

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005

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FOREWORD FROM THE CHIEF EXECUTIVE

I am pleased to present this publication of the Annual Accounts 2005 which represents the National Qualifications Authority of Ireland fifth year of operation. The Authority has presented the Annual Accounts 2005 to the Minister for Education and Science and has laid them before the Houses of the Oireachtas.

Since the Authority's establishment in 2001, there have been a number of important changes taking place in the qualifications system in Ireland. The most significant is the introduction of the National Framework of Qualifications. A key purpose for introducing the National Framework of Qualifications was to put the learner at the centre of education and training in Ireland and supporting the national objective of moving towards a 'lifelong learning society'.

The Authority's work continues to focus on the establishment of consistent standards in education and training, the promotion of quality, increasing access, transfer and progression opportunities and being able to recognise and compare qualifications gained both in Ireland and abroad.

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 2007

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 Claire Byrne – Director of Corporate Affairs
Members of the Authority:	Mr Paul Haran – Chairperson (Appointed 26 February 2006) Mr Richard Langford (Resigned 25 February 2006) Prof Joyce O' Connor Prof Ciarán Murphy Mr Donal Kerr Ms Inez Bailey Ms Marie O' Mahony Mr Jim Dorney Fr Nicholas Flavin Mr Tony McDonell Dr Caroline Hussey Ms Caroline Nash Prof Anne Moran Dr Abrar Hasan Mr Seán Ó Foghlú – Chief Executive
Banks:	Allied Irish Bank 126/128 Capel Street Dublin 1 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 of the National Qualifications Authority of Ireland for the year ended 31 December 2005 under the Qualifications (Education and Training) Act, 1999.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes.

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

The Authority is responsible for preparing the financial statements in accordance with the Qualifications (Education and Training) Act, 1999 and for ensuring the regularity of transactions. The Authority prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Authority are set out in the Statement of Responsibilities of the Authority.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with General Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on Internal Financial Control reflects the Authority's compliance with the Code of Practice for the Governance of State Bodies 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. I am not required to consider whether the Statement on Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

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 International Standards on Auditing (UK and Ireland) 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 and regularity of the financial transactions included 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 Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order 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.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

OPINION

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Authority's affairs at 31 December 2005 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

A handwritten signature in blue ink, appearing to read 'Gerard Smyth', with a long horizontal stroke extending to the right.

Gerard Smyth

For and on behalf of the
Comptroller and Auditor General

22 December 2006

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROLS

1. On behalf 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 2005.

On behalf of the Authority



Paul Haran
CHAIRPERSON

14 December 2006

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.



Paul Haran
CHAIRPERSON



Seán Ó Foghlú
CHIEF EXECUTIVE

14 December 2006

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 2005.

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.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF ACCOUNTING POLICIES

PENSIONS

The Authority operates a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the Department of Education and Science and from contributions deducted from staff salaries.

Pension costs reflect pension benefits earned by employees in the period and are shown net of staff pension contributions which are retained by the Authority. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Education and Science.

Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Education and Science.

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDED 31 DECEMBER 2005

	Note	2005 €	2004 € <i>Re-stated</i>
INCOME			
State Grant	1	10,411,000	9,433,618
Net deferred funding for pensions	16	164,000	117,000
Deposit Interest		1,110	629
		10,576,110	9,551,247
Transfer from/(to) Capital Account	9	74,177	88,835
		10,650,287	9,640,082
EXPENDITURE			
Grants to Awards Councils	2	8,375,000	7,750,000
Staff Costs	3	871,310	935,147
Premises	4	397,459	352,442
Central Administration and Services	5	761,202	572,801
Pension Costs	16	129,591	85,053
		10,534,562	9,695,443
SURPLUS/(DEFICIT) FOR THE YEAR		115,725	(55,361)
Accumulated surplus at 1 January		16,957	72,318
Accumulated surplus at 31 December		132,682	16,957

The Statement of Accounting Policies and notes 1 - 18 form part of these financial statements.

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



Paul Horan
CHAIRPERSON

14 December 2006



Seán Ó Foghlú
CHIEF EXECUTIVE

14 December 2006

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	2005 €	2004 € <i>Re-stated</i>
Surplus/(Deficit) for the Year		115,725	(55,361)
Experience (losses)/gains on pension scheme		(1,076,000)	(23,000)
Changes in assumptions underlying the present value of pension scheme liabilities		-	-
Actuarial (Losses) on Pension Liabilities	16	(1,076,000)	(23,000)
Adjustment to Deferred Pension Funding		1,076,000	23,000
Total recognised gain/(loss)		115,725	(55,361)

The Statement of Accounting Policies and notes 1 – 18 form part of these financial statements.



Richard Langford
CHAIRPERSON

14 December 2006



Seán Ó Foghlú
CHIEF EXECUTIVE

14 December 2006

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 €	2004 € <i>Re-stated</i>
Fixed Assets	6	658,318	732,495
Current Assets			
Debtors and prepayments	7	123,546	92,353
Cash on hand and at bank		78,197	36,145
		201,743	128,498
Current Liabilities			
Amounts falling due within 1 year			
Creditors and Accruals	8	69,061	111,541
Net Current Assests		132,682	16,957
Total assets less current liabilities before pensions		791,000	749,452
Deferred pension funding	16	1,500,000	260,000
Pension liabilities	16	(1,500,000)	(260,000)
Total assests less current liabilities		791,000	749,452
Represented by:			
Capital Account	9	658,318	732,495
Income and Expenditure Account		132,682	16,957
		791,000	749,452

The Statement of Accounting Policies and notes 1 - 18 form part of these financial statements.



Paul Haran
CHAIRPERSON

14 December 2006



Seán Ó Foghlú
CHIEF EXECUTIVE

14 December 2006

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 €	2004 € <i>Re-stated</i>
1 State Grant		
Grant towards Administration	2,036,000	1,683,618
Grant for the Further Education and Training Awards Council	5,775,000	5,600,000
Grant for the Higher Education and Training Awards Council	2,600,000	2,150,000
	10,411,000	9,433,618
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	5,775,000	5,600,000
Higher Education and Training Awards Council	2,600,000	2,150,000
	8,375,000	7,750,000
In accordance with Section II (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 II (2) of the Act, in each year the Authority may pay out of moneys received under Section II (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 II (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	805,749	853,113
Travel and Subsistence	56,562	63,113
Temporary staff Costs	-	18,171
Recruitment	9,000	-
Staff training	-	750
	871,310	935,147
4 Premises		
Repairs and maintenance	23,186	14,192
Rent and rates	244,081	244,460
Service charges	47,207	20,132
Insurance	6,461	2,723
Security	690	690
Cleaning	11,620	11,215
Light and heat	12,983	7,800
Depreciation	51,231	51,230
	397,459	352,442
5 Central Administration and Services		
Telephone and postage	34,145	42,958
Accountancy	22,837	13,647
Bank charges	508	565
Information technology	11,158	5,127
Staff development	55,266	45,158
Audit fees	5,700	6,600
Advertising	59,570	64,668
Stationery	29,249	13,901
Newspapers and books	5,465	3,834
Subscriptions	2,906	2,521
General office supplies	5,799	5,209
General maintenance	12,517	16,512
Meeting expenses	25,320	13,941
Legal fees	725	1,544
Consultancy fees	5,938	13,922
Miscellaneous	5,496	1,354
Publications	90,366	86,058
Professional membership	3,415	4,983
Seminar expenses	262,906	99,044
Research and survey fees	47,381	55,843
Internal audit	26,202	17,295
Depreciation	48,333	58,117
	761,202	572,801

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

6 Fixed Assets	Leasehold Property	Office Furniture	Office Equipment	IT Equipment	Total
	€	€	€	€	€
Cost					
At 1 January 2005	673,546	212,202	83,366	106,936	1,076,050
Additions	-	13,939	2,966	8,482	25,387
Disposals	-	-	-	-	-
At 31 December 2005	673,546	226,141	86,332	115,418	1,101,437
Depreciation					
At 1 January 2005	140,622	58,526	48,725	95,682	343,555
Charge for the year	51,231	22,614	17,266	8,453	99,564
At 31 December 2005	191,853	81,140	65,991	104,135	443,119
Net Book Values					
NBV at 31 December 2005	481,693	145,001	20,341	11,283	658,318
NBV at 31 December 2004	532,924	153,676	34,641	11,254	732,495

	2005 €	2004 € <i>Re-stated</i>
7 Debtors and Prepayments		
Prepayments	123,546	92,353
Other receivables	-	-
	123,546	92,353
8 Creditors and Accruals		
Trade creditors	7,244	7,063
Accruals	54,528	87,048
Provision for taxation	-	3,979
Withholding tax	2,659	-
Other creditors	4,630	13,451
	69,061	111,541

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 €	2004 € <i>Re-stated</i>
9 Capital Account		
Balance at 1 January	732,495	821,330
Allocation from state recurrent grant	25,387	20,512
	757,882	841,842
Release to income		
Amortisation in line with asset depreciation	(99,564)	(109,347)
Balance at 31 December	658,318	732,495

10 Capital Commitments

There were no capital commitments at 31 December 2005.

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 2005.

13 Corporation Tax

The Authority is not liable for Corporation Tax.

14 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.

15 Important Events Since The Year End

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

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

16 Pension Costs

a. Pension Scheme

The Authority operates a defined benefits scheme which is unfunded.

The valuation used for FRS 17 disclosures has been based on a full actuarial valuation by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the scheme liabilities as 31 December 2005.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	2005	2004 <i>Re-stated</i>
Discount rate	5.5%	5.5%
Salary increase assumptions	4.0%	4.0%
Pension increase assumptions	4.0%	4.0%
Price inflation	2.0%	2.0%

b. Net Deferred Funding for Pensions in year

	2005 €	2004 € <i>Re-stated</i>
Funding recoverable in respect of current year pension costs	164,000	117,000
State grant applied to pay pensioners	-	-
	164,000	117,000

c. Analysis of total pension costs charged to Expenditure

	2005 €	2004 € <i>Re-stated</i>
Current service cost	150,000	110,000
Interest on Pension Scheme liabilities	14,000	7,000
Employee contributions	(34,409)	(31,947)
	129,591	85,053

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

16 Pension Costs

d. Deferred Funding Asset for Pensions

The Authority recognises amounts owing from the State for the unfunded deferred liability for pensions on the basis of a number of past events. These events include the statutory backing for the superannuation scheme, and the policy and practice in relation to funding public service pensions including the annual estimates process. While there is no formal agreement and therefore no guarantee regarding these specific amounts with the Department of Education and Science, the Authority has no evidence that this funding policy will not continue to progressively meet this amount in accordance with current practice. The deferred funding asset for pensions as at 31 December 2005 amounted to €1,500,000. (2004: €260,000)

e. Movement in Net Pension Liability during the financial year

	2005 €	2004 € <i>Re-stated</i>
Net pension liability as at 1st January	260,000	120,000
Current service cost	150,000	110,000
Interest costs	14,000	7,000
Actuarial loss	1,076,000	23,000
Pensions paid in the year	-	-
Net pension liability as at 31st December	1,500,000	260,000

f. History of experience gains and losses

	2005 €	2004 €
Experience (losses)/gains on scheme liabilities		
Amount (€)	(1,076,000)	(23,000)
Percentage of the present value of scheme liabilities	72%	9%
Total amount recognised in Statement of Total Recognised Gains and Losses		
Amount (€)	(1,076,000)	(23,000)
Percentage of the present value of scheme liabilities	72%	9%

NATIONAL QUALIFICATIONS AUTHORITY OF IRELAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

17 Average number of employees

The average number of employees during the year was 14 (2004:14).

18 Approval of Financial Statements

The financial statements were approved by the Authority at its meeting on 5th July 2006.