

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2004

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February 2006

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FOREWORD FROM THE CHIEF EXECUTIVE

I am pleased to present this publication of the Annual Accounts 2004 which represents the National Qualifications Authority of Ireland fourth year of operation. The Authority has presented the Annual Accounts 2004 to the Minister for Education and Science and has laid them before the Houses of the Oireachtas.

Since its establishment in 2001, the National Qualifications Authority of Ireland and its partners have been working to create and implement a National Framework of Qualifications that now promotes a single, coherent, more easily understood qualifications system for all levels of education and training in this State.

This Framework accords with European and international developments to enhance learner mobility within and between national systems. Embodied in this is a vision for the transparency of qualifications and competences. In line with this vision the Authority's activities have continued to expand particularly in its work as the Centre for the recognition of international awards and in the coordination and promotion of the Europass portfolio of documents through the National Europass Centre.


I would like to invite you to follow the progress of the Authority by visiting its websites:

www.nqai.ie

www.nfq.ie

www.qualificationsrecognition.ie

www.europass.ie



Seán Ó Foghlú
Chief Executive

February 2006

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

INFORMATION

Authority Address:	5th Floor Jervis House Jervis Street Dublin 1
Senior Executive:	Mr Seán Ó Foghlú – Chief Executive Dr Anna Murphy – Director of Framework Development Ms Valerie Beatty – Director of Corporate Affairs
Members of the Authority:	Mr Richard Langford – Chairperson Prof Joyce O' Connor Prof Ciarán Murphy Mr Donal Kerr Ms Inez Bailey Ms Marie O' Mahony Fr Nicholas Flavin Mr Will Priestley Mr Jim Dorney Dr Caroline Hussey Ms Caroline Nash Prof Anne Moran Dr Abrar Hasan Mr Seán Ó Foghlú – Chief Executive
Bank:	Bank of Ireland College Green Dublin 2
Solicitors:	Brian Whitaker & Co Solicitors 17 Fitzwilliam Square Dublin 2
Auditors:	The Comptroller and Auditor General Dublin Castle Dublin 2
Website:	www.nqai.ie

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

I have audited the financial statements on pages 7 to 12* under Section 57(2) of the Qualifications (Education and Training) Act, 1999.

RESPECTIVE RESPONSIBILITIES OF THE MEMBERS OF THE AUTHORITY AND THE COMPTROLLER AND AUDITOR GENERAL

The accounting responsibilities of the Members of the Authority are set out on page 6**. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on the system of internal financial control on pages 4 and 5*** reflects the Authority's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

BASIS OF AUDIT OPINION

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Authority, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion, proper books of account have been kept by the Authority and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Authority at 31 December 2004 and of its income and expenditure and cash flow for the year then ended.



Gerard Smyth
For and on behalf of Comptroller and Auditor General
30 September 2005

*pages 13-18 in this publication

**page 12 in this publication

***pages 10 and 11 in this publication

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROLS

1. On behalf of the members of the National Qualifications Authority of Ireland I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.
2. The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

3. KEY CONTROL PROCEDURES

The following procedures have been put in place and are designed to provide effective internal financial control:

- i an appropriate control environment is ensured by the introduction of clearly defined management responsibilities and includes reaction to and monitoring of control failures.
 - ii a formal process to identify and evaluate organisational business risks has been put in place
 - iii a comprehensive planning and budgetary system is in operation and expenditure trends are reviewed on a monthly basis
 - iv procedures for addressing the financial implications of major business risks have been implemented and include financial instructions and notes of procedures, delegation practices such as authorisation limits, and segregation of duties.
 - v the procedures for monitoring the effectiveness of the internal financial control system include an internal audit function which will operate in accordance with the Code of Practice for the Governance of State Bodies and report to the Audit Committee.
4. A review of the effectiveness of internal financial controls was undertaken in 2004.

On behalf of the Authority



Richard Langford

CHAIRPERSON

29 September 2005

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF RESPONSIBILITIES OF THE AUTHORITY

The National Qualifications Authority was established on 26th February 2001, by the Minister for Education and Science, under Section 5 of the Qualifications (Education and Training) Act, 1999.

The functions of the National Qualifications Authority are to do all things necessary or expedient in accordance with the Act to further the objects of the Authority.

The objects of the Authority are as follows:

- (a) to establish and maintain a framework, being a framework for the development, recognition and award of qualifications in the State based on standards of knowledge, skill and competence to be acquired by learners.
- (b) to establish and promote the maintenance and improvement of the standards of further education and training awards and higher education and training awards of the Further Education and Training Awards Council, the Higher Education and Training Awards Council, the Dublin Institute of Technology and universities established under section 9 of the Act of 1997.
- (c) to promote and facilitate access transfer and progression.

Section 57 of the Qualifications (Education and Training) Act, 1999 requires the National Qualifications Authority of Ireland (referred to as the Authority) to prepare financial statements in such form as may be approved by the Minister for Education and Science after consultation with the Minister for Finance.

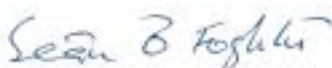
In preparing those financial statements, the Authority is required to:

- select suitable accounting policies and apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.
- disclose and explain any material departures from applicable accounting standards.

The Authority is responsible for the keeping of proper books of account which disclose with reasonable accuracy at any time its financial position and which enable it to ensure that the financial statements comply with section 57 of the Qualifications (Education and Training) Act, 1999. The Authority is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Richard Langford
CHAIRPERSON



Seán Ó Foghlú
CHIEF EXECUTIVE

29 September 2005

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared under the accrual method of accounting, except as indicated below, and in accordance with generally accepted accounting principles under the historical cost convention. The Financial Statements are in the form approved by the Minister for Education and Science with the concurrence of the Minister for Finance.

ACCOUNTING PERIOD

The financial statements cover the year to 31 December 2004.

STATE GRANTS

Income shown in the financial statements under State Grants represents the actual receipts in the period.

GRANTS TO AWARD COUNCILS

The amounts shown in the financial statements under Award Council Grants represents the actual payments in the period.

FIXED ASSETS AND DEPRECIATION

Fixed Assets are stated at their historical cost less accumulated depreciation.

Depreciation is charged to the Income and Expenditure Account on a straight line basis, at the rates set out below, so as to write off the assets, adjusted for residual value, over their expected useful lives as follows:-

Leasehold buildings	Over lease term of 25 years
Computer Equipment	33.33%
Office Equipment	20%
Office Furniture	10%
Fixture and Fittings	10%

CAPITAL ACCOUNT

The Capital Account balance represents the unamortised value of income applied for capital expenditure purposes.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into euro and recorded at the rates of exchange ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the rates of exchange ruling at the balance sheet date or at forward purchase contract rates where such contracts exist.

PENSIONS

Pension contributions are deducted from staff salaries and offset against the staff costs. There are no pensioners in payment.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2004

	Note	2004 €	2003 €
INCOME			
State Grant	1	9,433,618	8,880,572
Deposit Interest		629	1,171
		9,434,247	8,881,743
Transfer from/(to) Capital Account	9	88,835	(67,493)
		9,523,082	8,814,250
EXPENDITURE			
Grants to Awards Councils	2	7,750,000	7,451,415
Staff Costs	3	903,200	734,290
Premises	4	352,443	328,623
Central Administration and Services	5	572,801	604,217
		9,578,444	9,118,545
(DEFICIT)SURPLUS FOR THE YEAR		(55,361)	(304,295)
Accumulated surplus at 1 January		72,318	376,613
Accumulated surplus at 31 December		16,957	72,318

The Statement of Accounting Policies and notes 1 - 17 form part of these financial statements.

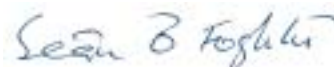
All income and expenditure for the year relates to continuing activities.

The Authority has no recognised gains or losses other than those dealt with in the Income and Expenditure account.



Richard Langford
CHAIRPERSON

29 September 2005



Seán Ó Foghlú
CHIEF EXECUTIVE

29 September 2005

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

BALANCE SHEET AS AT 31 DECEMBER 2004

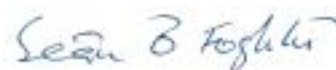
	Note	2004 €	2003 €
FIXED ASSETS	6	732,495	821,330
CURRENT ASSETS			
Debtors and prepayments	7	92,353	63,713
Cash on hand and at bank		36,145	137,906
		128,498	201,619
CURRENT LIABILITIES			
AMOUNTS FALLING DUE WITHIN 1 YEAR			
Creditors and Accruals	8	111,541	129,301
NET CURRENT ASSETS		16,957	72,318
NET ASSETS		749,452	893,648
REPRESENTED BY:			
Capital Account	9	732,495	821,330
Income and Expenditure Account		16,957	72,318
		749,452	893,648

The Statement of Accounting Policies and notes 1 – 17 form part of these financial statements.



Richard Langford
CHAIRPERSON

29 September 2005



Seán Ó Foghlú
CHIEF EXECUTIVE

29 September 2005

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 €	2003 €
1 State Grant		
Grant towards Administration	1,683,618	1,429,157
Grant for the Further Education and Training Awards Council	5,600,000	5,083,315
Grant for the Higher Education and Training Awards Council	2,150,000	2,368,100
	9,433,618	8,880,572
Up to 50% of the expenditure from State Grant is funded by the European Social Fund.		
2 Award Council Grants		
Further Education and Training Awards Council	5,600,000	5,083,315
Higher Education and Training Awards Council	2,150,000	2,368,100
	7,750,000	7,451,415
In accordance with Section 11 (1) of the Qualifications (Education and Training) Act, 1999 the Authority is provided with a grant each year by the Oireachtas. In accordance with Section 11 (2) of the Act, in each year the Authority may pay out of moneys received under Section 11 (1) a grant or grants to the Higher Education and Training Awards Council and the Further Education and Training Awards Council and in accordance with Section 11(3) of the Act, payments to the Awards Councils are made in such a manner and subject to such conditions as the Authority thinks fit.		
3 Staff Costs		
Salaries and Wages	821,166	670,073
Travel and Subsistence	63,113	36,565
Temporary staff Costs	18,171	26,399
Staff Training	750	1,253
	903,200	734,290
4 Premises		
Repairs and maintenance	14,192	7,273
Rent and rates	244,460	187,301
Service charges	20,132	39,486
Insurance	2,724	2,325
Security	690	7,328
Cleaning	11,215	9,982
Light and heat	7,800	7,251
Depreciation	51,230	67,677
	352,443	328,623
5 Central Administration and Services		
Telephone and postage	42,958	44,708
Accountancy	13,647	23,388
Bank charges	565	575
Information technology	5,127	40,368
Staff development	45,158	13,395
Audit fees	6,600	6,000
Advertising	64,668	20,307
Stationery	13,901	36,214
Newspapers and books	3,834	5,684
Subscriptions	2,521	5,261
General office supplies	5,209	4,126
Lease hire of office equipment	-	3,448
General maintenance	16,512	-
Meeting expenses	13,941	32,337
Legal fees	1,544	8,016
Consultancy fees	13,922	33,183
Miscellaneous	1,354	4,074
Publications	86,058	119,645
Professional membership	4,983	-
Seminar expenses	99,044	114,313
Research and survey fees	55,843	20,860
Internal audit	17,295	-
Depreciation	58,117	68,315
	572,801	604,217

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

6 Fixed Assets	Leasehold Property Fixture & fittings €	Office Furniture €	Office Equipment €	IT Equipment €	Total €
Cost					
At 1 January 2004	673,546	208,570	83,366	90,056	1,055,538
Additions	-	3,632	-	16,880	20,512
At 31 December 2004	673,546	212,202	83,366	106,936	1,076,050
Depreciation					
At 1 January 2004	89,392	37,305	32,052	75,459	234,208
Charge for the year	51,230	21,221	16,673	20,223	109,347
At 31 December 2004	140,622	58,526	48,725	95,682	343,555
Net Book Values					
NBV at 31 December 2004	532,924	153,676	34,641	11,254	732,495
NBV at 31 December 2003	584,154	171,265	51,314	14,597	821,330
				2004	2003
				€	€
7 Debtors and Prepayments					
Prepayments				92,353	62,182
Other receivable				-	1,531
				92,353	63,713
8 Creditors and Accruals					
Trade Creditors				7,063	72,631
Accruals				87,048	53,050
Provision for Taxation				3,979	500
Other Creditors				13,451	3,120
				111,541	129,301
9 Capital Account					
Balance at 1 January				821,330	753,837
Allocation from state recurrent grant				20,512	205,016
				841,842	958,853
Release to income					
Amortisation in line with asset depreciation				(109,347)	(135,992)
Funds released on Disposal of Fixed Asset				-	(1,531)
Balance at 31 December				732,495	821,330

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

10 Capital Commitments

There were no capital commitments at 31 December 2004.

11 Operating Lease

The Authority holds a 25 year tenancy agreement from 5 December 2002 in respect of the lease of the office accommodation in Jervis House. The annual cost of the lease is €219,217 with a 5 year rent review.

12 Contingent Liabilities

No contingent liabilities existed at 31 December 2004.

13 Superannuation

Section 52 of the Qualifications (Education and Training) Act, 1999 provides for the establishment of a superannuation scheme for staff of the Authority. A draft scheme is in operation which is based on the Department of Finance Model Public Sector Scheme and which has been submitted to the Department of Education and Science for approval. Pending approval, the scheme is being operated on an administrative basis.

The scheme is a contributory defined benefit superannuation scheme. Superannuation entitlements arising under the scheme will be paid out of current income.

Salaries are shown in the Financial Statements net of employee superannuation contributions.

For the purpose of reporting in accordance with the transitional arrangements of Financial reporting Standard 17 - Retirement Benefits, the Authority is required to disclose the assets (if any) and liabilities related to the scheme for its employees by way of a note to the financial statements. The Authority has been advised by a qualified actuary and the results of the actuarial valuation of the scheme liabilities as at 31 December 2004 using the projected unit method are set out below.

The financial assumptions used to calculate the scheme liabilities were as follows:

Discount rate	5.50%
Salary increase assumptions	4%
Pension increase assumptions	4%
Price inflation	2%

On the basis of these assumptions, and using the projected unit methods prescribed in FRS 17, the present value of the accrued liabilities in respect of the Authority's staff at 31 December 2004 was estimated at €260,000.

There are no assets held in respect of the accrued pension scheme liabilities.

The average number of employees during the year was 14.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

14 Corporation Tax

The Authority is not liable for Corporation Tax.

15 Authority Members – disclosure of transactions

The Authority adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority members and these procedures have been adhered to. There were no transactions in relation to the Authority's activities in which members had any beneficial interests.

16 Important Events Since The Year End

There have been no significant events affecting the Authority since the year end.

17 Approval of Financial Statements

The financial statements were approved by the Authority at its meeting on 26 May 2005.