



DEVELOPMENT COORDINATION DIVISION

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

DEVELOPMENT COORDINATION DIVISION

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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DEVELOPMENT COORDINATION DIVISION

DIRECTORY

Minister

Honorable Mark Brown
Minister of Finance

Head of Ministry / Title

Jim Armistead
Development Coordination Division Manager

Business Address

Avarua
Rarotona
Cook Islands

Auditor

Cook Islands Audit Office

Banker

Westpac Bank
Avarua
Rarotonga

Solicitor

Crown Law Office



DEVELOPMENT COORDINATION DIVISION

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 Development Coordination Division'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 Development Coordination Division for the year ended 30 June 2012.



Jim Armistead
Development Coordination Division Manager

13 February 2013
Date



Honorable Mark Brown
Minister of Finance

13 February 2013
Date





AUDIT REPORT

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE DEVELOPMENT COORDINATION DIVISION OF THE MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT FOR THE YEAR ENDED 30 JUNE 2012

We have audited the financial statements on pages 7 to 15. The financial statements provide information about the past financial performance of the Development Coordination Division and its financial position as at 30 June 2012. This information is stated in accordance with the accounting policies set out on pages 12 and 13.

Responsibilities of the Development Coordination Division

Section 28(2) of the Ministry of Finance and Economic Management Act 1995-96 requires the Development Coordination Division 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 Development Coordination Division 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 Development Coordination Division. 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 Development Coordination Division in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Development Coordination Division'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 Development Coordination Division.

Unqualified Opinion

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

In our opinion the financial statements of the Development Coordination Division:

- comply with International Public Sector Accounting Standards; and
- fairly present in all material respects, the financial position, borrowings and commitments of the Development Coordination Division as at 30 June 2012 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on the 13th of February 2013 and our unqualified opinion is expressed as at that date.



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



DEVELOPMENT COORDINATION DIVISION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2012

In New Zealand Dollars	Notes	2012	2011
REVENUE	2	16,809,081	16,532,029
EXPENSES	3	16,809,081	16,532,029
NET SURPLUS/(DEFICIT)		<u> </u> <u> </u> -	<u> </u> <u> </u> -

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



DEVELOPMENT COORDINATION DIVISION

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

In New Zealand Dollars	Notes	2012	2011
TAX PAYER'S FUNDS		-	-
Represented by:			
CURRENT ASSETS			
New Zealand Aid Bank Account		1,832,262	5,509,203
Outer Islands Development Grant Fund Bank Account		-	118,576
European Union Bank Account		80,344	242,138
Other Donor Bank Accounts		2,352,886	359,525
Other Term Deposits		5,564,699	52,000
Interest Accrued		8,131	1,402
Receivables	4	937,596	10,563
TOTAL ASSETS		<u>10,775,918</u>	<u>6,293,407</u>
CURRENT LIABILITIES			
New Zealand Aid Liabilities		2,571,773	5,346,086
Payables		264,742	140,130
Outer Islands Development Grant Fund Liabilities		-	113,415
European Union Liabilities		79,842	240,146
Other Liabilities		2,198,520	352,647
Term Deposit Liabilities		5,564,698	52,000
Interest Liabilities		96,343	48,983
TOTAL LIABILITIES		<u>10,775,918</u>	<u>6,293,407</u>
NET ASSETS		<u>-</u>	<u>-</u>



 Jim Armistead
 Development Coordination Division Manager

13 February 2013

 Date

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

DEVELOPMENT COORDINATION DIVISION

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

In New Zealand Dollars	Notes	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
Balance as at 30 June 2011 brought forward		-	-	-
Changes in equity for the year:				
Net surplus / (deficit) for the year		-		-
Funds transferred to Crown			(258,615)	(258,615)
Closure of Project Liability Accounts			258,615	258,615
BALANCE AS AT 30 JUNE 2012		<u>-</u>	<u>-</u>	<u>-</u>

DEVELOPMENT COORDINATION DIVISION

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

In New Zealand Dollars	Notes	Accumulated Surplus / Deficit	Contributions from Crown	Total Equity
Balance as at 30 June 2010 brought forward		-	-	-
Changes in accounting policy / prior period errors				-
Restated balance		<u>-</u>	<u>-</u>	<u>-</u>
Changes in equity for the year:				
Net surplus / (deficit) for the year		-		-
Funds transferred to Crown			-	-
Closure of Project Liability Accounts			-	-
BALANCE AS AT 30 JUNE 2011		<u>-</u>	<u>-</u>	<u>-</u>

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



DEVELOPMENT COORDINATION DIVISION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

In New Zealand Dollars	2012	2011
Cash Flows From Operating Activities		
<i>Cash was provided from:</i>		
Receipts from Aid Donors	16,825,070	21,200,473
Interest Received	1,227	-
	<u>16,826,297</u>	<u>21,200,473</u>
<i>Cash was applied to:</i>		
Payments to Suppliers	13,276,322	17,391,899
Interest Paid	1,227	-
	<u>13,277,549</u>	<u>17,391,899</u>
Net Cash Flows from Operating Activities	<u>3,548,748</u>	<u>3,808,574</u>
Cash Flows from Investing Activities		
<i>Cash was provided from:</i>		
Transfer from Investments	-	-
	<u>-</u>	<u>-</u>
<i>Cash was applied to:</i>		
Purchase of Investments	-	-
	<u>-</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash Held	3,548,748	3,808,574
Opening Cash Balances	6,281,442	2,472,868
Closing Cash Balance	<u>9,830,190</u>	<u>6,281,442</u>

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



DEVELOPMENT COORDINATION DIVISION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

In New Zealand Dollars	2012	2011
Reconciliation of Net Surplus to Cash Flows from Operating Activities		
Reported Surplus	-	-
<i>Add / (less): Movements in working capital items</i>		
(Increase)/Decrease in Accounts Receivable	(927,034)	996,227
(Increase)/Decrease in Interest Receivable	(6,729)	49
Increase/(Decrease) in Aid Liabilities	4,542,799	2,812,298
Increase/(Decrease) in Inter-Ministry Payable	(60,288)	-
	<u>3,548,748</u>	<u>3,808,574</u>
Net Cash Flows from Operating Activities	<u>3,548,748</u>	<u>3,808,574</u>

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



DEVELOPMENT COORDINATION DIVISION

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 Development Coordination Division of the Ministry of finance and Economic Management 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 in accordance 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 Development Coordination Division. 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) Assets

Recognition

An entity will recognize an asset arising from a non-exchange transaction when it gains control of resources that meet the definition of an asset when it is probable that future economic benefits will flow to the agency and when the future value of these assets can be measured reliably.

Measurement

An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition. Donor funds are deposited into bank accounts until expensed on approved projects.

- (ii) Liabilities and Revenue

Recognition

An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow. As an entity satisfies a present obligation recognized as a liability in respect of an inflow of resources from a non-exchange transaction recognized as an asset, it shall reduce the carrying amount of the liability recognized and recognize an amount of revenue equal to that reduction.

Measurement

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognized by the entity, therefore revenue is recognized when donor funds are expended on approved projects.

DEVELOPMENT COORDINATION DIVISION

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

Significant Accounting Policies (continued)

(iii) Revenue

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) Expenses

Expenses are recognized when incurred on approved projects.

(v) Foreign Currencies

Foreign currency transactions reported in the Statement of Financial Performance are recorded at the exchange rates in effect at the date of the transaction. Monetary assets and liabilities reported in the Statement of Financial Position, arising from trading transactions or overseas borrowings are translated at closing rates.

(vi) Financial Instruments

Financial instruments primarily consist of bank balances, term deposits, receivables and payables. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance. The fair value of all financial assets and financial liabilities is equivalent to their carrying value.

(vii) Statement of Cash Flows

Cash and cash equivalents include cash balances on hand, current accounts in banks net of bank overdrafts, deposits on call with banks and investments with a maturity of less than 3 months.

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

Investing activities are those activities relating to the acquisition, holding and

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

Changes in Accounting Policies, New Standards

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

DEVELOPMENT COORDINATION DIVISION

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

Note 2: REVENUE	2012	2011
NZ Agency for International Development	15,616,601	14,242,369
European Union	187,461	178,971
United Nations Development	301,162	619,497
Outer Islands Development Grant Fund (OIDGF)	1,247	306,486
Cook Islands Government	45,749	425,531
Other Aid Donors	655,614	757,954
Bank Interest	1,247	1,221
Total Revenue	<u>16,809,081</u>	<u>16,532,029</u>
Note 3: EXPENSES		
Public Sector Reform	15,348	2,821,047
Human Resource Development and Education	3,070,271	4,357,250
Outer Island Development	1,390,435	5,053,354
Health Development	703,961	370,219
Tourism Development	1,500,000	1,500,000
Economic Development	4,621,865	140,499
Other Sectors	5,317,246	1,802,982
Outer Islands Development Grant Fund (OIDGF)	1,247	306,486
European Union Expenses	187,461	178,971
Bank Charges	1,247	1,221
Total Expenses	<u>16,809,081</u>	<u>16,532,029</u>

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



DEVELOPMENT COORDINATION DIVISION

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

Note 4: RECEIVABLES

NZ Aid	-	7,603
General - CI Government	-	2,250
Ministry of Health	-	710
Accrual funds received		
NZ Aid (MOE)	399,000	-
NZ Aid (CITAF)	241,205	-
NZ Aid (Online MOJ)	166,350	-
UNDP	52,307	-
Accrued Revenue		
UNDP	5,879	-
NZ Aid	71,512	-
PIF	1,343	-
	<u>937,596</u>	<u>10,563</u>

Note 5: FUNDAMENTAL UNCERTAINTY

The existence of the Development Coordination Division of the ministry of finance and economic management is subject to the availability of donor assistance to the Cook Islands. More than 75% of the aid revenue managed by the Development Coordination Division in the 2011-2012 financial year was funded by the New Zealand Agency for International Development (NZAID). Future NZAID assistance to the Cook Islands is based on a Joint Commitment for Development (JCFD) with no time limit. There are clear indications from other key donors (including the European Union, India, Italy and China) that they will continue to assist with development in the Cook Islands for next twenty years.

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