

# *Forecast Financial Statements*

*Department of the Prime  
Minister and Cabinet*

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## Statement of Forecast Comprehensive Income for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$'000	In 2008 Budget \$'000	Estimated Actual \$'000	Budgeted \$'000
<b>Income</b>					
Crown		15,616	15,497	15,398	15,497
Department(s)		-	-	-	-
Other revenue	1	50	62	59	66
Gains		-	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>15,666</b>	<b>15,559</b>	<b>15,457</b>	<b>15,563</b>
<b>Expenses</b>					
Personnel		10,685	11,646	10,730	11,024
Operating	2	4,588	3,253	4,054	4,091
Depreciation and amortisation		288	565	350	370
Capital charge		58	63	53	53
Finance costs		-	-	-	-
Other		-	-	-	-
<b>Total Expenses</b>		<b>15,619</b>	<b>15,527</b>	<b>15,187</b>	<b>15,538</b>
<b>Net Surplus / (Deficit)</b>		<b>47</b>	<b>32</b>	<b>270</b>	<b>25</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>47</b>	<b>32</b>	<b>270</b>	<b>25</b>

## Statement of Forecast Changes in Taxpayers' Funds for the year ending 30 June 2010

	Note	2007/08	2008/09		2009/10
		Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Balance at 1 July</b>					
General funds		703	703	703	703
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		47	32	270	25
Repayment of surplus		(47)	(32)	(270)	(25)
Capital contribution		-	-	-	-
Capital withdrawal		-	-	-	-
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 June</b>					
General funds		703	703	703	703
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>

## Forecast Statement of Financial Position as at 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents		2,163	1,098	2,041	1,916
Debtors and other receivables		72	-	-	-
Prepayments		119	12	12	12
Inventories		100	100	100	100
Other current assets		-	-	-	-
<b>Total Current Assets</b>		<b>2,454</b>	<b>1,210</b>	<b>2,153</b>	<b>2,028</b>
<b>Non-current Assets</b>					
Property, plant and equipment	3	726	1,490	616	516
Intangible assets	4	46	40	176	156
Other non-current assets		328	317	328	328
<b>Total Non-current Assets</b>		<b>1,100</b>	<b>1,847</b>	<b>1,120</b>	<b>1,000</b>
<b>Total Assets</b>		<b>3,554</b>	<b>3,057</b>	<b>3,273</b>	<b>3,028</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables	5	1,704	1,220	1,080	1,080
Repayment of surplus		47	32	270	25
Employee entitlements	6	624	516	624	624
Other current liabilities		-	-	-	-
<b>Total Current Liabilities</b>		<b>2,375</b>	<b>1,768</b>	<b>1,974</b>	<b>1,729</b>
<b>Non-current Liabilities</b>					
Provisions		-	120	120	120
Employee entitlements	6	476	466	476	476
Other non-current liabilities		-	-	-	-
<b>Total Non-current Liabilities</b>		<b>476</b>	<b>586</b>	<b>596</b>	<b>596</b>
<b>Total Liabilities</b>		<b>2,851</b>	<b>2,354</b>	<b>2,570</b>	<b>2,325</b>
<b>Taxpayers' Funds</b>					
General funds		703	703	703	703
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>703</b>	<b>703</b>	<b>703</b>	<b>703</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>3,554</b>	<b>3,057</b>	<b>3,273</b>	<b>3,028</b>

## Statement of Forecast Cash Flows for the year ending 30 June 2010

		2007/08	2008/09		2009/10
	Note	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		15,616	15,497	15,398	15,497
Department(s)		-	-	-	-
Other		50	62	59	66
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(6,412)	(3,348)	(4,434)	(3,882)
Employees		(8,691)	(11,551)	(10,575)	(11,233)
Capital charge		(58)	(63)	(53)	(53)
Goods and services tax (net)		6	-	-	-
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	7	511	597	395	395
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		-	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(227)	(1,270)	(220)	(200)
Intangible assets		(43)	(50)	(250)	(50)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(270)	(1,320)	(470)	(250)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		-	-	-	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(46)	(112)	(47)	(270)
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
<b>Net Cash from Financing Activities</b>		(46)	(112)	(47)	(270)
<b>Net Increase / (Decrease) in Cash</b>		195	(835)	(122)	(125)
Cash at the beginning of the year		1,968	1,933	2,163	2,041
<b>Cash at the end of the year</b>		2,163	1,098	2,041	1,916

## 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 department's main activities will remain substantially the same as for the previous year.
- Personnel costs are based on 126 staff positions (121.5 full time equivalents).
- Operating costs are based on historical experience. The general historical pattern is expected to continue.
- Estimated year end information for 2008/09 is used as the opening position for the 2009/10 forecasts.

These assumptions are adopted as at 1 July 2009.

Factors that could lead to material differences between the forecast financial statements and the 2008/09 actual financial statements include:

- changes to the baseline budget as a result of new initiatives or technical adjustments

## Statement of Entity-Specific Accounting Policies

The Department of the Prime Minister and Cabinet 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 Department of the Prime Minister and Cabinet, prepared in accordance with section 38 of the Public Finance Act 1989.

Department of the Prime Minister and Cabinet is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting Department of the Prime Minister and Cabinet is a public benefit entity.

### Specific Accounting Policies

#### *Property, Plant and Equipment*

The capitalisation thresholds for property, plant and equipment is \$2,000.

The estimated useful lives of property, plant and equipment are set out below:

- Fixtures and fittings including IT cabling- 10 years
- IT equipment/hardware - 3 years
- Motor vehicles - 4 years
- Furniture and office equipment - 5 years
- Plant and equipment - 5-10 years
- Grounds improvement - 5 years

#### *Intangible Assets*

The capitalisation threshold for purchased software is \$2,000.

The estimated useful lives of purchased software is 3 years.

### *Cost Allocation*

The Department has determined the cost of outputs using the cost allocation system outlined below.

Direct costs are expenses incurred from activities in producing outputs. These costs are charged directly to the related output classes.

Indirect costs are expenses incurred by Corporate Services and by the Office of the Chief Executive. Indirect costs are allocated to each output class based on cost drivers, related activity and usage information.

# Notes to the Financial Statements

## Note 1 - Other Revenue

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Rental income	50	62	50	55
KiwiSaver tax credit	-	-	9	11
<b>Total</b>	<b>50</b>	<b>62</b>	<b>59</b>	<b>66</b>

## Note 2 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants fees	532	577	200	200
Audit fees	46	48	46	48
Premises rental	415	430	415	400
Contract for photocopying services	142	120	100	100
Overseas travel	291	303	300	300
Domestic travel	75	59	60	60
IT costs	577	577	527	580
Insignia expenses	92	100	86	86
Other operating costs	2,418	1,039	2,320	2,317
<b>Total operating costs</b>	<b>4,588</b>	<b>3,253</b>	<b>4,054</b>	<b>4,091</b>

## Note 3 - Property, Plant and Equipment

	Plant and equipment \$000	IT equipment \$000	Motor Vehicle \$000	Furniture and Fittings \$000	Total \$000
<b>Cost or revaluation</b>					
Balance as at 1 July 2009	1,119	2,379	170	1,301	4,969
Additions by purchase	-	150	-	50	200
<b>Balance as at 30 June 2010</b>	<b>1,119</b>	<b>2,529</b>	<b>170</b>	<b>1,351</b>	<b>5,169</b>



	Plant and equipment \$000	IT equipment \$000	Motor Vehicle \$000	Furniture and Fittings \$000	Total \$000
<b>Accumulated depreciation and impairment losses</b>					
Balance as at 1 July 2009	1,018	2,264	111	960	4,353
Depreciation expense	40	135	15	110	300
<b>Balance as at 30 June 2010</b>	<b>1,058</b>	<b>2,399</b>	<b>126</b>	<b>1,070</b>	<b>4,653</b>
<b>Carrying amount as at 30 June 2010</b>	<b>61</b>	<b>130</b>	<b>44</b>	<b>281</b>	<b>516</b>

#### Note 4 - Intangible Assets

	Acquired software \$000	Total \$000
<b>Cost</b>		
Balance as at 1 July 2009	202	202
Additions by purchase	50	50
<b>Balance as at 30 June 2010</b>	<b>252</b>	<b>252</b>
<b>Accumulated amortisation and impairment losses</b>		
Balance as at 1 July 2009	26	26
Amortisation expense	70	70
<b>Balance as at 30 June 2010</b>	<b>96</b>	<b>96</b>
<b>Carrying amount as at 30 June 2010</b>	<b>156</b>	<b>156</b>

#### Note 5 - Creditors and Other Payables

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Trade creditors	683	540	500	500
Creditors relating to capital expenditure	-	-	-	-
Accrued liabilities	506	600	500	500
GST payable	81	80	80	80
<b>Total</b>	<b>1,270</b>	<b>1,220</b>	<b>1,080</b>	<b>1,080</b>

**Note 6 - Employee Entitlements**

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Current Liabilities</b>				
Annual leave	420	381	420	420
Long service leave	51	47	51	51
Retirement leave	144	71	144	144
Sick leave	9	17	9	9
<b>Total current liabilities</b>	<b>624</b>	<b>516</b>	<b>624</b>	<b>624</b>
<b>Non-current Liabilities</b>				
Long service leave	82	67	82	82
Retirement leave	394	399	394	394
<b>Total non-current liabilities</b>	<b>476</b>	<b>466</b>	<b>476</b>	<b>476</b>
<b>Total employees entitlement</b>	<b>1,100</b>	<b>982</b>	<b>1,100</b>	<b>1,100</b>

**Note 7 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ending 30 June 2010**

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus/ (deficit)	47	32	270	25
<b>Add/ (less) non-cash items</b>	<b>288</b>	<b>565</b>	<b>350</b>	<b>370</b>
Depreciation and amortisation expense				
<b>Total non-cash items</b>	<b>288</b>	<b>565</b>	<b>350</b>	<b>370</b>
Add/ (less) items classified as investing or financing activities (Gains)/ losses on disposal property, plant and equipment	-	-	-	-
<b>Total items classified as investing or financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Add/ (less) movement in working capital items				
(Inc) /Dec in prepayment and other receivables	(141)	-	179	-
(Inc) /Dec in inventories	(11)	-	-	-
Inc/ (Dec) in creditors and other payable	(103)	-	(90)	-
Inc/ (Dec) in employee entitlements	134	-	-	-
Inc/ (Dec) in current provisions	434	-	(314)	-
<b>Net movements in working capital items</b>	<b>313</b>	<b>-</b>	<b>(225)</b>	<b>-</b>
Inc/ (Dec) in non-current employee entitlements	(17)	-	-	-
Inc/ (Dec) in non-current provisions	(120)	-	-	-
<b>Net cash from operating activities</b>	<b>511</b>	<b>597</b>	<b>395</b>	<b>395</b>