

Forecast Financial Statements

Serious Fraud Office

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		4,760	6,535	5,151	7,250
Department(s)		142	115	110	120
Other revenue		-	9	1	9
Gains		-	-	-	-
Interest		-	-	-	-
Total Income		4,902	6,659	5,262	7,379
Expenses					
Personnel		3,289	3,461	3,456	4,139
Operating	1	1,395	3,016	1,624	3,005
Depreciation and amortisation		167	137	137	184
Capital charge		29	29	29	51
Finance costs		-	-	-	-
Other		-	16	16	-
Total Expenses		4,880	6,659	5,262	7,379
Net Surplus / (Deficit)		22	-	-	-

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		387	387	387	387
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		387	387	387	387
Changes in Taxpayers' Funds					
Income and Expense for the Period					
Net surplus / (deficit) for the year		22	-	-	-
Total gains / (losses) taken to equity		-	-	-	-
Total Income and Expense for the Period		22	-	-	-
Other Changes					
Repayment of surplus		(22)	-	-	-
Capital contribution		-	-	-	290
Capital withdrawal		-	-	-	-
Other		-	-	-	-
Total Changes in Taxpayers' Funds		-	-	-	290
Balance at 30 June					
General funds		387	387	387	677
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		387	387	387	677

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		356	481	481	693
Debtors and other receivables		48	28	28	34
Prepayments		3	3	3	3
Inventories		-	-	-	-
Other current assets		-	-	-	-
Total Current Assets		407	512	512	730
Non-current Assets					
Property, plant and equipment		367	255	255	365
Intangible assets		8	6	6	2
Other non-current assets		-	-	-	-
Total Non-current Assets		375	261	261	367
Total Assets		782	773	773	1,097
Liabilities					
Current Liabilities					
Creditors and other payables		255	268	268	302
Repayment of surplus		22	-	-	-
Employee entitlements		118	118	118	118
Other current liabilities		-	-	-	-
Total Current Liabilities		395	386	386	420
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		-	-	-	-
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		-	-	-	-
Total Liabilities		395	386	386	420
Taxpayers' Funds					
General funds		387	387	387	677
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
Total Taxpayers' Funds		387	387	387	677
Total Liabilities and Taxpayers' Funds		782	773	773	1,097

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	2				
Receipts from:					
Crown		4,760	6,535	5,151	7,250
Department(s)		110	131	126	114
Other		(4)	13	5	9
Interest		-	-	-	-
Payments to:					
Suppliers		(1,467)	(3,027)	(1,635)	(3,022)
Employees		(3,262)	(3,429)	(3,424)	(4,096)
Capital charge		(29)	(29)	(29)	(51)
Goods and services tax (net)		6	6	6	8
Other operating activities		-	-	-	-
Net Cash from Operating Activities		114	200	200	212
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		-	25	25	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(163)	(75)	(75)	(290)
Intangible assets		-	(3)	(3)	-
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(163)	(53)	(53)	(290)
Cash Flow from Financing Activities					
Capital contribution		-	-	-	290
Other financing cash inflows		-	-	-	-
Repayment of surplus		(13)	(22)	(22)	-
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		(13)	(22)	(22)	290
Net Increase / (Decrease) in Cash		(62)	125	125	212
Cash at the beginning of the year		418	356	356	481
Cash at the end of the year		356	481	481	693

Statement of Significant Assumptions

These forecast financial statements have been compiled on the basis of existing government policies and Ministerial Expectations at the time the statements were finalised.

The main assumptions are as follows:

- The Serious Fraud Office will continue to operate from its Auckland premises. The Government has announced that the Serious Fraud Office will be disestablished and its functions, operations and resources integrated into a new Organised and Financial Crime Agency hosted within the New Zealand Police. This decision is to take effect on 1 July subject to having legislation in place by then. Consequently the Serious Fraud Office will no longer be a going concern. The financial implications of this decision have yet to be addressed, however it is expected that the non-current assets of the Serious Fraud Office will transfer to the New Zealand Police at their carrying amounts.
- Personnel costs are based on the 33 existing staff positions and 7 additional staff to implement the new policy on the recovery of proceeds of crime in the first year rising to 18 additional staff after 3 years.
- Operating expenses is based on historical experience and that the Criminal Proceeds (Recovery) Bill will be enacted early in 2008/09.
- Estimated year end information for 2007/08 is used as the opening position for the 2008/09 forecasts.

The assumptions are adopted as at 31 March 2008.

Department-Specific Accounting Policies

The Serious Fraud Office has applied the accounting policies set out in Statement of Accounting Policies Standard included in this document, except as stated below.

Reporting Entity

These are the prospective financial statements of Serious Fraud Office, prepared in accordance with section 38 of the Public Finance Act 1989.

Serious Fraud Office is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting Serious Fraud Office is a public benefit entity.

Statement of Entity-Specific Accounting Policies

Non-current assets

Non-current assets are recorded at cost less accumulated depreciation/amortisation and impairment losses.

Depreciation/amortisation

Depreciation/amortisation of non-current assets is provided on a straight line basis so as to allocate the cost of the assets, less any estimated residual value, over their useful lives. The estimated economic useful lives are:

- Furniture, fixtures, and fittings - 5 years.
- Office equipment - 5 years.
- Motor vehicles - 6 years.
- Computer equipment - 3 years.
- Computer software - 3 years.

Asset capitalisation threshold

All individual non-current assets, or groups of assets purchased at a cost of \$1,000 (excluding GST) or greater are capitalised.

Employee entitlements

Employee benefits that the SFO expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave.

The SFO recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the SFO anticipates it will be used by staff to cover those future absences.

In terms of employees' contracts, there is no provision for retirement or long-service leave entitlements.

Cost allocation

The SFO has derived the costs of outputs shown in these statements using a cost allocation system which is outlined below.

Direct Costs are those costs directly attributed to an output. Indirect Costs are those costs that cannot be identified in an economically feasible manner, with a specific output.

Direct costs are charged directly to outputs. Personnel costs are charged by recording the time spent on each output. Indirect costs are allocated to outputs according to the proportion of time spent on each output.

Notes to the Financial Statements

Note 1 - Operating Expenses

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Operating expenses include:				
Consultant's fees	196	75	50	50
Overseas travel	32	45	45	45
Domestic travel	198	240	240	240
Rental and leasing costs	358	465	465	465
Other	611	2,191	824	2,205
Total operating expenses	1,395	3,016	1,624	3,005

Note 2 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the Year Ending 30 June 2009

	2006/07 Actual \$000	2007/08 Budgeted \$000	2007/08 Estimated Actual \$000	2008/09 Budgeted \$000
Net surplus/ (deficit)	22	-	-	-
Add/ (less) non-cash items				
Depreciation and amortisation expense	167	137	137	184
Total non-cash items	167	137	137	184
Add/ (less) items classified as investing or financing activities				
(Gains) losses on disposal property, plant and equipment	-	16	16	-
Total items classified as investing or financing activities	-	16	16	-
Add/ (less) movements in working capital items				
(Inc)/ Dec in debtors and other receivables	(36)	20	20	(6)
(Inc)/ Dec in prepayments	4	-	-	-
Inc/ (Dec) in creditors and other payables	(70)	27	27	34
Inc/ (Dec) in employee entitlements	27	-	-	-
Net movements in working capital items	(75)	47	47	28
Net cash from operating activities	114	200	200	212