

# *Forecast Financial Statements*

## *State Services Commission*

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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		39,452	35,564	49,105	25,455
Department(s)		5,298	12,981	5,569	3,869
Other revenue	1	6,983	9,166	10,085	6,227
Gains		1,042	-	-	-
Interest		-	-	-	-
<b>Total Income</b>		<b>52,775</b>	<b>57,711</b>	<b>64,759</b>	<b>35,551</b>
<b>Expenses</b>					
Personnel		24,489	26,241	27,141	17,712
Operating		28,254	24,038	30,019	16,370
Depreciation and amortisation		14,928	6,256	5,706	969
Capital charge		1,028	4,023	978	500
Finance costs		-	-	-	-
Other	2	63	-	-	-
<b>Total Expenses</b>		<b>68,762</b>	<b>60,558</b>	<b>63,844</b>	<b>35,551</b>
<b>Net Surplus / (Deficit)</b>		<b>(15,987)</b>	<b>(2,847)</b>	<b>915</b>	<b>-</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>(15,987)</b>	<b>(2,847)</b>	<b>915</b>	<b>-</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		19,707	23,237	13,582	30,484
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Taxpayers' Funds Opening Balance</b>		19,707	23,237	13,582	30,484
<b>Changes in Taxpayers' Funds</b>					
Comprehensive income for the period		(15,987)	(2,847)	915	-
Repayment of surplus		(1,448)	-	-	-
Capital contribution		15,274	6,000	15,992	-
Capital withdrawal		(3,964)	-	(5)	(17,759)
Other		-	-	-	-
<b>Total Changes in Taxpayers' Funds</b>		(6,125)	3,153	16,902	(17,759)
<b>Balance at 30 June</b>					
General funds		13,582	26,390	30,484	12,725
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Taxpayers' Funds Closing Balance</b>		13,582	26,390	30,484	12,725

## 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		7,613	6,647	19,577	19,275
Debtors and other receivables		2,755	1,980	1,090	1,187
Prepayments		436	272	346	146
Inventories		-	-	-	-
Other current assets		-	-	-	-
<b>Total Current Assets</b>		<b>10,804</b>	<b>8,899</b>	<b>21,013</b>	<b>20,608</b>
<b>Non-current Assets</b>					
Property, plant and equipment		6,490	9,801	8,680	3,453
Intangible assets		8,101	21,030	9,815	698
Other non-current assets		-	1,231	1,527	356
<b>Total Non-current Assets</b>		<b>14,591</b>	<b>32,062</b>	<b>20,022</b>	<b>4,507</b>
<b>Total Assets</b>		<b>25,395</b>	<b>40,961</b>	<b>41,035</b>	<b>25,115</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and other payables		6,559	11,502	7,709	9,460
Repayment of surplus		1,448	-	-	-
Employee entitlements		1,887	1,550	1,462	1,550
Other current liabilities		1,357	818	818	818
<b>Total Current Liabilities</b>		<b>11,251</b>	<b>13,870</b>	<b>9,989</b>	<b>11,828</b>
<b>Non-current Liabilities</b>					
Provisions		-	-	-	-
Employee entitlements		562	701	562	562
Other non-current liabilities		-	-	-	-
<b>Total Non-current Liabilities</b>		<b>562</b>	<b>701</b>	<b>562</b>	<b>562</b>
<b>Total Liabilities</b>		<b>11,813</b>	<b>14,571</b>	<b>10,551</b>	<b>12,390</b>
<b>Taxpayers' Funds</b>					
General funds		13,582	26,390	30,484	12,725
Revaluation reserve		-	-	-	-
Other reserves		-	-	-	-
<b>Total Taxpayers' Funds</b>		<b>13,582</b>	<b>26,390</b>	<b>30,484</b>	<b>12,725</b>
<b>Total Liabilities and Taxpayers' Funds</b>		<b>25,395</b>	<b>40,961</b>	<b>41,035</b>	<b>25,115</b>

## Statement of Forecast Cash Flows 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>Cash Flows from Operating Activities</b>					
<b>Receipts from:</b>					
Crown		38,061	35,564	50,630	25,455
Department(s)		5,304	12,128	6,037	3,869
Other		8,166	8,720	7,691	6,227
Interest		-	-	-	-
<b>Payments to:</b>					
Suppliers		(28,769)	(26,248)	(29,994)	(16,086)
Employees		(23,859)	(26,241)	(27,141)	(17,279)
Capital charge		(1,028)	(1,339)	(978)	(1,378)
Goods and services tax (net)		759	138	242	-
Other operating activities		-	-	-	-
<b>Net Cash from Operating Activities</b>	3	(1,366)	2,722	6,487	808
<b>Cash Flow from Investing Activities</b>					
<b>Receipts from:</b>					
Sale of property, plant and equipment		210	-	-	-
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
<b>Purchase of:</b>					
Property, plant and equipment		(3,162)	(2,537)	(2,785)	(810)
Intangible assets		(6,662)	(6,643)	(6,282)	(300)
Other non-current assets		-	-	-	-
<b>Net Cash from Investing Activities</b>		(9,614)	(9,180)	(9,067)	(1,110)
<b>Cash Flow from Financing Activities</b>					
Capital contribution		15,274	6,000	15,992	-
Other financing cash inflows		-	-	-	-
Repayment of surplus		(1,107)	-	(1,448)	-
Capital withdrawal		(3,964)	-	-	-
Other financing cash outflows		-	-	-	-
<b>Net Cash from Financing Activities</b>		10,203	6,000	14,544	-
<b>Net Increase / (Decrease) in Cash</b>		(777)	(458)	11,964	(302)
Cash at the beginning of the year		8,390	7,105	7,613	19,577
<b>Cash at the end of the year</b>		7,613	6,647	19,577	19,275

# Statement of Significant Assumptions

## 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 Commission's activities will remain substantially the same as for the previous year except for the transfer of the Government Technology service and the Government Shared Network to the Department of Internal Affairs on 1 July 2009.
- Personnel costs are based on 170 staff positions (full time equivalents). (The number for the 008/09 year was 285).
- 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.

The assumptions are adopted as at 31 March 2009.

Factors that could lead to material differences between the forecast financial statements and the 2009/10 actual financial statements include changes to the baseline budget through new initiatives, transfer of additional expenditure from 2008/09 to 2009/10, or technical adjustments.

## Statement of Entity-Specific Accounting Policies

The State Services Commission 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 State Services Commission, prepared in accordance with section 38 of the Public Finance Act 1989.

State Services Commission is a Government Department as defined by section 2 of the Public Finance Act 1989. For the purposes of financial reporting State Services Commission is a public benefit entity.

### Authorisation Statement

These forecast financial statements were authorised for issue by State Services Commission on 21 April 2009. The State Services Commission is responsible for the forecast financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosure.

### Specific Accounting Policies

#### *Taxpayers' Funds*

Taxpayers' funds are the Crown's investment in the SSC and is measured as the difference between total assets and total liabilities.

#### *Capital Charge*

The capital charge is a levy on the Crown's investment in SSC. The capital charge is recognised as an expense in the period to which it relates. The capital charge is not a borrowing cost in accordance with NZ IAS 23.

### *Property, Plant and Equipment*

The capitalisation threshold for property, plant and equipment is \$1,000.

The estimated useful lives are set out below:

- furniture, fixtures and fittings - 5 years
- artwork - 10 to 100 years
- office equipment and plant - 5 years
- computer equipment - 3 to 5 years.

Leasehold improvements (included in furniture, fixtures & fittings) are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is shorter.

### *Intangible Assets*

#### **Computer software acquisition and development**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the SSC, are recognised as an intangible asset. Direct costs include the software development, employee costs incurred in the development of software and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense when incurred. Staff training costs are recognized as an expense when incurred.

#### **Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of financial performance.

The estimated useful lives of intangible assets are as follows:

- computer network design and configuration 5-7 years
- other computer software 3-5 years.

### *Statement of Cost Accounting Policies*

The SSC has derived the costs of outputs using the cost allocation system outlined below.

Direct costs are charged directly to outputs. Indirect costs are allocated to outputs in proportion to the number of full-time equivalents involved in the production of each output. For the year ended 30 June 2009, indirect costs are forecast to account for 19% of the SSC's costs (2008: 19%).

There have been no changes in cost accounting policies, since the date of the last audited financial statements.

## 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
Public Sector Training Organisation (PSTO) services	4,769	6,189	6,445	6,047
Government Logon Service	2,195	2,100	2,265	-
Gateway	-	-	1,200	1,200
State Sector Retirement Saving Scheme	546	460	519	467
Conference fees	816	663	409	439
Government Shared Network	3,222	12,415	3,656	-
Sub-lease rentals	70	22	17	606
Net gain on sale of Fixed Assets	-	-	2	-
Other	663	298	835	730
<b>Total</b>	<b>12,281</b>	<b>22,147</b>	<b>15,348</b>	<b>9,489</b>

### Note 2 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Consultant fees	13,554	10,431	10,782	5,969
Legal fees	293	189	450	449
Audit fees	74	80	80	80
Fees to Auditors for other services	19	26	10	10
Debt Impairment	5	-	-	-
Rental and operating lease costs	1,934	2,225	2,143	2,250
Other occupancy costs	565	526	550	798
IT & Communications	7,769	6,789	10,975	1,004
Travel	816	488	576	490
Other operating	3,289	2,960	4,948	4,409
<b>Total</b>	<b>28,317</b>	<b>23,714</b>	<b>30,514</b>	<b>15,457</b>



**Note 3 - Reconciliation of Net Surplus to Net Cash Flows from Operating Activities for the year ended 30 June 2010**

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
<b>Net surplus (deficit)</b>	(15,987)	(5,524)	915	-
<b>Add (less) non-cash items</b>				
Depreciation and amortisation expense	4,310	6,256	5,562	1,169
Impairment of GSN fixed assets	10,618	2,684	145	-
Inc / (Dec) in deferred capital charges for GSN	(1,042)	-	-	-
<i>Total non-cash items</i>	13,886	8,940	5,707	1,169
<b>Add / (less movements in working capital items</b>				
(inc) Dec in debtors and other receivables	1,875	23	189	(1,074)
Inc / (Dec) in creditors and other payables	108	(943)	(60)	1,384
Inc / (Dec) in current provisions	-	(75)	-	-
Inc / (Dec) in employee entitlements	-	88	98	(74)
Inc / (Dec) in unearned income	(1,463)	-	-	-
<i>Net movement in working capital items</i>	520	(907)	227	236
<b>Add / (Less) movements in non-current items</b>				
Inc / (Dec) in employee entitlements	305	75	311	(397)
<b>Net cash from operating activities</b>	(1,276)	2,584	6,245	1,008