



MINISTRY OF AGRICULTURE

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016



MINISTRY OF AGRICULTURE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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MINISTRY OF AGRICULTURE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORY

Minister

Honourable Kiriau Turepu
Minister of Agriculture

Head of Ministry / Title

Dr Teariki Matairangi Porea
Secretary of Agriculture

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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.

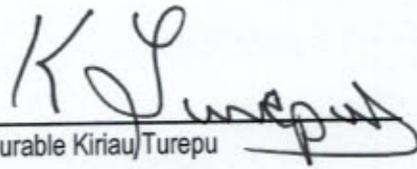
In my opinion, these financial statements fairly reflect the financial position and operations of the Ministry of Agriculture for the year ended 30 June 2016.



Dr Teariki Matairangi Porea
Secretary of Agriculture

15 September 2017

Date



Honourable Kiriau Turepu
Minister of Agriculture

15 September 2017

Date





INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDER OF THE MINISTRY OF AGRICULTURE

Report on the Financial Statements

We have reviewed the accompanying financial statements of the Ministry of Agriculture ("the Ministry") on pages 7 to 25. The financial statements comprise of the statement of financial position as at 30 June 2016, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (IPSAS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

We are the appointed auditor of the Ministry under Article 71(1) of the Cook Islands Constitution.

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of the financial position of the Ministry as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Other Matter

The financial statements of the Ministry for the year ended 30 June 2015 were not audited by our Office. We undertook procedures agreed with the Ministry in accordance with the Standards (APS-1) and Guidelines (APG-1) for Agreed Upon Procedures Engagements promulgated by the Chartered Accountants Australia and New Zealand.

Our review was completed on 15 September 2017 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 2016

In New Zealand Dollars	Notes	Actual 2016 \$	Budget 2016 \$	Actual 2015 \$
Revenue				
Funding from the Crown		907,795	907,795	811,794
Trading Revenue	2	93,977	90,535	85,020
Aid Revenue	9	104,114	-	-
Other Revenue		-	-	2,100
<i>Total Revenue</i>		1,105,886	998,330	898,914
Expenditure				
Personnel Expenses	3	828,422	868,653	804,450
Depreciation	10	13,875	5,035	4,608
Aid Expenses	9	18,381	-	-
Other Expenses	4	116,834	124,642	73,940
<i>Total Expenditure</i>		977,512	998,330	882,998
Suplus / (Deficit)		128,374	-	15,916
Other Comprehensive Revenue and Expense				
Other Comprehensive Revenue and Expense		-	-	-
<i>Total Other Comprehensive Revenue and Expense</i>		-	-	-
Total comprehensive revenue and expense		128,374	-	15,916

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 2016

In New Zealand Dollars	Notes	Actual 2016 \$	Actual 2015 \$
Assets			
Current Assets			
Cash and Equivalents	5	(14)	(217)
Debtors and Other Receivables	6	331,143	288,670
Aid Receivables		1,241	-
Total Current Assets		332,370	288,453
Non-Current Assets			
Property, Plant, and Equipment	10	83,046	7,714
Total Non-Current Assets		83,046	7,714
Total Assets		415,415	296,167
Liabilities			
Current Liabilities			
Creditors and Other Payables	7	294,174	275,214
Aid Liabilities		282	283
Employee Entitlements	8	38,688	49,455
Total Liabilities		333,144	324,952
Total Liabilities		333,144	324,952
Net Assets		82,271	(28,785)
Equity			
Contributed Capital		272,089	272,089
Accumulated Surplus / (Deficit)		(189,817)	(300,874)
Total Equity	11	82,272	(28,785)

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 2016

	Notes	Actual 2016 \$	Actual 2015 \$
in New Zealand Dollars			
Balance at 1 July		(28,785)	(39,666)
Total comprehensive revenue and expense for the year		128,374	15,916
Depreciation payable to the Crown		(13,875)	(5,035)
Excess trading revenue to be repaid to Crown		(3,442)	-
Balance at 30 June	11	82,272	(28,785)

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 2016

In New Zealand Dollars	Actual 2016 \$	Actual 2015 \$
Cash Flows From Operating Activities		
Funding from Crown	873,294	813,312
Receipt from Clients	92,736	89,220
VAT Refunds	386	900
Receipt of Aid Revenue	18,381	-
Payments to Employees	(839,189)	(802,984)
Payment of Aid Expenses	(18,381)	-
Payments to Suppliers	(115,578)	(77,553)
Net Cash Flows from Operating Activities	11,648	22,895
Cash Flows from Investing Activities		
Purchase of Property Plant and Equipment	(3,474)	(3,745)
Net Cash Flows used in Investing Activities	(3,474)	(3,745)
Cash Flows From Financing Activities		
Cash Recall by Crown	(7,971)	-
Crown repayable - Gain on sale	-	(19,367)
Net Cash Flows used in Financing Activities	(7,971)	(19,367)
Net Increase/(Decrease) in Cash and Equivalents	203	(217)
Opening Cash and Equivalents	(217)	-
Closing Cash and Equivalents	(14)	(217)

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 2016

In New Zealand Dollars	Actual 2016 \$	Actual 2015 \$
Reconciliation of net surplus / (deficit) to net cash flows from operating activities		
Reported Surplus	128,374	15,916
Add / (less) Non-cash items		
Depreciation Expense	13,875	4,608
Change in Employee Entitlements	14,752	(4,150)
Cash Recall by Crown	(7,971)	(2,100)
Donated Property, Plant and Equipment	(85,733)	-
Provision for Doubtful Debts	(5,878)	-
<i>Total Non cash items</i>	57,418	14,274
Add / (less) movements in statement of financial position items		
(Increase) / decrease in Accounts Receivable	5,878	
(Increase) / decrease in Crown Receivables	(34,501)	1,518
(Increase) / decrease in Cash Recall	7,971	2,100
(Increase) / decrease in Aid Receivable	(1,241)	-
Increase / (decrease) in Accounts Payable	1,256	220
Increase / (decrease) in VAT Payable	386	900
Increase / (decrease) in Payroll Accruals	(25,519)	5,616
Increase / (decrease) in Sundry Creditors	-	(1,733)
<i>Net movements in working capital items</i>	(45,771)	8,621
Net Cash Flows from Operating activities	11,648	22,895

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



MINISTRY OF AGRICULTURE

STATEMENT OF APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 2016

In New Zealand Dollars

Year Ended 30 June 2016		Appropriation Voted	Revenue/ Expenditure Actual	Surplus / (Deficit)
Output 1:	Administration & Finance	359,140	345,038	14,102
Output 2:	Crop Research & Develop	369,174	354,678	14,496
Output 3:	Biosecurity Management	69,000	66,291	2,709
Output 4:	Project and Policy Development	92,555	88,921	3,634
Output 5:	Livestock Management	108,461	104,202	4,259
		998,330	959,131	39,199
Included in the Appropriation Vote:				
	Trading Revenue	90,535	93,977	3,442
	Net Aid Revenue	-	85,732	85,732
Net Surplus				128,374

Year Ended 30 June 2015

Output 1:	Administration & Finance	329,175	322,123	7,052
Output 2:	Crop Research & Develop	307,429	300,843	6,586
Output 3:	Biosecurity Management	62,200	60,867	1,333
Output 4:	Project and Policy Development	91,556	89,595	1,961
Output 5:	Livestock Management	111,969	109,570	2,399
		902,329	882,998	19,331
Included in the Appropriation Vote:				
	Trading Revenue	90,535	85,020	(5,515)
	Other Revenue	-	2,100	2,100
Net Surplus				15,916

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 2016

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.



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 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.

Budget figures

The budget figures are derived from the Cook Islands Government Budget Estimates 2015/2016 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, intangible assets and infrastructure 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.



**MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 is measured at fair value of consideration received or receivable for the sale of goods or services provided in the ordinary course of operations. Revenue is stated exclusive of Value added tax and is recognised when a product is sold or the service is provided.

Breakdown of Trading Revenue

	Actual 2016 \$	Actual 2015 \$
Trading Revenue under non-exchange transactions		
Quarantine Fees	74,864	67,718
Research and Development Fees	18,250	16,683
Livestock Sales	863	619
Total Trading Revenue	93,977	85,020

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 2016 \$	Actual 2015 \$
Salaries and wages	784,669	774,320
Defined contribution plan - employer contributions	29,002	24,514
Increase / (decrease) in employee entitlements	14,752	5,616
Total Personnel Expenses	828,422	804,450



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 4: Other Expenses

Breakdown of Other Expenses

	Actual 2016 \$	Actual 2015 \$
Communication	18,962	15,206
Expensed Assets	3,802	389
Freight and Postage	485	-
Repairs and Maintenance	10,300	8,432
Fuel and Oil	6,912	7,468
Office Supplies / Consumables	12,152	5,345
Electricity	9,002	10,669
Entertainment	8,444	1,529
Professional Services	517	1,566
Travel	7,477	-
Advertising, Marketing, and Promotion	7,149	963
Rent	8,280	8,075
Other	23,353	14,298
Total Other Expenses	116,834	73,940

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 2016 \$	Actual 2015 \$
Cash at bank (Bank of South Pacific)	(14)	(217)
Total Cash and Equivalents	(14)	(217)



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016 \$	Actual 2015 \$
Receivables under non-exchange transactions		
Accounts Receivable (gross)	-	5,878
Less: Provision for doubtful debts	-	(5,878)
Accounts Receivables (net)	-	-
Cash Recall	184,248	176,277
Sundry Receivables	2,411	2,411
Crown Receivable		
Prior Years Crown Receivable	109,982	109,982
Current Year Crown Receivable	34,501	-
Total Debtors and Other Receivables	331,143	288,670
Inter-ministry receivables included above to Crown Agencies	-	-

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

	2016			2015		
	Gross	Provision	Net	Gross	Provision	Net
Not past due	-	-	-	-	-	-
Past due 0 - 30 days	-	-	-	-	-	-
Past due 31 - 60 days	-	-	-	-	-	-
Past due over 60 days	-	-	-	5,878	(5,878)	-
	-	-	-	5,878	(5,878)	-

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.



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 2016 \$	Actual 2015 \$
Payables under exchange transactions		
Accounts Payable	4,476	3,220
Value Added Tax (VAT) Payable	1,275	889
<i>Total payables under exchange transactions</i>	5,751	4,109
Payables under non-exchange transactions		
Crown Payable		
Prior Years Depreciation Payable	119,060	114,025
Prior Years Surplus Payable	150,527.56	124,532
Prior Years Excess Trading Revenue	1,518.03	
Current Year Depreciation Payable	13,875	5,035
Current Year Surplus Payable	-	25,995
Current Year Excess Trading Revenue	3,442	1,518
<i>Total payables under non-exchange transactions</i>	288,422	271,106
Total Creditors and Other Payables	294,174	275,214

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 2016 \$	Actual 2015 \$
Accrued salaries and wages	12,289	37,808
Accrued Annual leave	26,399	11,647
Total Employee Entitlements	38,688	49,455

MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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.

Donated Assets.

Where a physical asset is gifted to or acquired by the Ministry for nil consideration or at a subsidised cost the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of donated assets is determined as follows:

For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received

For used assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.

Breakdown of Aid Revenue and Expense

	Actual 2016 \$	Actual 2015 \$
Aid Revenue Received:		
Other Aid	104,114	-
Total Aid Revenue Received from Crown	104,114	-
Total Aid Revenue Received	104,114	-
Aid Expenses Incurred:		
Other Aid	18,381	-
Total Aid Expenses Incurred	18,381	-
Capital Expenditure Funded by Aid		
Other Aid	85,732	-
Net Surplus	85,732	-

The Ministry received \$85,732 worth of donated assets from Chinese Aid in 2016 financial year.



MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Note 10: Plant, Property, and Equipment 2016

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 Island Administration and that the cost of day to day servicing of property, plant and equipment are expensed in surplus or deficit as they are

Disposals

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 Fittings	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.

MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at 1 July 2014	3,987	1,959	257,406	5,271	268,623
Additions	3,745	-	-	-	3,745
Disposals	-	-	94,453	-	94,453
Balance as at 30 June 2015	7,732	1,959	162,953	5,271	177,915
Accumulated Depreciation and Impairment Losses					
Balance as at 1 July 2014	2,464	1,959	250,351	5,271	260,045
Depreciation	1,319	-	3,289	-	4,608
Accumulated depreciation on disposals	-	-	94,452	-	94,452
Impairment losses	-	-	-	-	-
Balance as at 30 June 2015	3,783	1,959	159,188	5,271	170,201
Carrying Amount					
As at 30 June 2015	3,949	-	3,765	-	7,714
Cost					
Balance as at 1 July 2015	7,732	1,959	162,953	5,271	177,915
Additions	2,744	-	85,733	730	89,207
Disposals	-	-	-	-	-
Balance as at 30 June 2016	10,476	1,959	248,686	6,001	267,122
Accumulated Depreciation and Impairment Losses					
Balance as at 1 July 2015	3,783	1,959	159,188	5,271	170,201
Depreciation	1,960	-	11,902	13	13,875
Accumulated depreciation on disposals	-	-	-	-	-
Impairment losses	-	-	-	-	-
Balance as at 30 June 2016	5,744	1,959	171,090	5,284	184,076
Carrying Amount					
As at 30 June 2016	4,732	-	77,596	717	83,046

Capital Commitments

There were no property, plant and equipment commitments at year end (2015:nil).



**MINISTRY OF AGRICULTURE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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 and amortisation 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.

Crown Repayable

Any gains received from the sale of an asset is to be repaid to Crown, excess trading revenue earned and unused capital funds to be repaid to Crown.

Breakdown of Equity

	Actual 2016 \$	Actual 2015 \$
Contributed Capital		
Balance as at 1 July	272,089	272,089
Balance as at 30 June	272,089	272,089
Accumulated Surplus / (Deficit)		
Balance as at 1 July	(300,874)	(311,755)
Surplus / (Deficit) for the year	128,374	15,916
Depreciation payable to the Crown	(13,875)	(5,035)
Excess trading revenue to be repaid to Crown	(3,442)	-
Balance as at 30 June	(189,817)	(300,874)
Total Equity	82,272	(28,785)



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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 2016	Actual 2015
Remuneration	185,101	172,941
Full-time equivalent members	5	5

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.



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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 2016 \$	Actual 2015 \$
Loans and Receivables		
Cash and Equivalents	(14)	(217)
Debtors and Other Receivables	331,143	288,670
Aid Receivables	1,241	-
<i>Total Loans and Receivables</i>	332,370	288,453
Other Liabilities		
Creditors and Other Payables	294,174	275,214
Employee Entitlements	38,688	49,455
Aid Trust Liabilities	282	283
<i>Total Other Liabilities</i>	333,144	324,952

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.



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Note 14: 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 (2015: nil).

Contingent assets

The Ministry has no contingent assets at balance date (2015: 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

Personnel Expenses

Actual Personnel expenses over budget was less than budgeted by \$40,023. This was predominantly due to two vacant positions not being filled for the 2016 financial year in the Research and Development department.

