

Forecast Financial Statements

New Zealand Police

Statement of Forecast Comprehensive Income 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
Income					
Crown	3	1,222,756	1,288,004	1,341,091	1,362,099
Department(s)		17,391	15,270	22,686	16,512
Other revenue		12,674	11,816	9,812	8,918
Gains		-	-	-	-
Interest		7	-	-	-
Total Income		1,252,828	1,315,090	1,373,589	1,387,529
Expenses					
Personnel		900,536	960,470	979,770	984,029
Operating	1	253,161	250,303	293,381	298,209
Depreciation and amortisation		59,448	65,695	64,196	64,751
Capital charge		34,159	38,622	36,242	40,540
Finance costs		-	-	-	-
Other		(851)	10	10	10
Total Expenses		1,246,453	1,315,100	1,373,599	1,387,539
Net Surplus / (Deficit)		6,375	(10)	(10)	(10)
Other comprehensive income		-	-	-	-
Total Comprehensive Income		6,375	(10)	(10)	(10)

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
Balance at 1 July					
General funds		324,985	360,364	361,511	418,931
Revaluation reserve		121,604	121,604	121,604	121,604
Other reserves		-	-	-	-
Taxpayers' Funds Opening Balance		446,589	481,968	483,115	540,535
Changes in Taxpayers' Funds					
Comprehensive income for the period		6,375	(10)	(10)	(10)
Repayment of surplus		(6,375)	-	-	-
Capital contribution		34,469	44,650	57,430	63,068
Capital withdrawal		-	-	-	-
Other		2,057	-	-	-
Total Changes in Taxpayers' Funds		36,526	44,640	57,420	63,058
Balance at 30 June					
General funds		361,511	405,004	418,931	481,989
Revaluation reserve		121,604	121,604	121,604	121,604
Other reserves		-	-	-	-
Taxpayers' Funds Closing Balance		483,115	526,608	540,535	603,593

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
Assets					
Current Assets					
Cash and cash equivalents		31,995	145,715	30,000	30,000
Debtors and other receivables		120,041	13,770	106,851	128,377
Prepayments		6,222	3,347	6,228	6,228
Inventories		38	160	40	40
Other current assets		-	24,053	-	-
Total Current Assets		158,296	187,045	143,119	164,645
Non-current Assets					
Property, plant and equipment	2	609,112	630,046	671,455	722,504
Intangible assets		29,854	-	27,445	22,245
Other non-current assets		1,717	-	1,717	1,717
Total Non-current Assets		640,683	630,046	700,617	746,466
Total Assets		798,979	817,091	843,736	911,111
Liabilities					
Current Liabilities					
Creditors and other payables		81,433	64,073	80,065	80,381
Repayment of surplus		14,650	-	-	-
Employee entitlements		104,404	105,606	103,136	107,137
Other current liabilities		-	-	-	-
Total Current Liabilities		200,487	169,679	183,201	187,518
Non-current Liabilities					
Provisions		-	-	-	-
Employee entitlements		115,377	120,804	120,000	120,000
Other non-current liabilities		-	-	-	-
Total Non-current Liabilities		115,377	120,804	120,000	120,000
Total Liabilities		315,864	290,483	303,201	307,518
Taxpayers' Funds					
General funds		361,511	405,004	418,931	481,989
Revaluation reserve		121,604	121,604	121,604	121,604
Other reserves		-	-	-	-
Total Taxpayers' Funds		483,115	526,608	540,535	603,593
Total Liabilities and Taxpayers' Funds		798,979	817,091	843,736	911,111

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
Cash Flows from Operating Activities	4				
Receipts from:					
Crown		1,208,800	1,337,731	1,352,701	1,342,796
Department(s)		17,515	15,490	22,816	16,512
Other		11,252	11,816	9,810	9,108
Interest		7	-	-	-
Payments to:					
Suppliers		(250,002)	(403,940)	(292,245)	(300,566)
Employees		(890,470)	(809,234)	(976,425)	(980,027)
Capital charge		(34,159)	(38,661)	(36,242)	(40,540)
Goods and services tax (net)		(489)	-	(1,046)	249
Other operating activities		-	-	-	-
Net Cash from Operating Activities		62,454	113,202	79,369	47,532
Cash Flow from Investing Activities					
Receipts from:					
Sale of property, plant and equipment		2,841	3,000	2,270	1,000
Sale of intangible assets		-	-	-	-
Sale of other non-current assets		-	-	-	-
Purchase of:					
Property, plant and equipment		(108,982)	(126,985)	(121,414)	(109,600)
Intangible assets		-	-	(5,000)	(2,000)
Other non-current assets		-	-	-	-
Net Cash from Investing Activities		(106,141)	(123,985)	(124,144)	(110,600)
Cash Flow from Financing Activities					
Capital contribution		34,469	44,650	57,430	63,068
Other financing cash inflows		-	-	-	-
Repayment of surplus		-	-	(14,650)	-
Capital withdrawal		-	-	-	-
Other financing cash outflows		-	-	-	-
Net Cash from Financing Activities		34,469	44,650	42,780	63,068
Net Increase / (Decrease) in Cash		(9,218)	33,867	(1,995)	-
Cash at the beginning of the year		41,213	111,848	31,995	30,000
Cash at the end of the year		31,995	145,715	30,000	30,000

Statement of Entity-Specific Accounting Policies

The New Zealand Police 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 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.

Authorisation Statement

These forecast financial statements were authorised for issue by Howard Broad, Commissioner of Police on 22 April 2009. New Zealand Police 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

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 - 10%
Plant and equipment	15 - 50%
Vessels	4.5 - 25%
Furniture / fittings	10%
Motor vehicles	17%
Communication and computer assets	20 - 25%
Software	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 activity profiles assigned to staff positions. For support services which do not directly deliver outputs, the allocation of cost is based on an assessed consumption of that service. Actual salary rates are used for costing, rather than average salary rates as were applied previously. Service delivery has not changed as a result of this cost allocation policy change.

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.

Notes to the Financial Statements

Note 1 - Operating Expenses

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Operating expenses include:				
Consultants' fee	3,926	2,466	3,479	3,500
Travel - overseas	6,398	6,058	6,154	6,500
Travel - domestic	17,441	16,088	17,378	18,000
Others	225,396	225,691	266,370	270,209
Total	253,161	250,303	293,381	298,209

Note 2 - Property, Plant & Equipment

Property, Plant & Equipment 2009/10

	Land	Buildings	Plant & Equipment	Vehicles	Furniture & Fittings	Total
Cost						
Balance as at 1 July 2009	137,985	404,444	375,394	130,823	16,084	1,064,730
Additions	-	44,600	46,000	19,000	-	109,600
Disposals	-	-	-	20,000	-	20,000
Balance as at 30 June 2010	137,985	449,044	421,394	129,823	16,084	1,154,330
Accumulated Depreciation						
Balance as at 1 July 2009	-	39,517	276,933	62,862	13,963	393,275
Depreciation for the year	-	19,374	22,753	15,166	308	57,551
Depreciation on disposals	-	-	-	19,000	-	19,000
Balance as at 30 June 2010	-	58,891	299,686	58,978	14,271	431,826
Book value as at 30 June 2010	137,985	390,153	121,708	70,845	1,813	722,504

Property, Plant & Equipment 2008/09

	Land	Buildings	Plant & Equipment	Vehicles	Furniture & Fittings	Total
Cost						
Balance as at 1 July 2008	137,985	352,744	332,194	126,593	16,084	965,600
Additions	-	51,700	43,200	26,500	-	121,400
Disposals	-	-	-	22,270	-	22,270
Balance as at 30 June 2009	137,985	404,444	375,394	130,823	16,084	1,064,730
Accumulated Depreciation						
Balance as at 1 July 2008	-	25,986	254,342	62,516	13,644	356,488
Depreciation for the year	-	13,531	22,591	20,346	319	56,787
Depreciation on disposals	-	-	-	20,000	-	20,000
Balance as at 30 June 2009	-	39,517	276,933	62,862	13,963	393,275
Book value as at 30 June 2009	137,985	364,927	98,461	67,961	2,121	671,455

Note 3 - Other Non-Current Assets

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Buildings	367	367	367	367
Land	1,350	1,350	1,350	1,350
Total	1,717	1,717	1,717	1,717

The property at 351-361 Church Street, Palmerston North is held for sale. The sale is expected to be completed by 30 June 2011.

Note 4 - Reconciliation of Net surplus to Net Cash Flows from Operating Activities

	2007/08	2008/09		2009/10
	Actual \$000	In 2008 Budget \$000	Estimated Actual \$000	Budgeted \$000
Net surplus	6,375	(10)	(10)	(10)
Add (less) non-cash items:				
Depreciation and amortisation expenses	59,448	65,695	64,196	64,751
Total non-cash items	59,448	65,695	64,196	64,751
Add (less) items classified as investing or financial activities:				
Gain (loss) on disposal of property	(1,028)	-	-	-
Add (less) movements in working capital items:				
Increase (decrease) in accounts payable	8,345	47,517	(889)	317
(Increase) decrease in accounts receivable	(1,298)	-	128	190
(Increase) decrease in employee entitlements	7,353	-	3,236	4,000
(Increase) decrease in debtors Crown	(15,701)	-	13,037	(21,716)
(Increase) decrease in inventories	(3)	-	2	-
(Increase) decrease in prepayments	(3,048)	-	(6)	-
Increase (decrease) in other accrued expenses	2,011	-	(325)	-
Net working capital movements	(2,341)	47,517	15,183	(17,209)
Net cash flows from operating activities	62,454	113,202	79,369	47,532