have been assessed as collectable as all past debts have been collectible and none have been written off.

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 7: Creditors and Other Payables

Accounting Policy		
Short-term payables are recorded at the amount payable		
Breakdown of Creditors and Other Payables and Further Information		
	Actual 2018 \$	Actual 2017 \$
Payables Under Exchange Transactions		
Accounts Payable	10,070	6,761
Accrued Expenses	13,543	(6,737)
VAT Payable	6,454	1,449
<i>Total payables under exchange transactions</i>	<i>30,168</i>	<i>1,473</i>
Inter-Ministry Payables included above to Crown Agencies	386	5,175
Payables Under Non-Exchange Transactions		
Crown Payable		
Prior Years Depreciation Payable	146,715	124,532
Prior Years Surplus Payable	144,721	132,935
Current Year Depreciation Payable	22,482	22,183
Current Year Surplus Payable	18,125	11,786
Current Excess Trading Revenue	39,887	39,887
<i>Total payables under non-exchange transactions</i>	<i>369,630</i>	<i>331,323</i>
Total Creditors and Other Payables	399,798	332,796

Note 8: Employee Entitlements

Accounting Policy		
Employee benefits are due to be settled within 12 months after the end of the financial year in which the employee provides the related service and are based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, and time off in lieu.		
A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is past practice that has created constructive obligation and a reliable estimate of the obligation can be made.		
Breakdown of Employee Entitlements		
	Actual 2018 \$	Actual 2017 \$
Accrued Salaries and Wages	17,141	17,429
Annual Leave	20,016	16,587
Total Employee Entitlements	37,157	34,017

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



MINISTRY OF AGRICULTURE
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2018

Note 9: Aid Revenue and Expenses

Accounting Policy

Aid monies received are recorded in the Statement of Comprehensive Revenue and Expenses 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.

Breakdown of Aid Revenue and Expenses

	Actual 2018 \$	Actual 2017 \$
Aid Revenue Received from Crown:		
New Zealand Aid	23,641	10,582
Other Aid	-	5,367
Total Aid Revenue Received from Crown	23,641	15,949
Total Aid Revenue Received	23,641	15,949
Aid Expenses Incurred:		
New Zealand Aid	23,641	10,582
Other Aid	-	5,367
Total Aid Expenses Incurred	23,641	15,949
Capital Expenditure Funded by Aid		
New Zealand Aid		-
Net Surplus		-

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 10: Plant, Property, and Equipment

Accounting Policy

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Additions

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.

Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at date of acquisition. An asset acquired below the \$3,000 threshold set by the Cook Islands Government Policy and Procedures Manual is assessed on a case by case basis, and if the asset provides economic benefit for more than one financial year, it will be recognised as an asset.

Cost incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the additional cost will flow to the Ministry and that the cost of the item can be measured reliably.

The cost of day to day servicing of property, plant and equipment are expensed in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amount of the asset.

Depreciation

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	25 - 33%
Motor Vehicles	5 years	20%
Furniture and Fixings	4 - 10 years	10 - 25%
Office Equipment	5 years	20%
Buildings	10 years	10%

Impairment of Property, Plant and Equipment

The Ministry does not hold any cash generating assets. Assets are considered cash generating when their primary objective is to generate a commercial return.

Non-Cash Generating Assets

Property, plant and equipment held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less cost to sell and value in use.

Value in use is the present value of an asset's remaining service potential. It is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

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



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 10: Property, Plant and Equipment (continued)
Breakdown of Property, Plant and Equipment and further information
Movement for each class of Property, Plant and Equipment are as follows:

	Computer Equipment \$	Furniture & Fittings \$	Motor Vehicles \$	Plant & Equipment \$	Buildings \$	Total \$
Cost						
Balance as at 1 July 2016	10,476	1,959	248,686	6,001	-	267,122
Additions	1,719	-	-	3,679	-	5,398
Disposals	-	-	-	-	-	-
Balance as at 30 June 2017	12,195	1,959	248,686	9,680	-	272,520
Accumulated Depreciation and Impairment Losses						
Balance as at 1 July 2016	5,743	1,959	171,090	5,284	-	184,076
Depreciation	3,169	-	17,846	470	-	21,485
Accumulated Depreciation on Disposals	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Balance as at 30 June 2017	8,912	1,959	188,936	5,754	-	205,560
Carrying Amount						
As at 30 June 2017	3,283	-	59,750	3,926	-	66,959
Cost						
Balance as at 1 July 2017	12,195	1,959	248,686	9,680	-	272,520
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at 30 June 2018	12,195	1,959	248,686	9,680	-	272,520
Accumulated Depreciation and Impairment Losses						
Balance as at 1 July 2017	8,912	1,959	188,936	5,754	-	205,560
Depreciation	2,800	-	17,846	1,101	-	21,247
Accumulated Depreciation on Disposals	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-
Balance as at 30 June 2018	11,212	1,959	206,782	6,855	-	226,908
Carrying Amount						
As at 30 June 2018	933	-	41,904	2,825	-	45,712

Capital Commitments

There were no property, plant and equipment commitments at year end (2017:nil).

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



MINISTRY OF AGRICULTURE
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Note 11: Equity

Accounting Policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- > contributed capital
- > accumulated surplus / (deficit)

Depreciation Payable to the Crown

The higher of the actual depreciation and amortisation or the budgeted depreciation and amortisation for the year will be repaid to the Crown and is recognised directly in the statement of changes in equity.

Return of Surplus to the Crown

The surplus of total liquid assets over total liabilities at the end of each financial year will be repaid back to the Crown if no approval for carry forward has been given and is recognised directly in the statement of changes in equity.

Excess Trading Revenue to be repaid to Crown

Any excess trading revenue earned over and above the budgeted amount and unused capital funds must be repaid back to Crown.

Breakdown of Equity

	Actual 2018 \$	Actual 2017 \$
Contributed Capital		
Balance as at 1 July	272,089	272,089
Capital Contribution	-	-
Balance as at 30 June	272,089	272,089
Accumulated Surplus / (Deficit)		
Balance as at 1 July	(205,130)	(189,817)
Surplus / (Deficit) for the year	7,379	27,588
Return of Surplus to the Crown	(16,125)	(11,786)
Depreciation Payable to the Crown	(22,182)	(22,183)
Excess Trading Revenue to be repaid to Crown	-	(8,932)
Balance as at 30 June	(236,059)	(205,130)
Total Equity	36,030	66,959

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



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Note 12: Related Party Transactions

The Ministry of Agriculture 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 Agriculture with significant funding in the form of an annual appropriation to assist the Ministry of Agriculture 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.

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:

Key Management Personnel Compensation

	Actual 2017	Actual 2016
Remuneration	\$ 203,769	\$ 203,769
Full-time Equivalent Members	6	6

Note 13: Financial Instruments

Accounting Policy

Financial Assets

All financial assets are classified as Loans and Receivables. Loans and receivables are measured at fair value plus transaction cost on initial measurement and subsequently at amortised cost. Interest income and interest expense is recognised in the surplus or deficit.

Financial Liabilities

All financial liabilities are classified as Other Liabilities. Other liabilities are measured at fair values less transaction cost on initial measurement and subsequently at amortised cost. Interest income and interest expense is recognised in the surplus or deficit.

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



**MINISTRY OF AGRICULTURE
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Note 13: Financial Instruments (continued)

Credit Risk

In the normal course of business, the Ministry of Agriculture incurs credit risk from trade debtors and transactions with financial institutions. The Ministry 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 Agriculture 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 Agriculture's financial assets and liabilities are their carrying values.

Note 14: Contingencies

Accounting Policy

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

Contingent Liabilities

The Ministry has no contingent liabilities at balance date (2017: nil).

Contingent assets

The Ministry has no contingent assets at balance date (2017: nil).

Note 15: Events after balance date

There is no significant events after the balance date.

Note 16: Explanation of major variances against the budget

Explanations for major variances from Ministry of Agriculture budgeted figures are as follows:

Statement of comprehensive revenue and expense

Aid Revenue and Expenses

Actual aid revenue and expenses were higher than budget by \$23,641. This was mainly due to funding provided for donor projects which were not budgeted for in the current year.

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



**MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
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Note 13: Financial Instruments (continued)

Financial Instrument Categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Actual 2018 \$	Actual 2017 \$
Loans and Receivables		
Debtors and Other Receivables	427,660	367,095
Aid Receivables	(238)	-
<i>Total Loans and Receivables</i>	427,423	367,095
Other Liabilities		
Creditors and Other Payables	309,798	332,796
Employee Entitlements	37,157	34,017
Aid Liabilities	149	282
<i>Total Other Liabilities</i>	437,105	367,095

Financial Instrument risks

The Ministry's activities exposes it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency rates. The Ministry does not have any foreign currency transactions and therefore there is no currency risk.

Liquidity risk

Liquidity risk is the risk that the Ministry will encounter difficulty raising liquid funds to meet commitments as they fall due. The Ministry manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

Market Risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the Ministry income or value of its financial instruments. The Ministry has no financial assets or liabilities that are affected by changes in market prices and therefore there is no market risk.

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

