

Forecast Financial Statements

New Zealand Police

Statement of Forecast Financial Performance for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Income					
Crown		1,114,195	1,222,756	1,222,756	1,288,004
Department(s)		11,412	20,364	20,364	15,270
Other revenue		10,675	13,484	13,484	11,816
Gains		702	-	-	-
Interest		52	-	-	-
Total Income		1,137,036	1,256,604	1,256,604	1,315,090
Expenses					
Personnel		816,928	910,563	910,563	960,470
Operating		232,846	245,547	245,547	250,303
Depreciation and amortisation		52,505	65,212	65,212	65,695
Capital charge		31,191	35,282	35,282	38,622
Finance costs		-	-	-	-
Other		253	10	10	10
Total Expenses		1,133,723	1,256,614	1,256,614	1,315,100
Net Surplus/(Deficit)		3,313	(10)	(10)	(10)

Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Balance at 1 July					
General funds		301,107	324,985	324,985	360,364
Revaluation reserve		121,134	121,604	121,604	121,604
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		422,241	446,589	446,589	481,968
Changes in Taxpayers' Funds					
Income and Expense for the Period					
Net surplus/(deficit) for the year		3,313	(10)	(10)	(10)
Total gains/(losses) taken to equity		470	-	-	-
Total Income and Expense for the Period		3,783	(10)	(10)	(10)
Other Changes					
Repayment of surplus		(5,792)	-	-	-
Capital contribution		34,409	35,389	35,389	44,650
Capital withdrawal		-	-	-	-
Other		(8,052)	-	-	-
Total Changes in Taxpayers' Funds		24,348	35,379	35,379	44,640
Balance at 30 June					
General funds		324,985	360,364	360,364	405,004
Revaluation reserve		121,604	121,604	121,604	121,604
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		446,589	481,968	481,968	526,608

Forecast Statement of Financial Position as at 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Assets					
Current Assets					
Cash and cash equivalents		41,213	111,848	111,848	145,715
Debtors and other receivables		103,042	63,770	63,770	13,770
Prepayments		3,174	3,347	3,347	3,347
Inventories		35	160	160	160
Other current assets		-	23,553	23,553	24,053
Total Current Assets		147,464	202,678	202,678	187,045
Non-current Assets					
Property, plant and equipment		565,378	568,656	568,656	630,046
Intangible assets		23,053	-	-	-
Other non-current assets		1,717	-	-	-
Total Non-current Assets		590,148	568,656	568,656	630,046
Total Assets		737,612	771,334	771,334	817,091
Liabilities					
Current Liabilities					
Creditors and other payables		70,976	64,073	64,073	64,073
Repayment of surplus		8,275	-	-	-
Employee entitlements		97,560	105,489	105,489	105,606
Other current liabilities		-	-	-	-
Total Current Liabilities		176,811	169,562	169,562	169,679
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		114,212	119,804	119,804	120,804
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		114,212	119,804	119,804	120,804
Total Liabilities		291,023	289,366	289,366	290,483
Taxpayers' Funds					
General funds		324,985	360,364	360,364	405,004
Revaluation reserve		121,604	121,604	121,604	121,604
Other reserves		-	-	-	-
Total Taxpayers' Funds		446,589	481,968	481,968	526,608
Total Liabilities and Taxpayers' Funds		737,612	771,334	771,334	817,091

Statement of Forecast Cash Flows for the year ending 30 June 2009

	Note	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Cash Flows from Operating Activities					
Receipts from:					
Crown		1,070,726	1,162,852	1,162,852	1,337,731
Department(s)		10,273	18,415	18,415	15,490
Other		10,205	12,984	12,984	11,816
Interest		52	-	-	-
Payments to:					
Suppliers		(224,694)	(385,397)	(385,397)	(403,940)
Employees		(795,524)	(672,371)	(672,371)	(809,234)
Capital charge		(31,191)	(35,282)	(35,282)	(38,661)
Goods and services tax (net)		2,306	(2,342)	(2,342)	-
Other operating activities		(2)	-	-	-
Net Cash from Operating Activities		42,151	98,859	98,859	113,202
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		4,823	3,000	3,000	3,000
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(84,641)	(66,613)	(66,613)	(126,985)
Intangible assets		-	-	-	-
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(79,818)	(63,613)	(63,613)	(123,985)
Cash Flow from Financing Activities					
Capital contribution		34,409	35,389	35,389	44,650
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	-	-
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		34,409	35,389	35,389	44,650
Net Increase/(Decrease) in Cash		(3,258)	70,635	70,635	33,867
Cash at the beginning of the year		44,471	41,213	41,213	111,848
Cash at the end of the year		41,213	111,848	111,848	145,715

Department-Specific Accounting Policies

The New Zealand Police has applied the accounting policies set out in the Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

These are the prospective financial statements of New Zealand Police, prepared in accordance with section 38 of the Public Finance Act 1989.

New Zealand Police is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting New Zealand Police is a public benefit entity.

Statement of Entity-Specific Accounting Policies

Land and buildings are recorded at fair value. Fair value is determined by an independent valuer using market-based evidence, unless insufficient market-based evidence exists, in which case they are valued at optimised depreciated replacement cost.

Land and buildings are revalued at least every five years. Additions between revaluations are recorded at cost.

Beca Valuation Ltd revalued land and buildings as at 30 June 2006.

Any revaluation surplus arising on the revaluation of a class of asset is transferred directly to the asset revaluation reserve. A revaluation deficit in excess of the asset revaluation reserve balance for the class of fixed asset is recognised in the Statement of Financial Performance in the period in which it arises.

Capital work in progress is valued at historical cost and on completion will be transferred to the appropriate asset category.

Other property, plant and equipment is initially recorded at cost.

Individual items of equipment costing less than \$5,000 are expensed in the year that they are purchased, with the exception of desktop computer equipment. All desktop computer equipment is capitalised.

Provision is made for any permanent impairment in the value of non-current assets.

Artefacts and relics held in the Police Museum are recorded at nil value.

Depreciation is charged on a straight-line basis at the following rates:

Asset Category	Rates of Depreciation
Freehold Land	Not depreciated
Buildings	2.5 - 3%
Plant and equipment	15 - 50%
Vessels	4.5 - 25%
Furniture / fittings	10%
Motor vehicles	17%
Communication and computer assets	20 - 25%

Depreciation commences in the month of acquisition and is not charged in the month of sale.

Monetary assets and liabilities held or owing in foreign currency are translated to New Zealand dollars at the closing exchange rate. The resulting unrealised exchange gains or losses are recognised in the Statement of Financial Performance.

Police derives revenue through the provision of outputs to the Crown, and for services to third parties. Such revenue is recognised when earned and is reported in the financial period to which it relates.

Cash is defined as including petty cash holdings and bank accounts.

Foreign currency transactions are converted to New Zealand dollars using the exchange rate at the date of the transaction. Where a forward exchange contract has been used to establish the price of a transaction, the forward exchange rate specified in that foreign exchange contract is used to convert that transaction to New Zealand dollars. Consequently, no exchange gain or loss resulting from the difference between the forward exchange contract rate and the spot exchange rate on the date of settlement is recognised.

Monetary assets and liabilities held or owing in foreign currency are translated to New Zealand dollars at the closing exchange rate. The resulting unrealised exchange gains or losses are recognised in the Statement of Financial Performance.

Police is party to financial instruments as part of its normal operations. Financial instruments used by Police consist of bank accounts, Crown receivables, accounts receivable, accounts payable and foreign currency forward contracts. Police enters into the foreign currency forward contracts to hedge currency transactions. Apart from foreign currency forward contracts, all financial instruments are recognised in the Statement of Financial Position. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

Costs are allocated to output expenses based upon the proportion of total productive hours recorded. Productive hours are initially costed at a standard rate. Any variance between the standard rate and the actual cost is allocated amongst output expenses based on the proportion of total output costs.

Provision is made in respect of Police's liability for annual leave, shift workers' leave, long service leave, retirement leave and time off in lieu. Provisions for annual leave, shift workers' leave and time off in lieu have been measured on nominal values on an actual entitlement basis using current rates of pay.

Provisions for long service leave and retirement leave have been measured on an actuarial basis based on the present value of expected future entitlements.